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

11th July, 2022

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 48th Annual General Meeting (AGM) and Annual Report for FY 2021-2022

Dear Sir/Madam,

Please find enclosed herewith the Notice of the 48th Annual General Meeting of the Company scheduled to be held on Thursday, 25th August, 2022 at 11.00 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) alongwith the Annual Report for the financial year 2021-2022.

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
President Legal, Company Secretary & Compliance Officer

Encl: a/a

ALKEM

ALKEM LABORATORIES LIMITED

Enhancing Lives

Longer | Better | Fuller

Annual Report
2021-22

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. Balmiki Prasad Singh
Executive Director

Mr. Sarvesh Singh
Executive Director

Mr. Arun Kumar Purwar
Independent Director

Mr. Ranjal Laxmana Shenoy
Independent Director

Mr. Narendra Kumar Aneja
Independent Director

Ms. Sangeeta Singh
Independent Director

Ms. Sudha Ravi
Independent Director

Dr. Dheeraj Sharma
Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Rajesh Dubey
President – Finance and Chief Financial Officer

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

AUDITORS

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

BANKERS

SBI Bank
HDFC Bank
Citi Bank
Bank of India
DBS Bank
Yes Bank
Kotak Mahindra Bank
HSBC Bank
Axis Bank
IDBI Bank
ICICI Bank
MUFJ Bank (Bank of Tokyo)
Emirates NBD
Shinhan Bank
Federal Bank
HDFC Limited (NBFC)
LIC Housing Finance
Canara Bank
Union Bank of India
Bank of Baroda

REGISTERED OFFICE

Alkem House, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013,
Maharashtra, India

CIN: L00305MH1973PLC174201
Telephone: +91 22 3982 9999
Fax: +91 22 2495 2955
Website: www.alkemlabs.com
Email: investors@alkem.com

REGISTRAR & SHARE TRANSFER AGENTS

M/s Link Intime India Private Limited
Unit: Alkem Laboratories Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083

Telephone: +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail: 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. California, U.S.A.
8. Missouri, U.S.A.
9. Indchemie Health Specialities Private Limited, Somnath, Daman, India
10. Indchemie Health Specialities Private Limited, Amaliya, Daman, India
11. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India
12. Unit I & II, Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India
13. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India
14. Alkem Labs Ltd, Unit 5, South Sikkim, India
15. Alkem Labs Ltd., S.E.Z., Indore, Madhya Pradesh, India
16. Enzene Biosciences Limited, Chakan, Pune, Maharashtra, India

MAJOR RESEARCH CENTRES

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

Remembering those we lost to COVID-19

COVID-19 has brought a great deal of hardship, claiming innumerable lives and causing widespread grief. Despite our best efforts to keep our people safe, the pandemic has unfortunately caused deaths within Alkem as well. We lost some of our team members due to this dreadful virus. This loss has been very tragic, and on behalf of Alkem, we pay our humble last respects to the departed souls and offer our deepest condolences to their bereaved families.

Sadly, many of our team members have also lost their near and dear ones to COVID-19. Our sincere sympathies are with those who may have lost family or friends. The pain that they are going through is unfathomable and our hearts go out to them. May they find the courage to come to terms with this unexpected and devastating loss.

The pandemic has had a profound impact on our world. At Alkem, we remain committed to supporting our people and other stakeholders that have suffered because of COVID-19. Together we shall overcome.

Remembering

Late Mr. Dhananjay Kumar Singh

Our highly respected Joint Managing Director Mr. Dhananjay Kumar Singh passed away on 28th October, 2021.

Mr. Dhananjay Kumar Singh served our Board for more than three decades. During his illustrious tenure, he contributed immensely to multiple facets of our business, including Domestic Operations, Distribution & Logistics, Human Resources, Legal, Secretarial & Compliance, among others.

Alkem benefited tremendously from Mr. Dhananjay Kumar Singh's rich experience in the pharmaceutical industry. He was a leader who gave thought and shape to the future direction of our Company, which was founded by his family.

A truly impactful, selfless and dedicated leader, Mr. Dhananjay Kumar Singh's passing away is a huge loss to Alkem. Our best tribute to him will be to work hard together to take Alkem to greater heights.

May his soul rest in eternal peace.

What's Inside...

1 Corporate Overview

2 Statutory Reports

3 Financial Statements

Quantitative Highlights for FY 2021-22

₹ 106,342 Mn
Revenue from Operations

₹ 20,529 Mn
EBITDA

₹ 16,456 Mn
Profit After Tax

₹ 137.63
Earnings Per Share

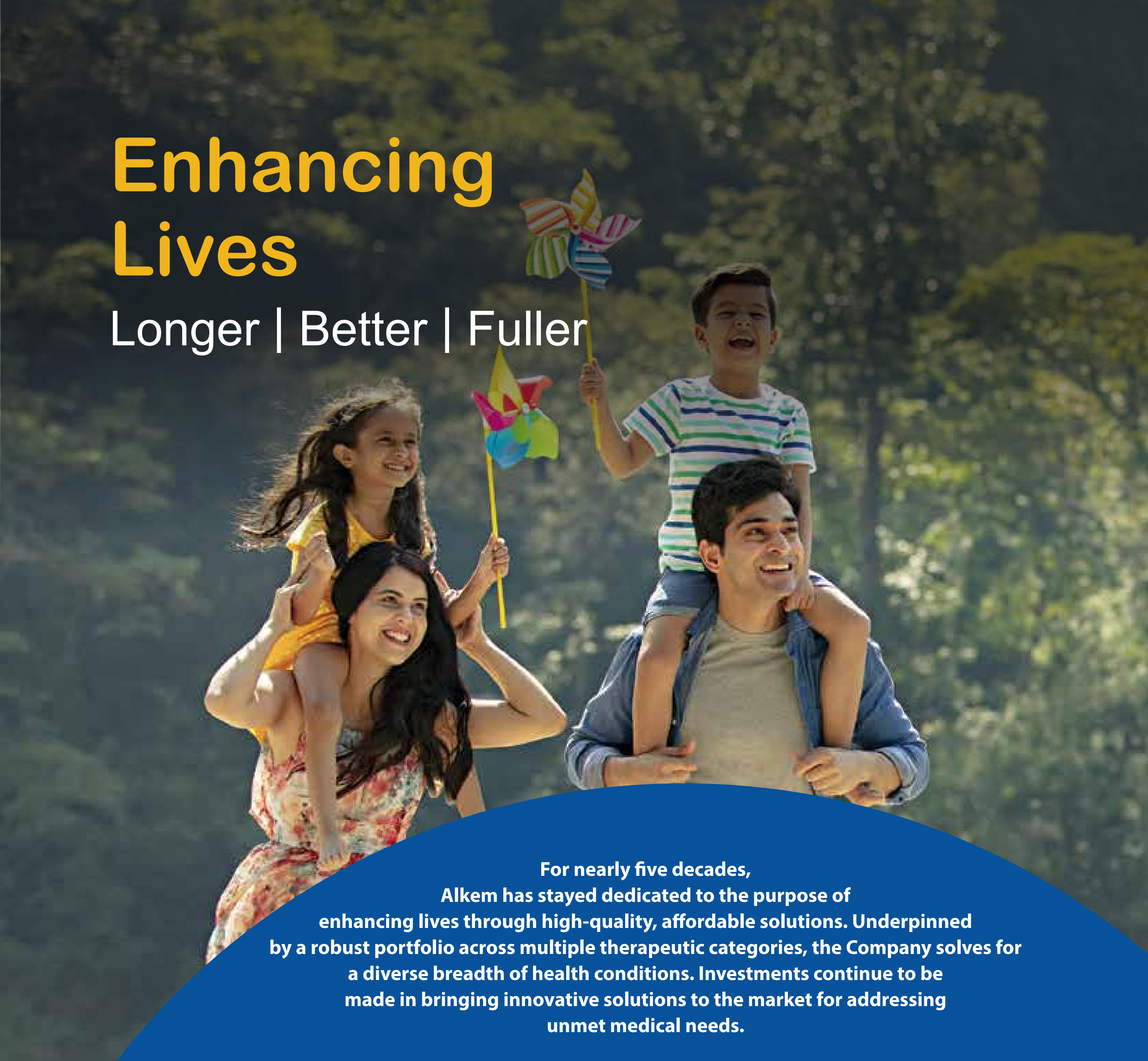
₹ 43.3 Bn
Market Capitalisation[#]

[#]As of 31st March, 2022

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

Enhancing Lives

Longer | Better | Fuller



For nearly five decades,
Alkem has stayed dedicated to the purpose of enhancing lives through high-quality, affordable solutions. Underpinned by a robust portfolio across multiple therapeutic categories, the Company solves for a diverse breadth of health conditions. Investments continue to be made in bringing innovative solutions to the market for addressing unmet medical needs.

Alkem has consistently expanded its geographic reach over the years. By making available its products around the world, the underlying objective is to improve patient care and health access across markets. Even in the uncertain times brought about by the pandemic, the Company has maintained continuity in delivering its products across India and beyond.

While new products bring new hope, it is often necessary to collaborate with other innovation-focussed organisations to bring these novel treatments to market. United by the shared purpose of enhancing lives, Alkem recently entered into collaborations with global universities and medical research institutions. These collaborations open up new possibilities for advancing the research and commercialisation of impactful medical technologies for patients.

Alkem is driven by the objective of improving healthcare outcomes. Leveraging its strong industry experience, robust quality standards, and proven capabilities in research, manufacturing and distribution, it remains focussed on making valuable contributions in healthcare that will enhance the quality of life – helping people live longer, better and fuller.

About Alkem

Established in 1973, Alkem Laboratories is among India's leading global pharmaceutical companies. The Company develops, manufactures and markets high-quality pharmaceutical products across all major therapeutic segments.

MULTI-PRODUCT PORTFOLIO

- Branded Generics
- Generic Drugs
- Active Pharmaceutical Ingredients
- Nutraceuticals
- Biosimilars

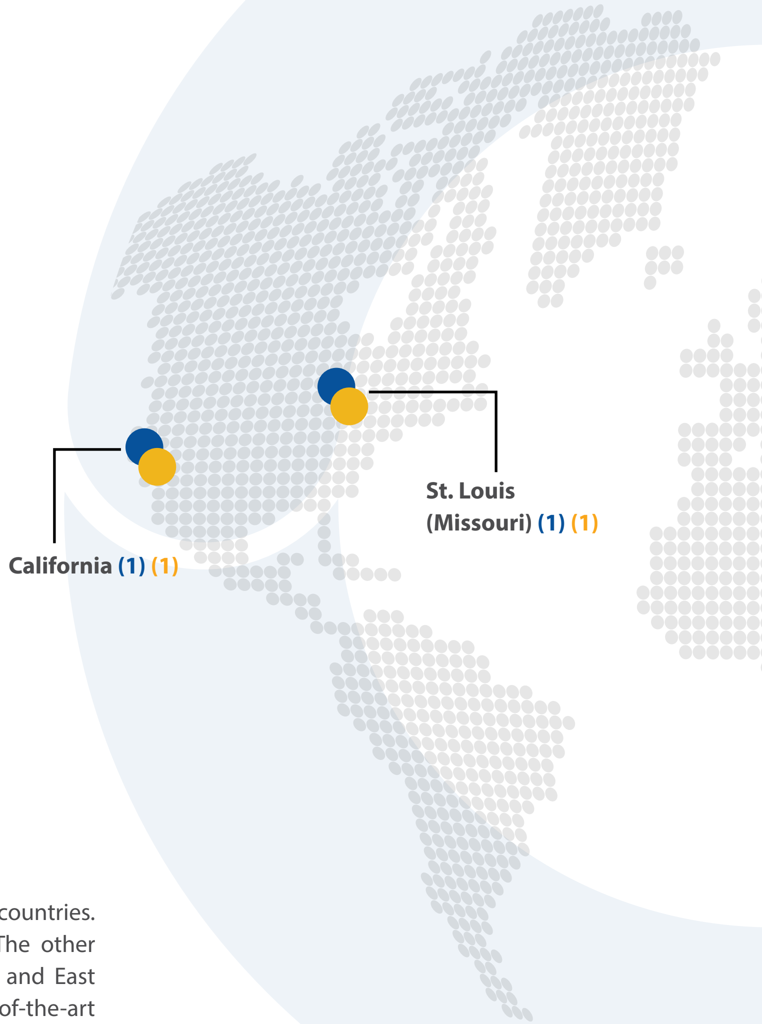
Vision

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

Quality that is infinite

Service that cares

Hard work that endures



Map not to scale. For illustrative purposes only.

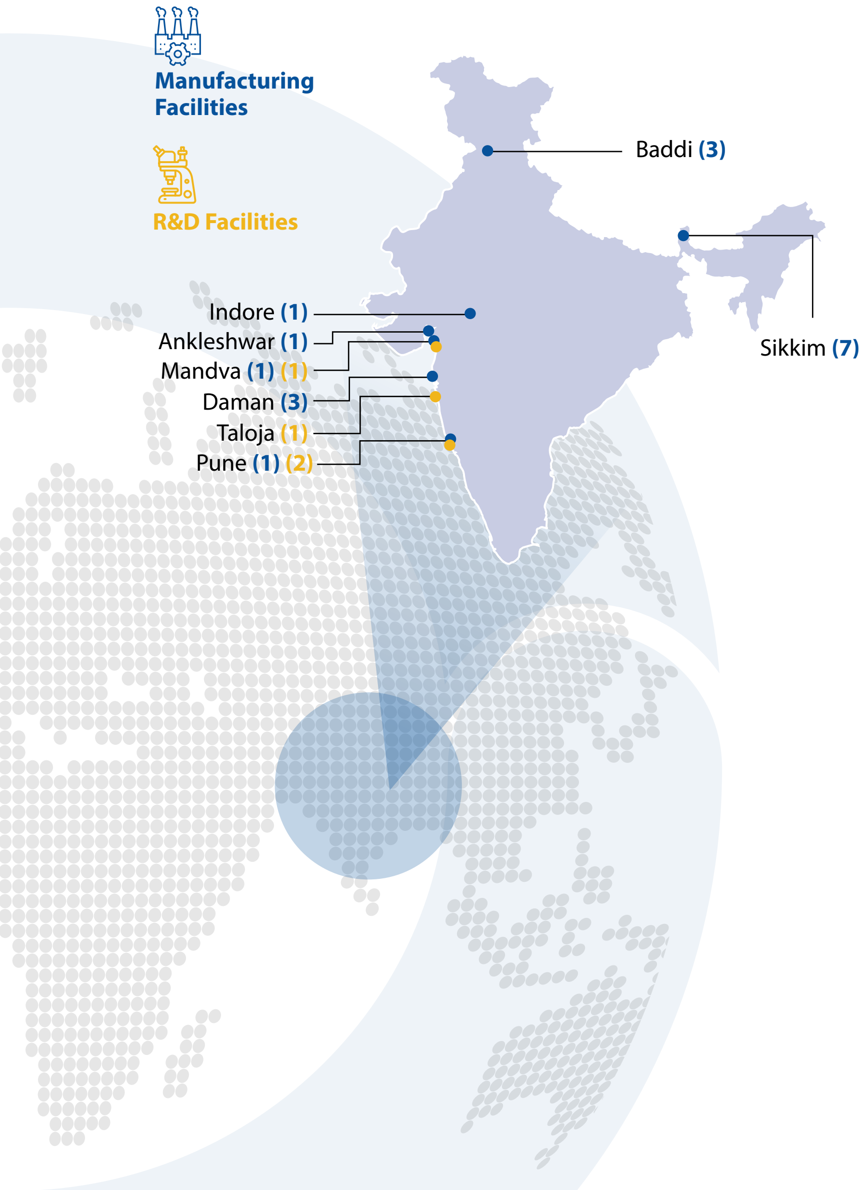
Enhancing lives
around the world

Alkem products serve patients and customers in more than 40 countries. The US is the second-largest market for the Company after India. The other key markets include Australia, Chile, Philippines, Kazakhstan, Europe and East Africa. The Company's global operations are supported by state-of-the-art manufacturing and R&D facilities spread across India and the US, which make high-quality healthcare products available, affordable and accessible.

Countries	Employees	Manufacturing Facilities
>40	16,500+*	19

6 R&D Centres driven by +500 scientists

**Alkem Standalone basis*



INDIA OPERATIONS

Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales. The Company is a leading player in the acute therapeutic segment and a fast-growing player in the chronic therapeutic segment. India operations are underpinned by a robust sales and distribution network and extensive brand building and marketing efforts.

800+
brands

12
brands with annual sales of more than ₹ 1 billion

#1*
rank in the Anti-Infective segment for over 15 years

>10,000**
medical representatives

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

7,000+
stockists

60+
sales depots and CFAs

6*
brands featuring amongst the top 100 pharmaceutical brands

*Source: IQVIA data, March 2022

**Excluding managers and including Indchemie and Cachet

INTERNATIONAL OPERATIONS

The Company's International business, built on a strong platform of a large and growing product pipeline, is a core part of its growth. These products are distributed through the Company's own sales and commercial infrastructure. Product in-licensing and out-licensing opportunities are also being pursued in international markets to leverage the Company's established strengths.

163
cumulative Abbreviated New Drug Application (ANDA) filings with the US FDA

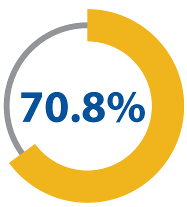
123
cumulative ANDA approvals from the US FDA

>1,100
filings across various international markets

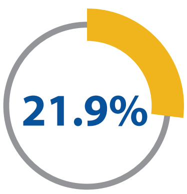
6
US FDA approved facilities in India and US

Operating Revenues by Market

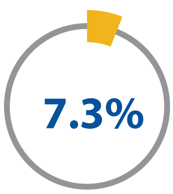
India
₹ 75,266 Mn



US
₹ 23,291 Mn



Other International Markets
₹ 7,785 Mn



Recapturing the Journey

Since its inception, Alkem has made significant investments in its capabilities for developing and manufacturing high-quality healthcare products. In this illustrious journey, rewarding milestones have been achieved, emboldening the Company to remain focussed on the purpose of enhancing lives.

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 in 2005

2003

First research and development facility established at Taloja

2006

Taxim became India's first anti-infective drug to surpass annual sales figure of ₹ 1 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

2018

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

2015

Acquired a formulation manufacturing facility in the US

Successfully completed Initial Public Offering (IPO)

2014

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

Clavam surpassed ₹ 2 billion domestic sales milestone

2012

Acquired an API manufacturing facility in the US

2019

Crossed the revenue milestone of US$1 billion

2020

Started new formulation manufacturing facility in Indore

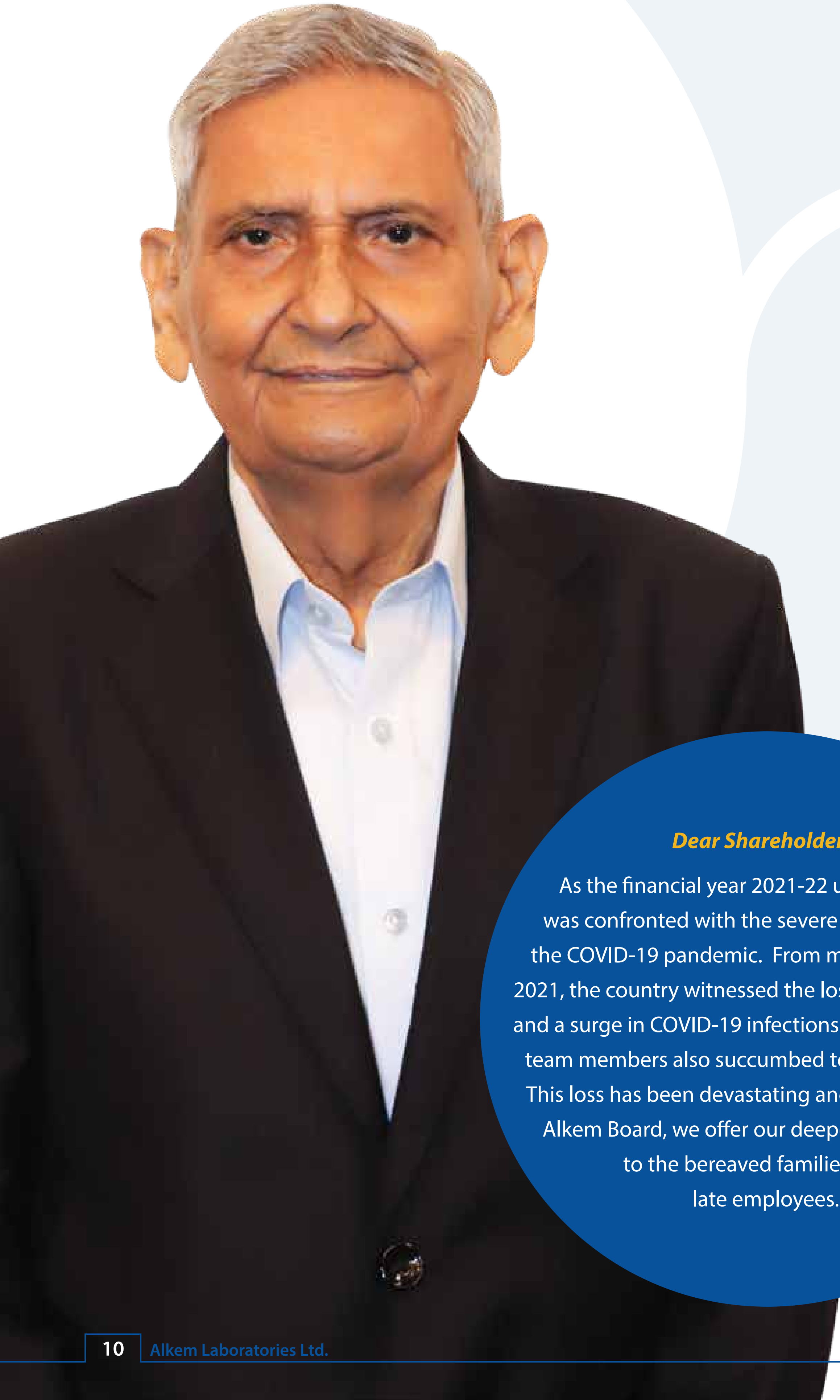
Started a new biologic/biosimilar manufacturing facility in Pune

2021

First product launched from Enzene Biosciences in India

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

Chairman's Message



Dear Shareholders,

As the financial year 2021-22 unfolded, India was confronted with the severe second wave of the COVID-19 pandemic. From mid-March to June 2021, the country witnessed the loss of countless lives and a surge in COVID-19 infections. Sadly, some of our team members also succumbed to the deadly virus. This loss has been devastating and on behalf of the Alkem Board, we offer our deepest condolences to the bereaved families of our late employees.

The passing away of our Joint Managing Director Mr. Dhananjay Kumar Singh was also a personal and professional loss. Mr. Dhananjay Kumar Singh had a long and distinguished tenure for more than three decades at Alkem. His wisdom, experience and hands-on way of working were instrumental in building Alkem into an outstanding company. His contributions will always be remembered and his legacy will shape our future for years to come.

Against the backdrop of COVID-19 uncertainties and price volatility and logistical challenges for critical inputs, the Indian pharmaceutical industry delivered a healthy performance. Growth was led by domestic and emerging markets while in the US market, the industry had to contend with pricing pressures which slowed down growth momentum.

I am pleased to share that at Alkem, having adjusted well to the new ways of working, we ensured uninterrupted and seamless business operations throughout the year. This, along with our comprehensive product portfolio, enabled us to deliver robust revenue growth. The performance of our India business was particularly satisfying with the acute therapy segment contributing to strong volume-led growth. In the US, however, the exogenous challenge of significant pricing pressure on our base portfolio upended our sales. We are resolutely working to solidify our position in this market by launching new products, especially those with limited competition. Apart from the US, our other international markets delivered strong growth.

As a global pharmaceutical company, we are enthused by the larger purpose of making a material difference in the quality of life of patients and customers. Our affordable quality products, available across diverse therapeutic areas and accessible across geographies, make good health possible for people of all socio-economic backgrounds. Our foray into biosimilars is also inspired by this deep commitment to doing all that we can to transform lives. Biosimilars serve to meet unmet needs for cost-effective alternatives to existing branded biologic therapies. Our recent collaborations with global universities are also in consonance with our continued quest to make novel therapies more accessible.

I am pleased to share that at Alkem, having adjusted well to the new ways of working, we ensured uninterrupted and seamless business operations throughout the year. This, along with our comprehensive product portfolio, enabled us to deliver robust revenue growth.

Underpinning our long-term sustainability is that going beyond financial results, we place an equally weighted focus on our environmental, health and safety (EHS) performance and on social responsibility. In partnership with Tata Memorial Centre, we have set up three small cancer units at Buxar, Jehanabad and Bhagalpur in Bihar, while the main centre – an advanced radiotherapy facility – is upcoming at Muzaffarpur, Bihar. These facilities will enable quality cancer treatment in close proximity to communities living in small towns, at an affordable cost. Some of the other highlights across EHS include the plantation of over one million trees in drought-prone areas in Maharashtra, providing mobile health units for healthcare delivery in remote areas, promoting the education of students from economically weaker backgrounds, and supporting the training cost of 156 national-level sports representatives.

Looking back, I am extremely proud of our valued employees. Their commitment and talent contributed in no small measure to the delivery of robust results in what were extremely demanding conditions. I would like to thank them all for their dedication and contribution to the success of Alkem. I would also like to express my gratitude to my fellow Board Members for their guidance and support. Finally, my sincere appreciation to our various stakeholders, including customers, partners, the medical fraternity, government agencies and shareholders, for their ongoing engagement and support.

The global vaccine rollout and a largely successful massive vaccination drive in India have helped in containing the pandemic. While this is a big positive, the road ahead is still not without uncertainty. Our unwavering focus on enhancing lives will continue to underpin our performance and help us in building a stronger, better Alkem for the future.

Warm Regards,

Basudeo N. Singh
Executive Chairman

Letter from the Managing Director

Dear Shareholders,

The financial year in review continued to be characterised by COVID-19 and its consequences. The second wave during the first quarter was particularly devastating, claiming innumerable lives and overwhelming the health infrastructure due to the sharp surge in caseload. Sadly, some of our employees and our employees' family members also succumbed to the coronavirus. While the situation improved from the second quarter, COVID-19 again made a comeback in the fourth quarter. The human and economic impact was less disruptive this time with vaccination acting as the protective shield.

The high hospitalisation rates and panic buying of medicines in the first quarter intensified the demand for pharmaceutical products, particularly COVID-19-related therapies. With economic recovery from the pandemic remaining uneven and the return to normal activity facing intermittent hurdles, manufacturing plants and supply chains faced the challenge of adapting to varying demand patterns over the course of the year. Further, significant pricing pressure in the US generics market posed headwinds for pharmaceutical companies having business interests in that geography.

Against this backdrop, Alkem, with our operations spanning both domestic and international markets, reported a healthy performance with revenue growth of 20% on a year-on-year basis. Our EBITDA margins stood at 19.3% while net profit growth stood at 3.8%. We continued to maintain a disciplined approach to our cash flow, adding ₹ 4 billion of net cash to end the year with a net cash balance of ₹ 9.7 billion.

In India, we recorded a solid performance with a growth of 29.9%. This growth was broad-based with both our prescription business and trade generic business performing well. As per secondary sales growth reported by IQVIA, Alkem grew by 27.6% as compared with the Indian Pharmaceutical Market (IPM) growth of 18.2%. Strong volume growth in our acute therapy areas, partially helped by COVID-19 tailwinds, contributed to our performance. Most of our mega brands continued to outperform in their respective markets thereby maintaining their leading positions. Our chronic portfolio also continues to go from strength to strength, growing almost 2 times faster than the market. Our trade generic business achieved robust growth on a high base, making this a commendable performance. Our recently launched Pulmocare division, catering to the respiratory segment, also made a promising start, growing faster than the therapy growth rate.

During the year, our biotech subsidiary Enzene launched three products in India and onboarded multiple new companies as customers for its CDMO services.

Our US business ended the financial year with sales of US$ 318 million, a year-on-year decline of 4%. While several new products were launched during the year, some of which had limited competition, significant pricing pressure completely offset the impact of these new launches. Notwithstanding our subdued performance, we remain confident of the medium and long-term prospects underpinned by the steady pace of our ANDA filings. During the year, we filed 14 ANDAs with the US FDA and received 21 approvals. We now have a fairly strong product pipeline of more than 160 ANDAs filed with the US FDA with nearly half of them yet to be commercialised. In terms of regulatory inspections, all our manufacturing facilities supplying to the US, expect the St. Louis facility which received three observations in recently concluded US FDA inspection, have an Establishment Inspection Report (EIR) as of date. Apart from the US, our other international markets delivered a robust growth of 34.8% with healthy performances in our focus markets.

The demand for biotech drugs is growing at a brisk pace owing to their improved efficacy over existing drugs. In fact, some of the world's largest selling drugs are biotech drugs. Adding a new dimension to our focus on enhancing lives is our relatively new biosimilar business. Being more affordable than biologics, biosimilars expand patient access to critical medicines, much like generic medications. During the year, our biotech subsidiary Enzene launched three products in India and onboarded multiple new companies as customers for its CDMO services. These companies will be provided with contract development and manufacturing services to help them bring new therapies to the market as quickly and efficiently as possible. Enzene also signed several out-licensing agreements with some of the leading international companies to develop and commercialise products in key markets across the globe. Another notable highlight was the commencement of global clinical trials for one of our monoclonal antibodies which we expect to launch globally over the medium term. These developments indicate a bright future for our biosimilar business as we go forward.

Our commitment to enhancing lives is also manifested in the many initiatives that we undertake for environmental protection and the well-being of our people. Our flagship 'Go Green' campaign is aimed at improving green cover through mass plantation. Under this campaign, we have planted more than 1 million trees in drought-prone areas of Maharashtra. Water conservation and waste management are also an integral part of our effort towards being a more sustainable organisation. Tracking and internal reporting on our safety performance have brought about a cultural change within the organisation, ensuring that the highest importance is given to promoting safety at the workplace.

We remain focussed on supporting our people both professionally and personally throughout their employee experience with us. For the third consecutive year, Alkem received the prestigious Great Place to Work® Certification, reaffirming our efforts toward building an energising and engaging workplace. Several new capability-building programmes were introduced to help our people learn more advanced skills and seamlessly progress to senior roles.

We aim to make a meaningful impact in the communities where we live and work. During the year, we continued our focus on making available quality and affordable healthcare services for people living in remote areas. Supporting education, rural development and sports are also key aspects of our community endeavours. I am delighted to share that Alkem is partnering India's Olympic Gold Quest by supporting the training cost of 156 national-level sports representatives having the talent to bring laurels to our nation.

In closing, our healthy performance in a year of considerable challenges clearly shows the strength of our business. I want to express my heartfelt gratitude to our people for their remarkable commitment in these difficult times. I would also like to take this opportunity to thank our customers, partners, suppliers, healthcare providers, shareholders and all other stakeholders for their constant support and trust. The operations across Alkem are unified by a shared purpose of enhancing lives, and we remain steadfast to work towards this objective with utmost sincerity and integrity.

Warm regards,

Sandeep Singh

Managing Director

Board Profile

Standing - Left to Right

Dr. Dheeraj Sharma | Mr. Narendra K. Aneja | Mr. Ranjal Laxmana Shenoy | Ms. Sudha Ravi | Mr. Sarvesh Singh | Mr. Balmiki Prasad Singh

Seating - Left to Right

Ms. Sangeeta K. Singh | Mr. Mritunjay Kumar Singh | Mr. Arun Kumar Purwar | Mr. Basudeo N. Singh | Mr. Sandeep Singh | Mrs. Madhurima Singh

Mr. Basudeo N. Singh

Executive Chairman

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

Mr. Sandeep Singh

Managing Director

Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organisation as its Managing Director. Mr. Singh has over 18 years of experience in the pharmaceutical industry. He spearheads the domestic as well as the international operations of the organisation. In the year 2016, he was presented with the 'Emerging Pharma Leader of 2016 Award' by the Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India. In the year 2021, he was featured by 'ET AND SPENCER STUART 40 under 40'.

Mr. Mritunjay Kumar Singh

Executive Director

Mr. Mritunjay Kumar Singh joined the Board in the year 1988 and he has been associated with the management of the Company for a period of over 32 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Aura, Alphanex, Altis, Alphamax, Hospicare, Diabetology, Aspiria, Metabolics, Imperia, Arise, Pulmocare, Intenza, Critica and Urocare 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

Mrs. Madhurima Singh recently inducted into the Board of the Company, holds Post Graduate Degree in MSc (Botany) with distinction from Ranchi University and specialisation in Plant Pathology and Genetics. She has completed her Diploma in entrepreneurship from SVKM's Bhagubhai Mafatlal Polytechnic Institute and also holds a B.A. (first class) in Astronomy from Bhartiya Vidya Bhawan, Mumbai University. Mrs. Singh has also undertaken various courses in Stock Markets and Mutual Funds from The BSE Institute. Presently, she is enrolled in 'PhD in Microbial & Molecular Genetics' from Patna University (Patna Science College). She is currently serving as a Director of the "Maaiya Social Change Front Foundation" for the upliftment of underprivileged sections of the society. Her areas of expertise includes research in the fields of phytopharmacy, general administration, human resources, non-profit management and philanthropy.

Mr. Balmiki Prasad Singh

Executive Director

Mr. Balmiki Prasad Singh joined the Board in the year 1988. Before getting inducted on the Board, he had served the organisation in various capacities. He has over 33 years of experience in the Indian pharmaceutical industry. He heads the Generics and OTC business of the Company.

Mr. Sarvesh Singh

Executive Director

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

Mr. Arun Kumar Purwar

Independent Director

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

Mr. Ranjal Laxmana Shenoy

Independent Director

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

Mr. Narendra K. Aneja

Independent Director

Mr. Narendra Kumar Aneja 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 K. Singh

Independent Director

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

Ms. Sudha Ravi

Independent Director

Ms. Sudha Ravi is a financial services executive 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 focussed PE fund in various capacities including as CEO/ED/CCO. Ms. Sudha Ravi joined the Board in 2015.

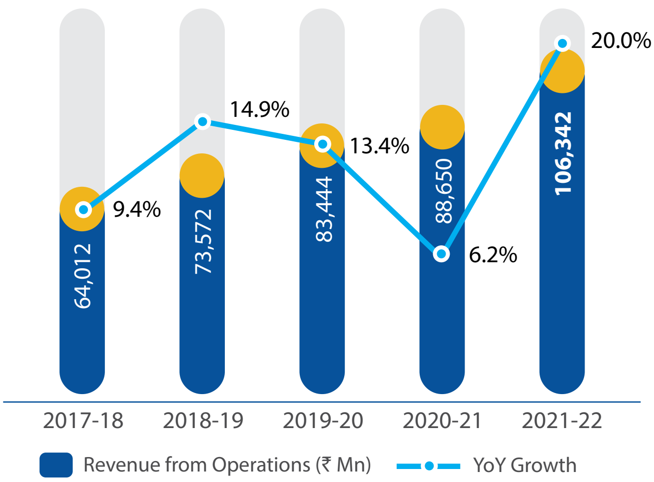
Dr. Dheeraj Sharma

Independent Director

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.

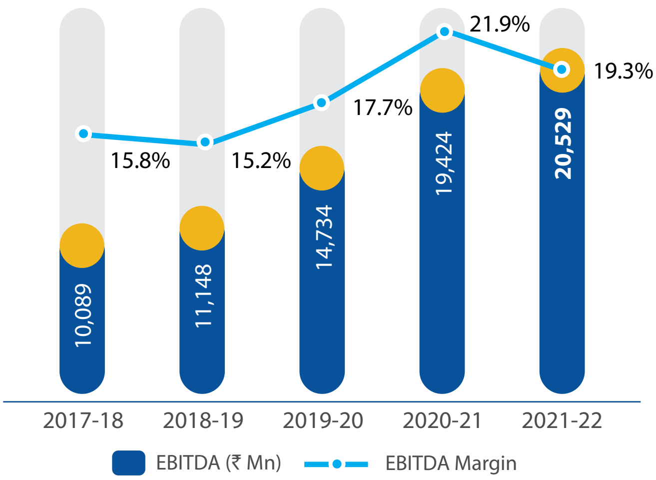
Key Financial Highlights

Revenue from Operations



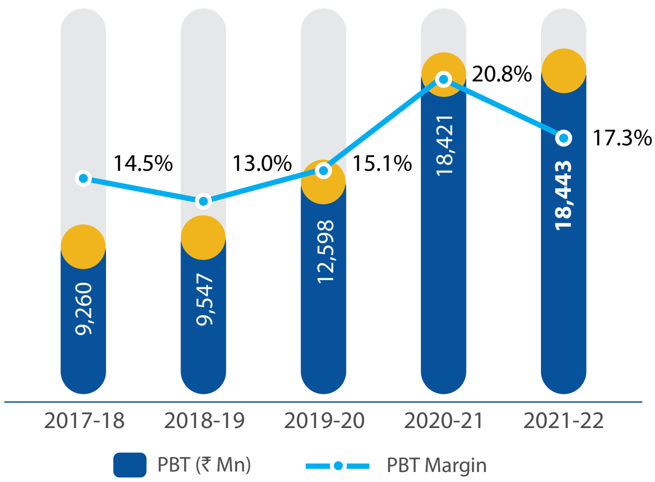
Through the five years, FY17 to FY22, the Company's revenue from operations has grown at a CAGR of 12.7% with India business growing at 11.9% CAGR and International business registering growth of 14.7% CAGR

EBITDA

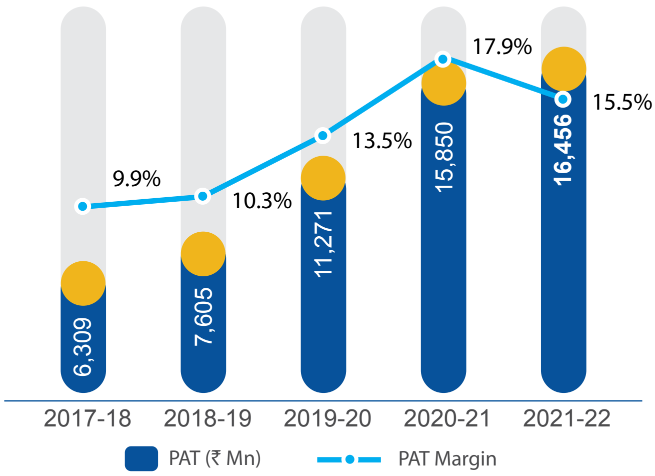


Over the last five years, Company's EBITDA margins have improved driven by better gross margins and operating leverage

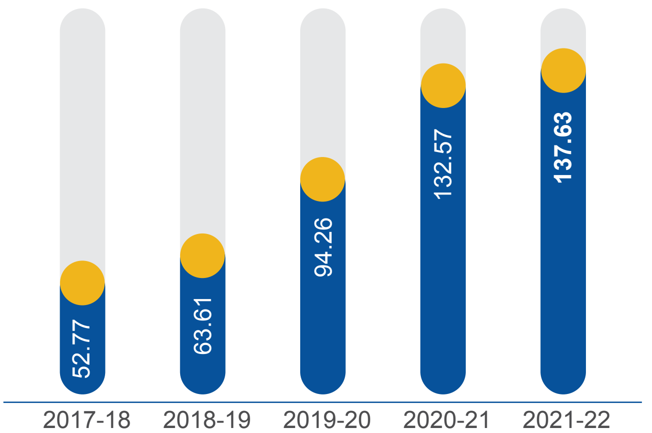
Profit Before Tax (PBT)



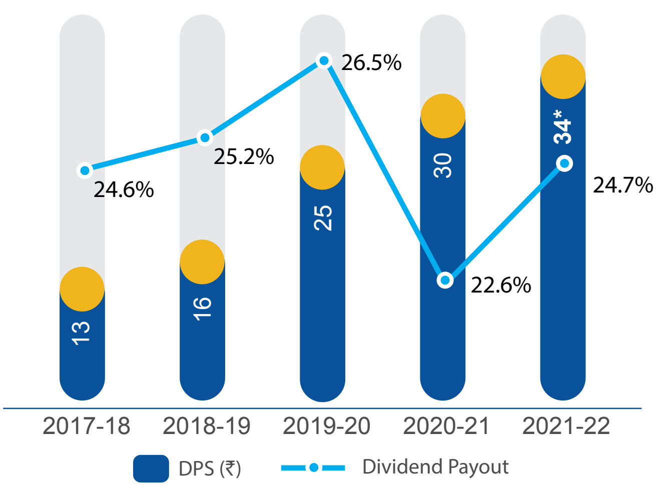
Profit After Tax (PAT)



EPS (₹)



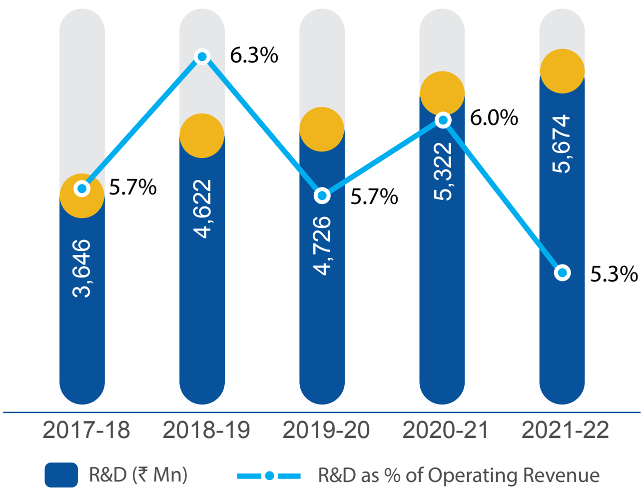
DPS & Dividend Payout



The Company has maintained a healthy dividend payout at around 25%

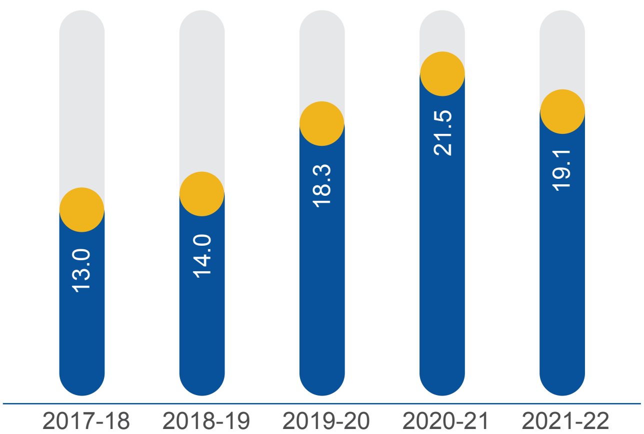
**Includes final dividend as recommended by the Directors for approval of the shareholders*

Research and Development (R&D)

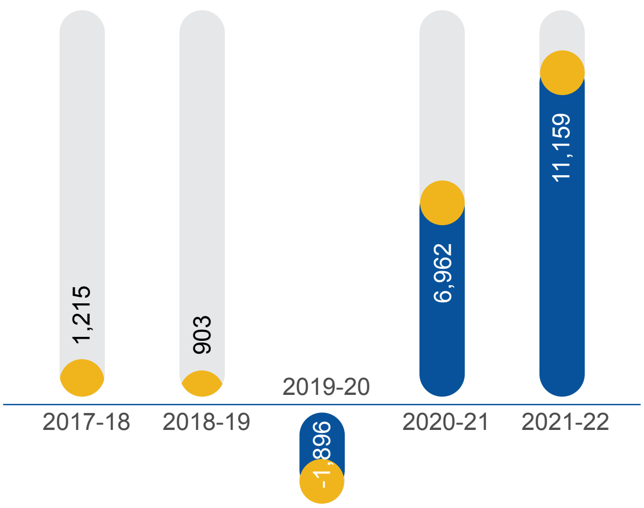


The Company has invested around ₹ 24 billion in R&D over the last 5 years

Return on Net Worth (%)

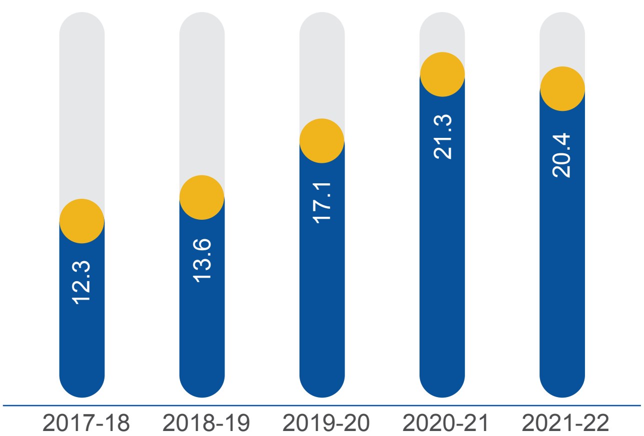


Net Cash (₹ Mn)



The Company has a strong balance sheet with net cash of ₹ 11.2 billion

Return on Capital Employed (Post Tax) (%)



Over the last five years (FY18 to FY22), the Company has delivered a steady improvement in its Return on Net Worth and Return on Capital Employed driven by a healthy revenue growth and expansion in its EBITDA margins

Environment, Health and Safety

Alkem's dedication to enhancing lives also extends to its people and local communities. Environment, Health and Safety (EHS) is thus an essential part of Company's value system.

The Company's vision is to achieve a sustainable competitive business advantage through leadership and excellence in EHS. The Company's 'Zero Harm' approach – Zero Harm to People, Asset and Environment – guides the EHS roadmap.

Fire safety training

EHS FRAMEWORK

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

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

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

The Corporate Environment, Health and Safety Department of Alkem provides overall direction on EHS related issues and affairs at all manufacturing sites of the Company. Site EHS Department(s) consisting of competent EHS professionals, have been established to oversee EHS related activities and site operations.

EHS RISK MANAGEMENT

EHS risk management is the process of identifying EHS hazards and controlling the associated risks. It includes conducting risk assessments, self-inspections and audits as well as prioritising proactive hazard controlling and risk mitigation measures. Alongside its EHS framework, the Company also has a tracking process to ensure compliance with all EHS-related regulations and stay alert to upcoming regulations.

1

Total number of reportable incidents during the year under review

0

Total number of fatalities during the year under review

0

Total number of fatalities in the last five years

Fire safety awareness drive and training

SAFETY CULTURE, TRAINING AND EMPLOYEE PARTICIPATION

The Company gives utmost importance to imparting safety training to its employees for enhancing 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 at the workplace.

Various events on health and safety for employees were planned which included among others National Road Safety Month, National Safety Week, World Environment Day, Earth Day, Red-Cross Day, No-Tobacco Day, Energy Conservation Day and National Fire Service Week.


Contractor's safety oath


Security management training


Road safety training


Fire drill

19,916
Number of EHS-related trainings conducted across manufacturing sites during the year under review

32,752 Man-hours
EHS training man-hours across manufacturing sites during the year under review

CONTROL OF EXPOSURE TO CHEMICALS

Being a pharmaceutical manufacturer, the Company uses chemicals in the synthesis and formulation of products at its facilities. To ensure the protection of employees and the environment, proactive steps like engineering control, close operations, administrative controls have been adopted and personal protective equipment (PPE) is provided as necessary. Emergency Response Mechanism is in place for any risk that may arise from incidents involving hazardous chemicals and operations.

Safety Talk at Shopfloor

Training provided to contractors

PROCESS SAFETY

Implementing and updating a safety system for controlling process hazards is a continuing programme at Alkem. The goal is to minimise risk through proactive approach i.e. expert engineering design and good manufacturing practices. Various processes namely API synthesis and formulation involves the use of hazardous materials such as toxic chemicals, flammable solvents and combustible powders and for such hazardous chemicals which have no feasible alternatives, rigorous controls are enforced as part of Alkem's Process Safety Management programme.

EHS AUDITS

The Company carries out periodic audits to assess the conformity of operations with its EHS management system and address gaps, if any. The Company's sites are also audited for applicable EHS-related key legislations. These audits are carried out by competent internal auditors. External experts are also engaged in conducting EHS-related audits for enhancing the performance standards. The Company's Baddi and Daman manufacturing sites are ISO 14001 and ISO 45001 certified, while certification of Ankleshwar site, Mandva API manufacturing site and all five formulation sites at Sikkim are in process.

First Aid training

1,529

Total number of EHS related Audits, Inspections and reviews conducted during the year under review

Apart from the manufacturing sites, warehouse & logistics and marketing are the two other pillars of the Company's business. Training programs, audits and reviews were initiated to strengthen EHS performance in the said verticals.

3R PRINCIPLES FOR SUSTAINABILITY

To impact the environment as little as possible, Alkem focusses on conserving natural resources and reducing emissions and waste. As part of its commitment to sustainable development, the Company emphasises on the 3R principle: Reduce, Reuse, Recycle.

Effluent Treatment Plant

Solar Panels

ENERGY

To curb greenhouse gas emissions, the Company ensures to upgrade its equipment to use less fuel and electricity. Company uses HVAC (heating, ventilation and air-conditioning) system which has the latest power-saving technology. Lighting fixtures have been changed to LED. Automation and the use of renewable energy further helps to reduce direct and indirect fossil fuel consumption.

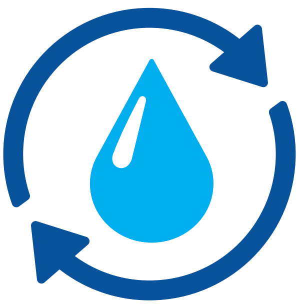
10,366,443 KWH
Average monthly electricity consumption during the year under review

514,294 KWH
Average monthly solar power generation during the year under review

4.96%
Share of solar power in average monthly power consumption during the year under review

WATER

Alkem uses treated water to reduce its freshwater intake as much as possible. Its water management efforts include monitoring water consumption, educating workforce for exercises in saving in water consumption and auditing on raw, effluent and treated water. Rainwater harvesting systems and effluent treatment plants are in place across all sites.



61,230 Cubic Meter
Average monthly raw water intake during the year under review

64%
of manufacturing units are zero-liquid discharge facilities

83%
Treated water usage during the year under review

WASTE

The Company seeks to minimise the waste generated at source and recycle the rest. As part of its responsibility as a Brand Owner under the Plastic Waste Management Rules by the Government of India, it has tied up with an approved agency engaged in the collection, recycling / co-processing of plastic base waste. This enables the Company to prevent its waste from reaching landfills. The waste is segregated as hazardous waste, biomedical waste, electronic waste etc., and is handled and disposed off / recycled / co-processed in an environmentally responsible manner and in full compliance with applicable regulations.

4,934 MT

Quantity of Biomedical waste disposed off during the year under review

663.8 MT

Quantity of Hazardous waste disposed off during the year under review

265.4 MT

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

39.97%

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

EMISSIONS

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

ENVIRONMENT CONSERVATION AS A CSR PROGRAMME

The Company believes in giving equal importance to social and environmental factors and is committed to implement its business practice in an ethical manner.

As part of CSR activity, Company focusses on key thematic areas namely Healthcare, Education, Rural Development (which includes development of infrastructure facilities, skill building and promotion of sustainable livelihood and improvement in the socio-economic status of women and youth), Environment & Sports and endeavour to bring about a tangible change in the lives of underprivileged people.

As a responsible corporate citizen, the Company strives to preserve and uphold natural resources and reduce the environmental impact of its products and services throughout its lifecycle. This is put into practice by adhering to the 5R guiding principle – reduce, reuse, recycle, renew and respect. The Company also engages with various government and non-government agencies to promote environment conservation.

The Company's Go Green Campaign is a key initiative aimed at improving the green cover. As part of its continuance support for mass plantation, the Company has supported to plant more than 1 million trees in drought-prone areas of Maharashtra. The Go Green Campaign also includes capacity building of identified farmers from the region and soil testing of their land. During the year under review, the Company continued to maintain and develop community gardens at Baddi.

105.70 acres

Land covered through Go Green Campaign during the year under review

>1 lakh

Fruit-bearing saplings planted during the year under review

Maintenance of Garden in Baddi, Himachal Pradesh

Plantation drive in Mandva, Gujarat

Training on Papaya in Nanded District

Environment

Leading Talent Towards Excellence and Growth

Underpinning Alkem's consistently strong performance is the hardwork and dedication of its employees. Through the year, we added more than 1,500 employees to Alkem family. With a diverse talent pool of more than 16,500 employees, the Company remains committed to investing in its talent pool with a continued focus on driving excellence and growth.

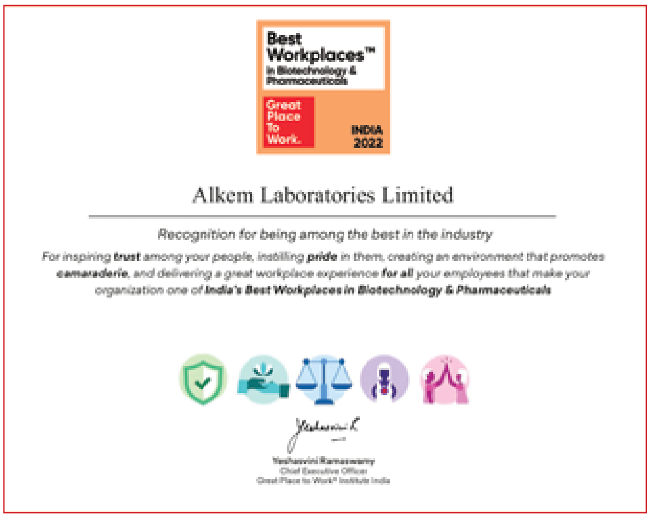
At Alkem, considerable emphasis is placed on building a positive work culture where employees can belong, learn and grow. These people-centric initiatives have enabled the Company to evolve into a coveted global organisation and establish itself in the best employers' league.

GREAT PLACE TO WORK® CERTIFICATION

For the third consecutive year, Alkem received the Great Place to Work® Certification, anchored by the Great Place to Work® (GPTW) Institute, an internationally reputed employer-branding platform.

Another outstanding achievement was Alkem's debut in the prestigious 'Top 50' list of companies to work for across various industries. Alkem secured a ranking of 31st position. The Company was also adjudged among the best in the industry under the category of 'India's Best Workplaces in Biotechnology & Pharmaceuticals' for the third time in a row.

GPTW Institute undertakes a combination of meticulously designed Employee Surveys (Trust Index) and audit of HR practices (Culture Audit) to evaluate an organisation. Trust Index covers the five parameters of Credibility, Respect, Fairness, Pride and Camaraderie; whereas Culture Audit covers the areas of Trust, Maximising Human Potential, Innovation, Values and Leadership Effectiveness.



India's Best Companies to Work For 2022

ALKEM'S EMPLOYEE VALUE PROPOSITION (EVP)

As part of Alkem's continuous efforts to establish a good employer brand, the organisation has now created its EVP statement, which embodies the outlook of the organisation towards its employees. A robust EVP helps in differentiating from competitors to appeal to the candidates. It outlines the ecosystem provided by an organisation to its employees to achieve their highest potential at work.

For articulating Alkem's EVP, a core team of HR representatives from across locations was formed which conducted a thorough research to study about various elements of EVP and led multiple Focussed Group Discussions (FGDs) to collect inputs from numerous employees across multiple locations. Based on the inputs received from the employees, Alkem's EVP was formulated.

ALKEM'S EMPLOYEE VALUE PROPOSITION

"We at Alkem contribute towards the purpose to build a healthier world. With Alkem family, you embark on an exciting growth journey that encourages entrepreneurial mindset and agility. As an Alkemite, you experience the caring culture that values people and become part of a team that nurtures individuals into strong leaders for tomorrow."

Vaccination drive at Alkem office

EXPERIENCE THE GROUND ZERO AND TRENCHES

During the year, to enhance the camaraderie with the field colleagues and understand the nuances of the sales business model, the Company initiated 'Experience The Ground Zero and Trenches' fieldwork. Under this programme, all mid to senior level leaders (non-sales/non marketing) are required to do at least two days of fieldwork with a field colleague to experience the ground realities and challenges. Interactions with the field colleagues and the observations during the fieldwork also help the participants to understand how they can provide better support to the field. Post fieldwork, the participants provide their feedback and insights for making further improvements in the processes to enhance customer and employee experience.

MISHA HR CHATBOT

As part of its focus on driving digital transformation, the Company launched AI-powered HR chatbot 'MISHA'. An Acronym for 'My Information System for HR Assistance at Alkem', MISHA is available 24*7 for assistance and instantly answers basic employee queries related to HR systems and policies. MISHA also helps employees raise tickets in real time and make HR workflow smooth. Currently, MISHA is accessible to the employees in Corporate Office, R&D Centre Taloja, Plants and Depots.

COVID-19 CARE AND SUPPORT

The organisation continued with its relentless efforts to safeguard employees and their family members. Considering the need to contain the spread of the virus and safeguard lives at large, management of Alkem announced to vaccinate all employees and their family members free of cost. Alkem has collaborated with major corporate hospitals to conduct vaccination drives at all major centres across the country. Multiple camps were conducted at Company's offices and distribution facilities to accommodate maximum vaccination per day of the employees and their families.

EMPLOYEE CONNECT AND ENGAGEMENT PROGRAMMES

To increase connect with the new members in the field force, HR team launched an initiative 'UGAM' through which HR team members and other support departments connect with field force to understand their queries and provide them with immediate solutions. Quarterly new joinee connect sessions were also organised in the corporate office, R&D centre and plants.

The Company continued with its Reward and Recognition efforts through various platforms like Hall of Fame, Service Awards, Star Awards and Who's the Next Edison. Additionally, various employee engagement activities were organised at different locations to celebrate the spirit of Alkem.

International Women's Day Celebrations

Makar Sankranti celebration at Indore

Sports Day at Ankleshwar & Mandva

Skip level meeting at Sikkim

Yoga Day Celebration at Daman plant

CAPABILITY BUILDING INITIATIVES

For successfully leading a large organisation, strong leadership presence is essential. For harnessing the power of the leaders, the Company initiated a structured developmental intervention aligning with Alkem's Behavioral Competency (ABC) framework for leaders. Basis the individual development plans, senior leaders were nominated for short to mid-term courses from reputed institutes like e-Cornel, Wharton online, Harvard and IIMs.

As a part of sales leadership development, Alkem, in partnership with S.P. Jain Institute of Management and Research (SPJIMR), launched an Advanced Program in Sales Management (APSM). The APSM was designed to take high potential Sales Leaders through a power-packed learning journey over 8 months through weekend distance learning classes. The program was aimed at holistically exposing Sales Leaders to different contemporary issues in management science along with the best-in-class sales management techniques. This program helped participants to appreciate the role of all cross-functional departments; and equipped them with strategic sales management techniques and better people management practices.

APSM-SPJIMR Certification ceremony

Leaders being felicitated for completing "Art of Leadership" programme from IIM-K

APSM-SPJIMR Certification ceremony

Engage to Excel Great People Manager Certification

The Company also collaborated with Great Place to Work® Institute in its journey to create and sustain a great workplace environment and launched 'Engage to Excel' intervention for its people managers in sales. It was 5-month long journey based on solid, research-based and well-proven framework of "Connect, Develop and Inspire" to measure the effectiveness of People Managers. At the end of the program, 149 managers were certified as "Great People Manager".

To build the Brand Custodians' functional capabilities, Company's marketing team was exposed to a case-based strategic marketing workshop on Building Big Brands. This program has helped the brand managers to review their digital marketing strategies. Digital marketing campaigns with better customer connect have been devised post the strategy review.

The Company also launched MOOC (Massive Open Online Course) platform eDX for the capability building of its middle management. The platform provides good courses like Design Thinking, Creativity for Innovation, Critical Thinking, Problem Solving, Leadership Essentials and Six Sigma. These programs enhance the leaders' capabilities, aid them to be up to date with current techniques, and enhance their engagement with Alkem.

Additionally, multiple soft skills development programs were conducted for the employees in the corporate office, R&D centre and manufacturing units. The routine programs in Sales continued to build employee's capabilities.

Enriching communities Enhancing lives

Alkem strives to bring a fundamental change in people's quality of life by undertaking community upliftment measures. The interventions are carried out under the aegis of the Alkem Foundation and are focussed on the following areas: healthcare, education, rural development, environment and sports.

HEALTHCARE

The Company provides quality and affordable healthcare services for people living in remote areas and those belonging to the economically weaker sections of society. Along with making available primary and secondary health services, the focus is also on creating health awareness and improving the health infrastructure in the country. The following healthcare measures were undertaken during the fiscal.

Mother & Child and Adolescent Girls Healthcare: The Company partnered with Indian Railways, and came up with Baby Feeding Centres in identified railway stations in Maharashtra to provide a place for the infant and the mother for feeding in privacy.

Mobile Awareness Campaign on water-borne diseases

Prayas Ek Kadam Swastha Bharat ki Aur: This project was initiated to raise awareness about safety and precaution against water-borne diseases in U.P. and Bihar. Under this initiative, the Company set up asset-light pop-up clinics for onsite medical inspection, in addition to providing telehealth infrastructure for remote care by medical professionals and AI-based triage, consultation, and diagnostics.

Project Sajag: In partnership with M/s. Pericia Healthcare, the Sajag project was initiated to train and certify health professionals of government hospitals on ventilator management. This training would aid the health professionals with the technical know-how on the latest ventilator equipment and help them in this battle against the pandemic. The cities of Mumbai, Pune, Aurangabad, Baramati, Nagpur and Sangli in Maharashtra were covered under this programme.

Signing of Project Sajag

120
Number of beneficiaries (health professionals)

Cancer Care: The Company has a partnership with Tata Memorial Centre for establishing an Advanced Radiotherapy Facility in Homi Bhabha Cancer Hospital and Research Center (HBCHRC) in Muzaffarpur, Bihar. With the help of this partnership, three mini cancer units were also established in Buxar, Jehanabad and Bhagalpur in Bihar.

3
Mini Cancer Units Established

Health Centres: With the help of mobile health units, the Company catered to the health service needs of people in Sikkim, Himachal Pradesh, Maharashtra and Madhya Pradesh.

COVID-19 response: At the onset of the global pandemic, the focus was on creating awareness and securing the Company's employees and communities. Alkem Laboratories COVID-19 action teams were formed comprising doctors, CSR personnel and local volunteers. The Company helped in setting up COVID-19 testing labs in Sikkim and Daman, in addition to providing oxygen cylinders and vaccines for Government Hospitals in Daman, Sikkim, Madhya Pradesh and Gujarat. The Company also supported the front-line workers by providing them with PPE kits, masks and sanitizers. Further, ration kits were provided to migrant workers in Maharashtra, Sikkim, Himachal Pradesh and Daman.

31 lakhs
Number of beneficiaries

8 states
Geographic outreach

EDUCATION

The Company understands the importance of education, and constantly endeavours to increase the literacy rate across the country. The following initiatives were undertaken during the fiscal to promote education.

Remedial Centres: The Company runs remedial centres in partnership with the government education authorities to help weak and irregular students. Post identification of these students with the help of local school authorities, the Company enrols them in the remedial centres, where the students are taught using innovative 'play & learn' techniques by groomed teachers.

Online schooling during the pandemic: The Company collaborated with its education partners and devised parent-teacher engagement and teacher development strategies. These strategies helped in bridging the learning gaps along with ensuring the continuous availability of quality education.

91%
Attendance in online classes

Aagaz Project: This project was initiated in association with Sulabh International. The key objective of the project was to reach out to the students of more than 15 government schools in Sikkim and create awareness among students and school staff on proper hygiene and cleanliness.

Scholarship for financially challenged students: The Company focussed on the Vidyasaarathi platform-initiated Shri Samprada Scholarship Programme in association with NSDL and TISS. The key objective was to help in sourcing scholarships for COVID-19 affected students from nursery class to graduation courses across the country.

The provision of financial assistance for respective classes was stated below:

Classes	Scholarship Amount (₹) Per Annum
1st to 4th Std	30,000
5th to 8th Std	40,000
9th to 10th Std	50,000
11th to 12th Std	60,000
Undergraduate	70,000

30,000
Number of beneficiaries

Pan India Geographic outreach

School infrastructure: The Company supported the economically weaker masses in Daman by constructing modern aaganwadi centres and providing education to children. Renovating school buildings and establishing science labs for some schools in Himachal Pradesh and Sikkim were among the other measures undertaken by the Company.

Enriching communities
Enhancing lives

RURAL DEVELOPMENT

The constant endeavour of the Company is on ensuring inclusive growth of the community with equal focus on both infrastructure growth and skill development. This would lead to ensuring improved standards of living for people and overall community upliftment.

Under the purview of rural development, the Company undertakes various measures to ensure human development, community outreach, agriculture, social and financial inclusion, thereby resulting in economic empowerment, job creation, skill enhancement and social security. During the fiscal, the Company also helped in the construction of individual toilets, and in doing so, hired locals with civil skills to provide them with short-term livelihood opportunities.

In partnership with Manndeshi Foundation, the Company has trained and motivated 300 women on various livelihood skills such as mushroom farming, artificial jewellery training, phenyl making, financial literacy, cake baking, agarbatti making and cloth bag stitching. Such activities not only provide earning opportunities for women but also engage them constructively. The Hon'ble Governor of Uttar Pradesh, Smt. Anandiben Patel visited the Company's stalls at a social event and appreciated the initiatives undertaken by the Company for the upliftment of rural women. The Hon'ble Governor also felicitated Smt. Jigisha Rajesh Bhai Kamli, one of the Company's members from mushroom farming training, in an event organised in Daman on the occasion of International Women's Day.

Felicitation by Hon'ble Governor of Uttar Pradesh

9 lakhs
Number of beneficiaries

9 states
Geographic outreach

Livelihood training initiatives

ENVIRONMENT

The Company is committed to preserving natural resources and reducing its environmental impact to emerge as a responsible corporate citizen. This is put into practice by adhering to the 5R guiding principles – reduce, reuse, recycle, renew and respect. The Company also engages with government and non-government agencies to promote environment conservation. One of the key measures undertaken by the Company under the purview of environmental stewardship was the plantation of more than 1 million trees in drought-prone areas in Maharashtra.

Mass plantation drive

4 lakhs
Number of beneficiaries

5 states
Geographic outreach

SPORTS

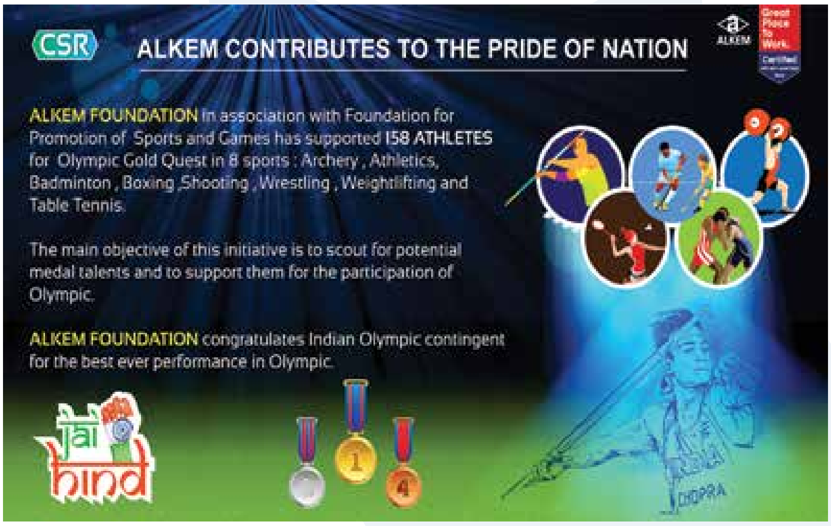
The Company strongly believes that sports make a valuable contribution to social and economic growth. The Company partnered with Olympic Gold Quest in a phase-wise manner by supporting the training cost of 156 national-level sports representatives of India in various international sports events.

First time in 21 years

Lakshaya Sen was among the 156 national-level sports representatives whom the Company supported with training costs. Lakshaya ranked runner-up in 'All England Badminton Championship'. This was the first time in 21 years for any Indian to reach the final of the prestigious 'All England Badminton Championship'.

5 lakhs
Number of beneficiaries

Lakshaya Sen (part of Olympic Gold Quest team) was runner-up at All England Badminton Championship



Management Discussion & Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

The financial year gone by started on an ominous note with the second wave of COVID-19 waging widespread infections, hospitalisations and fatalities across major parts of the globe. The world witnessed increased levels of depression, anxiety and stress among the population at large due to the severe impact of the COVID-19 pandemic. Quarantines and shutdowns led to deferment of elective medical procedures and patients remaining less engaged with healthcare, resulting in delayed diagnosis and treatment, especially for those conditions which were asymptomatic. Vaccines took centre stage and the focus of the government was to immunise a large part of their population. While the impact of COVID-19 has ebbed over the last few months, it has led to many people taking healthcare more seriously than before. This heightened awareness around health and self-care will be an important driver for the global healthcare industry.

The global medicine market - using invoice price levels - was valued at US$1.42 trillion in 2021. It is expected to grow at a 3-6% compounded annual growth rate (CAGR) through 2026 to become US$1.78 trillion in size. This includes spending of US$251 billion on COVID-19 vaccines, largely focussed on the initial wave of vaccinations, likely to be completed in 2022 in developed countries and 2023 in lower-income geographies. It is expected that annual or maybe more often, booster shots will be required to be taken, as the durability of immunity and the continued emergence of viral variants remain unpredictable.

New medications are constantly being developed, approved and marketed, resulting in significant market growth which is partly being slowed by losses of exclusivity in the branded/ patented drugs. Other market growth drivers include an ageing population, as seniors use more medicines per capita, a rise in the prevalence and treatment of chronic diseases, increasing penetration of medical insurance, higher life expectancy and improvement in medical infrastructure and accessibility to affordable healthcare in emerging economies.

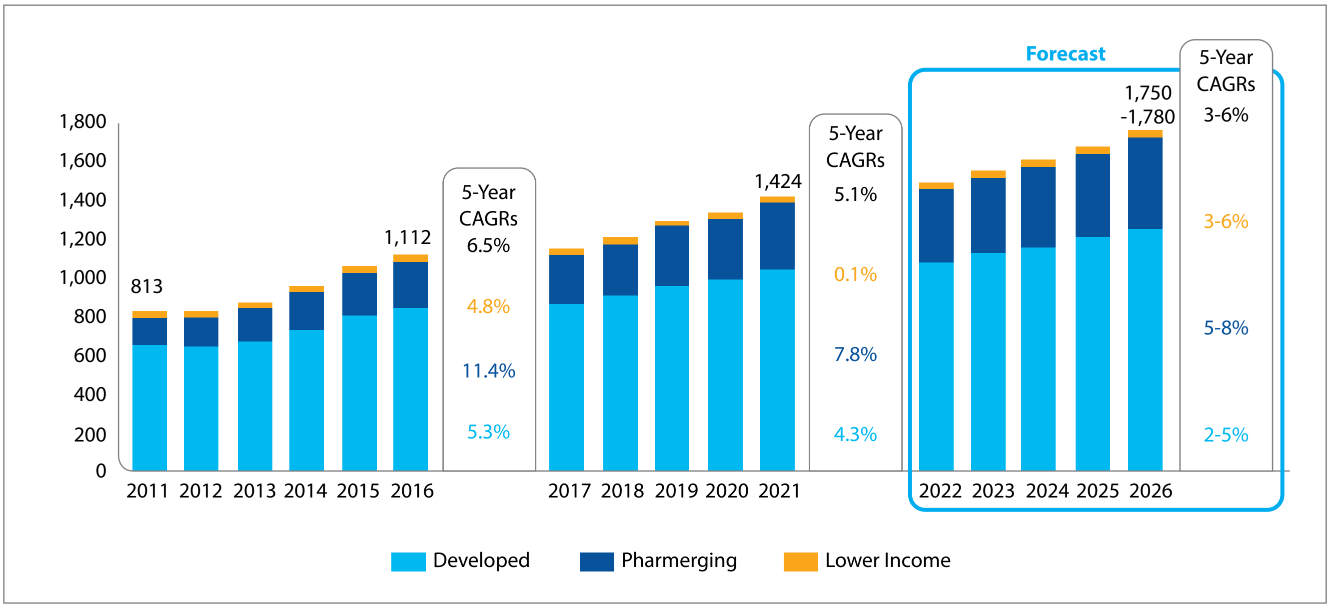
The global medicine market is expected to grow at 3-6% CAGR through 2026 to about US$1.78 trillion

Global invoice spending and growth in selected countries

	2021 Spending US$Bn	2017-2021 CAGR	2026 Spending US$Bn	2022-2026 CAGR
Global	**1,423.5**	**5.1%**	**1,750-1,780**	**3-6%**
Developed	**1,050.4**	**4.9%**	**1,232-1,282**	**2.5-5.5%**
10 Developed	935.2	4.3%	1,100-1,130	2-5%
United States	580.4	4.9%	685-715	2.5-5.5%
Japan	85.4	-0.5%	73-93	-2-1%
EU4+UK	209.7	4.8%	245-275	3-6%
Germany	64.6	6.2%	76-96	4.5-7.5%
France	42.0	3.0%	48-52	2-5%
United Kingdom	36.6	5.9%	46-50	4-7%
Italy	36.5	3.0%	41-45	2-5%
Spain	29.8	5.4%	32-36	1.5-4.5%
Canada	27.4	5.2%	32-36	3-6%
South Korea	17.9	6.0%	21-25	3.5-6.5%
Australia	14.4	0.6%	15-19	1.5-4.5%
Other Developed	115.2	4.7%	132-152	3-6%
Pharmerging	**354.2**	**7.8%**	**470-500**	**5-8%**
China	169.4	6.1%	190-220	2.5-5.5%
Brazil	31.6	11.7%	47-51	7.5-10.5%
India	25.2	11.1%	37-41	8-11%
Russia	18.8	11.4%	27-31	7.5-10.5%
Other Pharmerging	109.2	8.3%	151-171	6.5-9.5%
Lower Income Countries	**19.0**	**0.1%**	**21-25**	**2.5-5.5%**

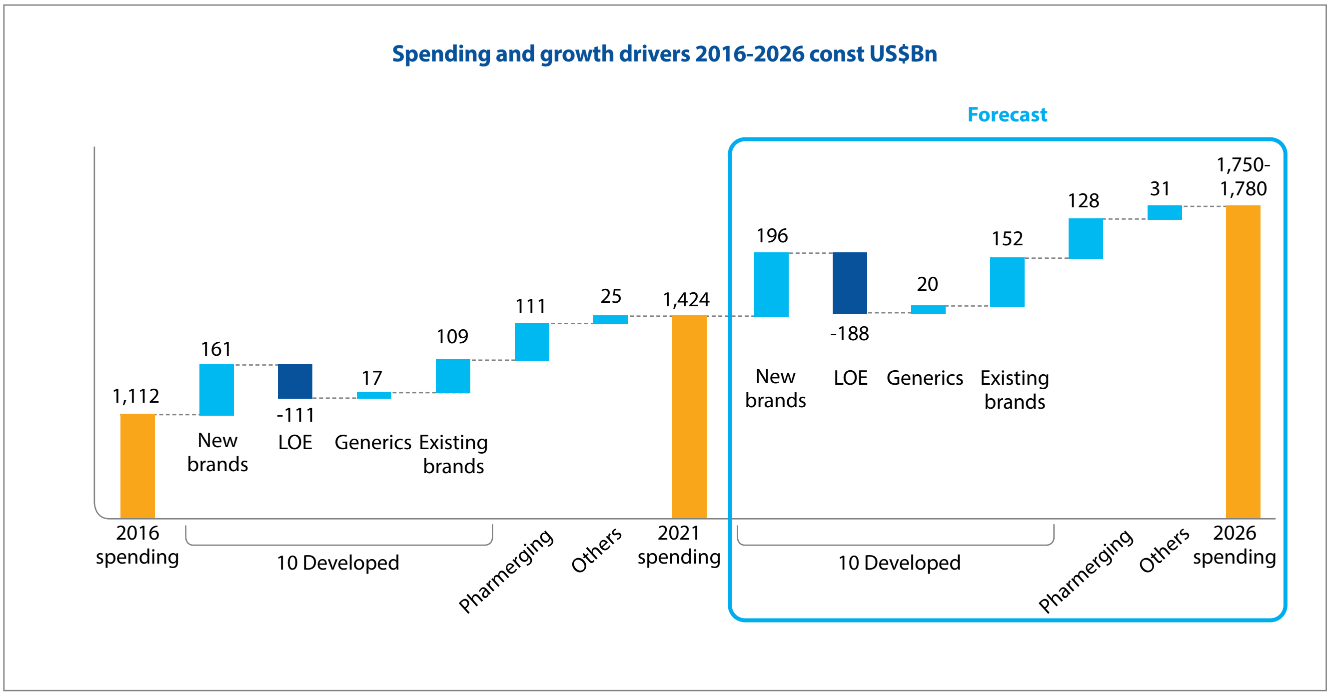
Source : IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

Global medicine market size and growth 2011-2026, const US$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

Strong growth in pharmerging markets and new brands in developed markets will lift global spending through 2026



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

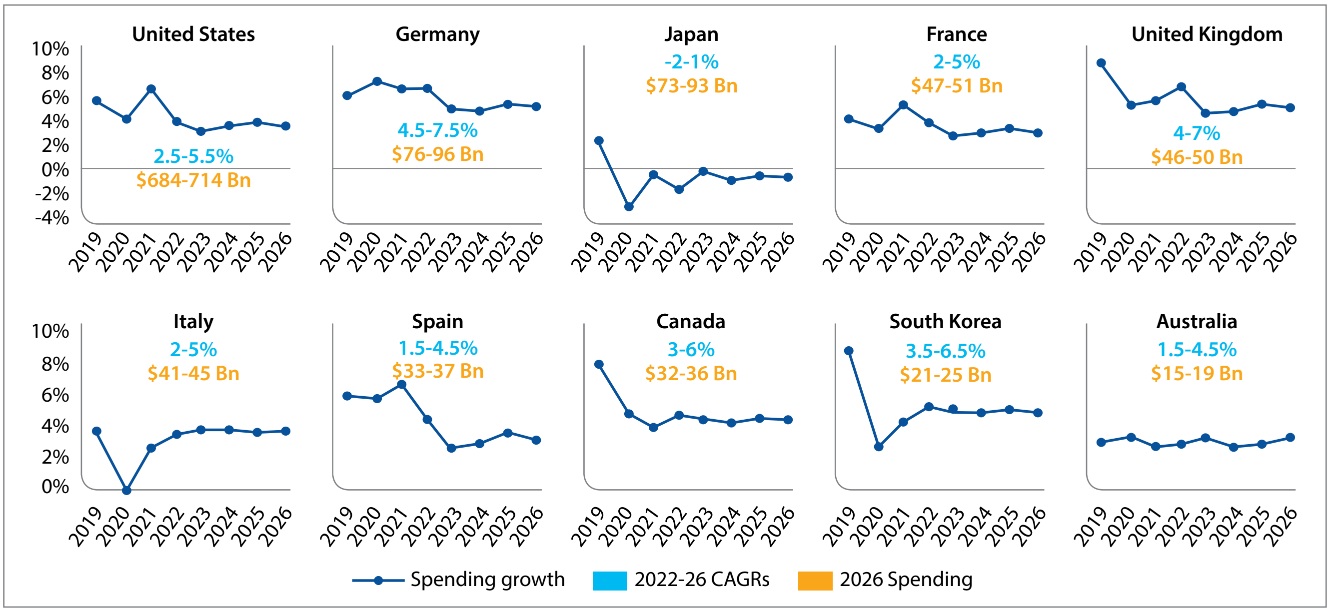
The global pharmaceutical market can broadly be divided into developed and pharmerging markets. The United States, the top five European markets (namely Germany, France, Italy, United Kingdom, and Spain), Japan, Canada, South Korea, and Australia comprise the developed markets. The developed markets dominate the global pharmaceutical market with over 70% of the total spending. China, Brazil, India, Russia, Turkey, Mexico, South Africa and many other countries consume relatively low volumes of medications but where consumption is rising steadily from the pharmerging markets. The pharmerging markets, while accounting for about 25% of the total global pharma spending, is expected to grow at 1.5x-2x faster than the developed markets.

REVIEW OF MARKETS

The developed markets are expected to grow at a CAGR of 2-5% through 2026 and reach about US$1.2 trillion. The adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars, are expected to continue as the main factors influencing medicine spending and growth in the developed markets. New brand spending is expected to add US$196 billion in spending through 2026, excluding the impact of COVID-19 vaccines and novel therapeutics. About 290-315 new active substances (NAS) are expected to be launched by 2026, averaging 54-63 per year, similar to the level of the past five years.

Amongst the developed markets, the US spending growth is expected to slow down to 2.5-5.5% due to historically low-price growth for brands and expiries, especially biologics, offsetting some of the growth from new products. Japan, the third-largest global market, is expected to have flat-to-declining medicine spending as it shifts to annual price cuts from the previous biennial price cut policy. Medicine spending in Europe is expected to grow at 3-6% CAGR over the next five years, with a focus on greater adoption of generics and biosimilars.

Spending growth in ten developed countries, total market, const US$ 2019-2026

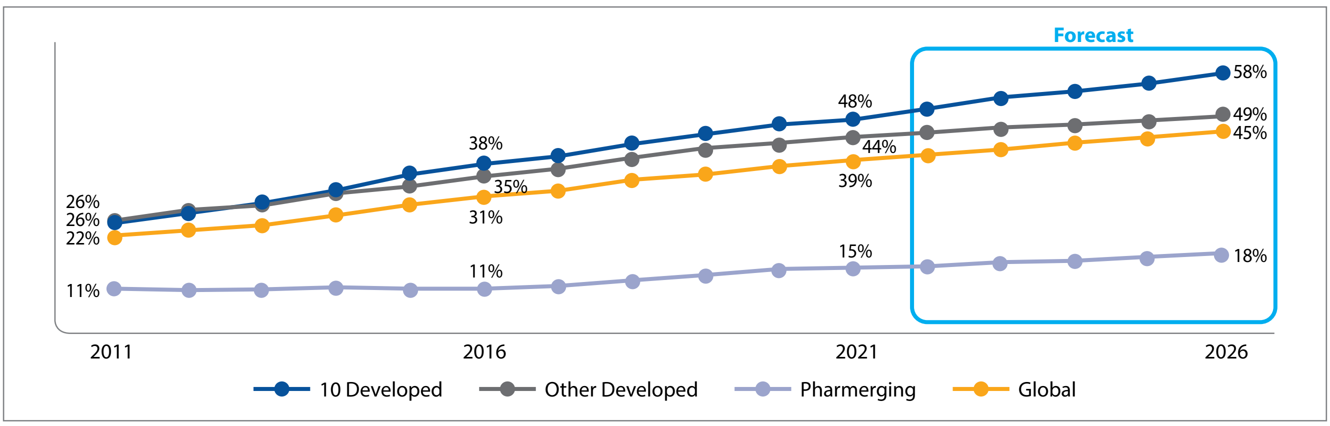


Source: IQVIA MIDAS, June 2021; WHO 2021 Essential Medicines Model list, June 2021

Specialty medicines – which treat chronic, complex, and rare diseases, are seeing higher adoption in the developed markets. Higher growth in the Specialty medicines, which are generally more expensive than the traditional medicines, would be one of the important growth drivers in the developed markets. Over the next five years, the share of Specialty medicines is expected to touch about 60% in the developed markets compared to 48% in 2021.

Specialty medicines will represent about 45% of global spending in 2026 and almost 60% of total spending in developed markets

Specialty medicines share of spending

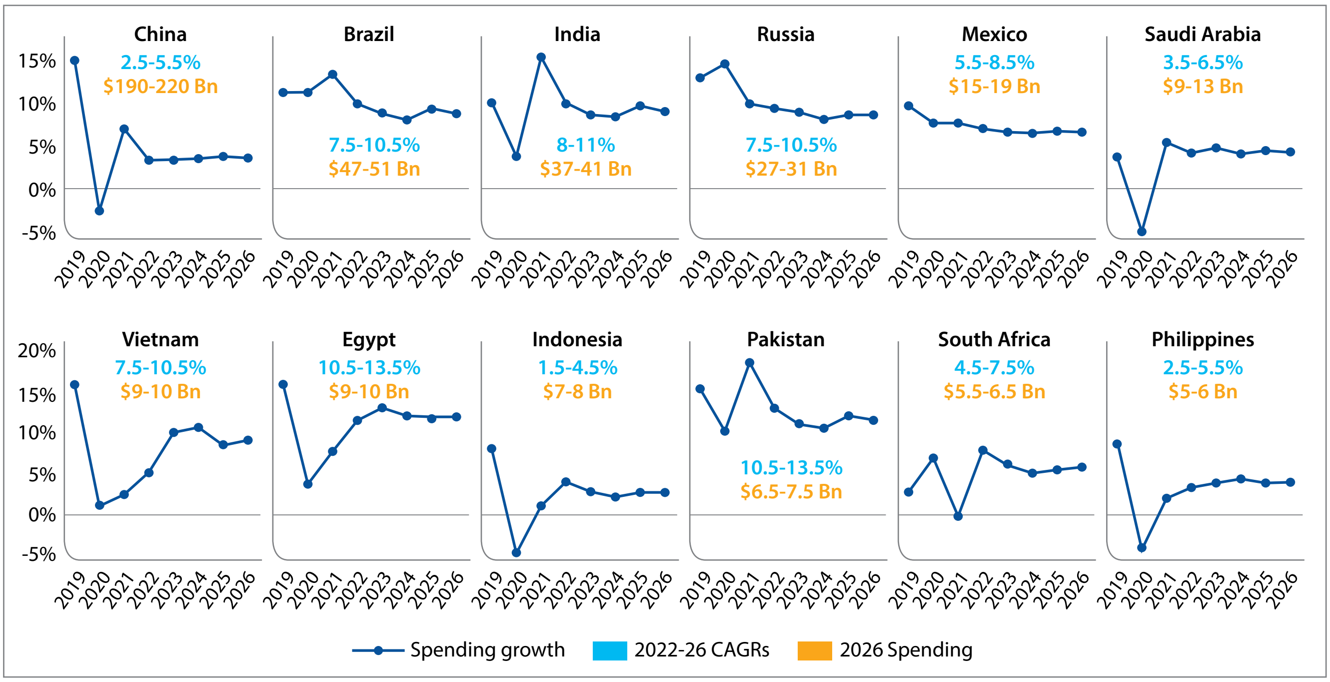


Source: IQVIA Institute, November 2021

The pharmerging markets, valued at US$354.2 billion in 2021, are expected to grow at 5-8% CAGR from 2022-26 to reach about US$500 billion by 2026. These markets are witnessing ever-increasing public awareness and growing government initiatives. Higher disposable incomes, favourable demographic trends and a steadily growing segment of rich middle-class are contributing to the rapid expansion of the pharmaceutical industry in the pharmerging markets. Various reimbursement schemes have reduced the cost of chronic treatments in several of these countries. Increased penetration of insurance has led to reduced out-of-pocket expenses and propelled pharmaceutical demand. Growing investments in comprehensive R&D activities in biotechnology, immunology, cancer, and other sectors for improved medicines are leading to market expansion.

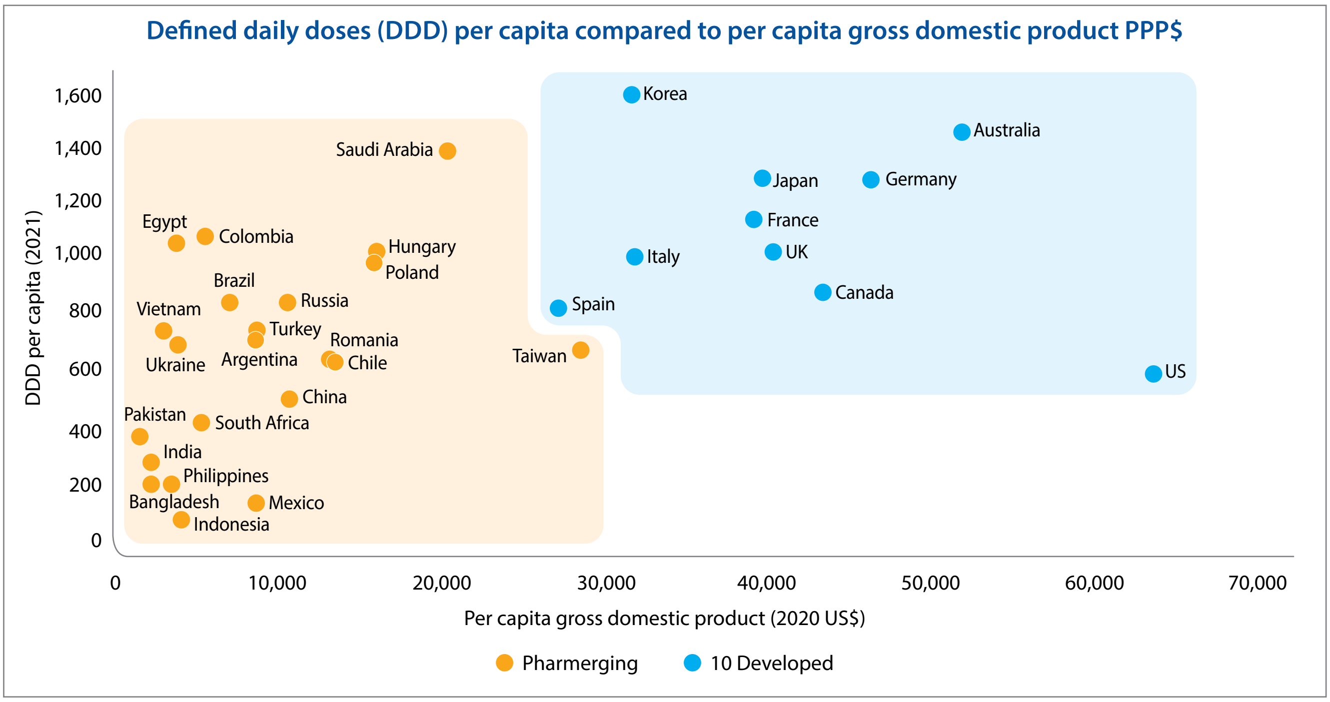
Per capita medicine use in pharmerging countries is half that of developed countries, offering significant headroom for growth

Spending growth in select pharmerging countries 2019-2026, total market, const US$



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute November 2021

Per capita use of medicine varies by GDP with use in developed countries typically higher than in pharmerging countries



Source: IQVIA MIDAS, September 2021; IQVIA Institute, November 2021; The World Bank, September 2021; International Monetary Fund, October 2021

KEY MARKETS

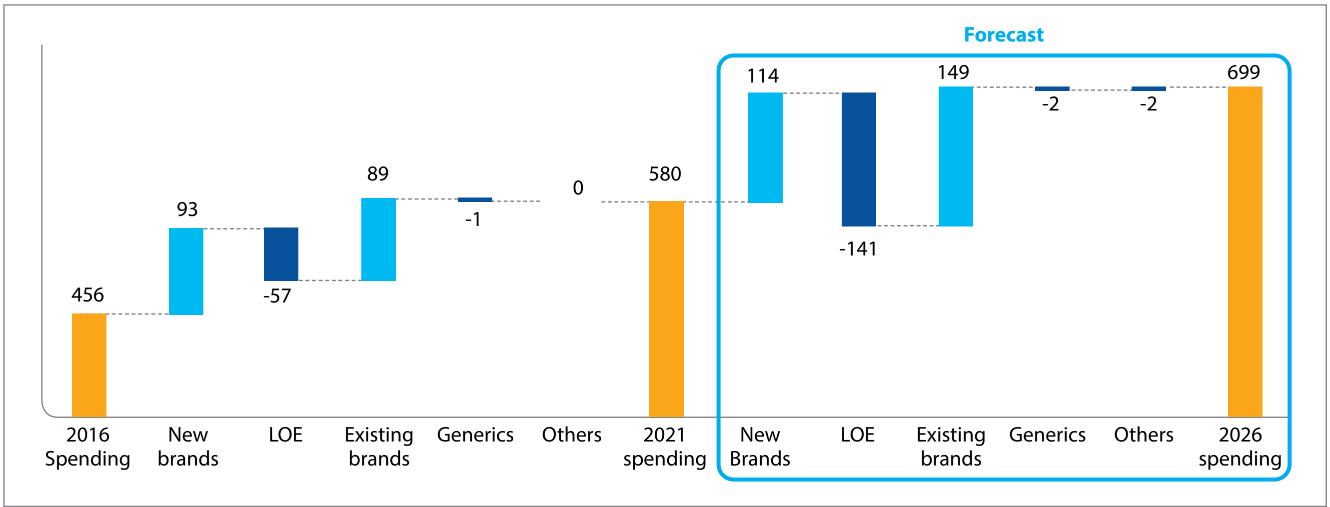
United States Pharmaceutical Market

The US dominates the global pharmaceutical markets, accounting for about 40% of the global pharmaceutical spends. Pharmaceutical spending in the US is expected to grow at a CAGR of 2.5-5.5% from 2022 to 2026 to reach about US$700 billion by 2026. Short-term growth in 2022 and 2023 will be mainly driven by vaccinations, while the mid and long-term spurt in drug demand is expected to be driven by the launch of new molecules, increased usage of Specialty drugs, the adoption of newer treatments and the ageing population. However, the industry also faces challenges in the form of regulatory hurdles, escalating R&D costs and competition from generic drugs and biosimilars.

In this world's largest pharmaceutical market, Indian pharmaceutical companies play an important role. About 40% of the country's generic drug demand by volume is supplied by Indian companies. Between 2010 and 2019, Indian companies received 35% of the total ANDA approvals (2,046 out of the total 5,768 approvals – Source: EY report – Indian Pharmaceutical Industry 2021: future is now) given by the US FDA. Also, India has the highest number of US FDA approved manufacturing facilities outside of the US. Over the next 5 years, branded drugs worth US$141 billion are expected to go off-patent, which presents a good opportunity in the near-to-medium term for the generic and biosimilar players. However, with increased competition, faster ANDA approvals and consolidation amongst the distributors in the US, the pricing pressure has increased significantly for the generic pharmaceutical companies. Retaining market share in the existing products is getting difficult in this deflationary market. Thus, generic companies are investing more in R&D to file complex drugs and biosimilars which are expected to have relatively lesser competition.

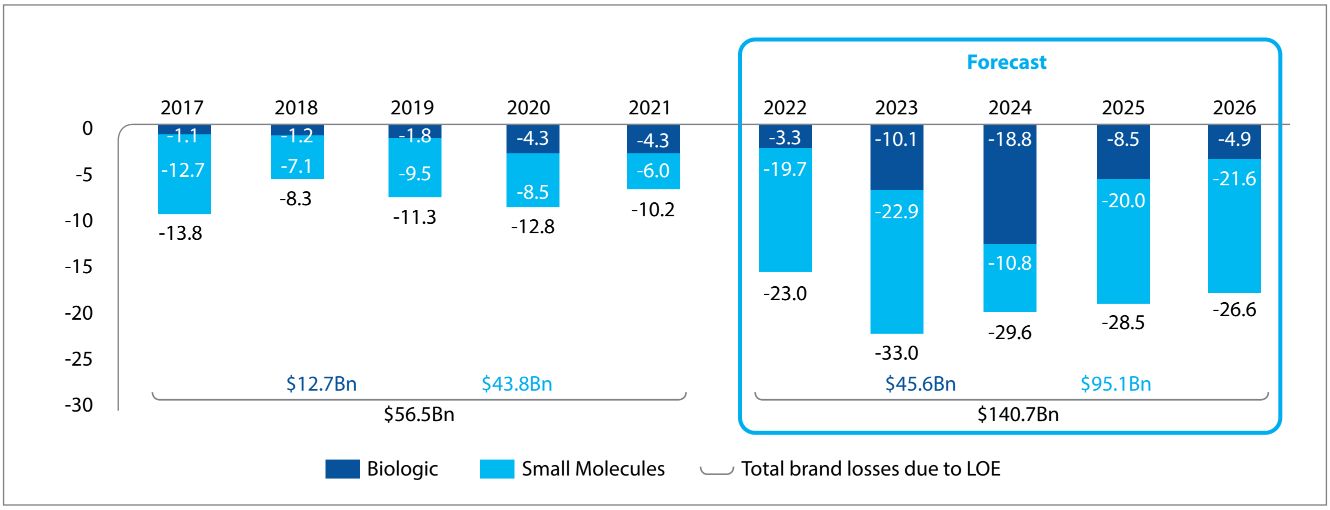
Spending in the US is expected to increase by US$119 Bn through 2026 driven by new and existing brands

Spending and growth drivers in US 2016-2026, const US$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute November 2021

US Impact of brand losses of exclusivity 2017-2026, US$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, March 2022

Indian Pharmaceutical Market (IPM)

COVID-19 has clearly highlighted the importance of a strong healthcare system, the lack of which can put the entire nation's economy and society at risk. There is a need to swiftly develop robust healthcare infrastructure and make it available to the entire population. Indian Pharmaceutical Market has grown over 10 times in the last two decades to reach about US$42 billion in 2020 compared to US$4.2 billion in 2000. It is further expected to grow at a CAGR of ~12% to reach US$130 billion by 2030. The IPM is almost equally split between domestic consumption and exports. Domestic consumption is expected to grow at 10-11% over the coming decade. This will be mainly driven by favourable demographic trends and rising household income, with increased affordability and preference for high-quality drugs in the growing middle-class. Increasing demand for newer and improved treatments, rising insurance coverage, and changes in lifestyle and food habits leading to growing chronic ailments are the other market growth drivers. Impetus from the Government towards the improvement of healthcare infrastructure in the country through increased budgetary allocations and incentives to the healthcare companies to invest in additional capacities through PLI schemes to promote self-sufficiency (Atmanirbhar) should also help the IPM to grow over the next decade.

Therapy-wise breakup of Indian Pharmaceutical Market

Therapy Area	Sales in FY 2021-22 (₹ billion)	Therapy Contribution	YoY Growth in FY 2021-22
Cardiac	222.8	12.0%	10.5%
Anti-Infectives	218.7	11.8%	35.0%
Gastro-Intestinal	189.6	10.2%	17.4%
Anti-Diabetic	168.5	9.1%	7.2%
Respiratory	162.7	8.8%	44.0%
Vitamins/Minerals/Nutrients	152.1	8.2%	16.4%
Pain/Analgesics	141.2	7.6%	21.6%
Derma	130.6	7.0%	9.6%
Neuro/CNS	106.9	5.8%	11.0%
Gynaecology	88.3	4.8%	16.6%
Others	273.8	14.8%	16.2%
IPM	**1,855.0**	**100.0%**	**18.2%**

Source: IQVIA Data, March 2022

Leadership in the global generic market

The Indian pharmaceutical industry is highly export-oriented, being one of the leading suppliers of generic drugs globally. India fulfils approximately 60% of the global demand for vaccines, 40% of generic demand in the US, and 25% of all medicines in the UK. India is the world's top vaccine manufacturer and among the largest producers and exporters of APIs globally. Thus, India is rightly called the "Pharmacy of the World". Through its affordable healthcare proposition, the Indian pharmaceutical industry has contributed significantly towards improving the public health outcome, both in India and across the globe. The Indian pharmaceutical industry has also contributed significantly to the economic growth of the country by attracting robust Foreign Direct Investment (FDI) to the tune of US$16.54 billion between April 2000 and June 2020.

As per Pharmexil Report, in FY 2020-21, pharmaceutical exports from India grew by 18.2% to reach US$24.5 billion. Indian drugs are exported to over 200 countries across the world, with the US being the largest market accounting for 31.6% of the total exports. The demand for Indian pharmaceutical drugs was also witnessed in European and African markets like South Africa (growth of 36.2%), UK (28.5%), Germany (14.3%), Nigeria (29.4%) and France (29.3%). Over 50% of India's pharmaceutical exports are to the regulated markets of the US and Europe, which underscores the Indian pharmaceutical industry's quality standards.

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

Rank	Country	FY 2020-21 (US$ Mn)	FY 2019-20 (US$ Mn)	YoY Growth	Contribution
1	USA	7,723.6	6,749.6	14.4%	31.6%
2	South Africa	833.6	612.0	36.2%	3.4%
3	UK	717.0	557.9	28.5%	2.9%
4	Russia	590.8	552.4	6.9%	2.4%
5	Germany	576.4	504.2	14.3%	2.4%
6	Nigeria	573.2	443.1	29.4%	2.3%
7	Brazil	525.6	473.1	11.1%	2.1%
8	Canada	441.8	334.5	32.1%	1.8%
9	France	413.1	319.5	29.3%	1.7%
10	China	382.7	288.0	32.9%	1.6%
11	Netherland	375.6	321.1	17.0%	1.5%
12	Belgium	370.2	297.2	24.6%	1.5%
13	Australia	347.0	274.1	26.6%	1.4%
14	UAE	321.8	203.1	58.4%	1.3%
15	Turkey	295.7	216.6	36.5%	1.2%
16	Others	9,978.1	8,554.1	16.6%	40.8%
	Total	**24,466.0**	**20,700.4**	**18.2%**	**100.0%**

Source: Pharmexcil Annual Report

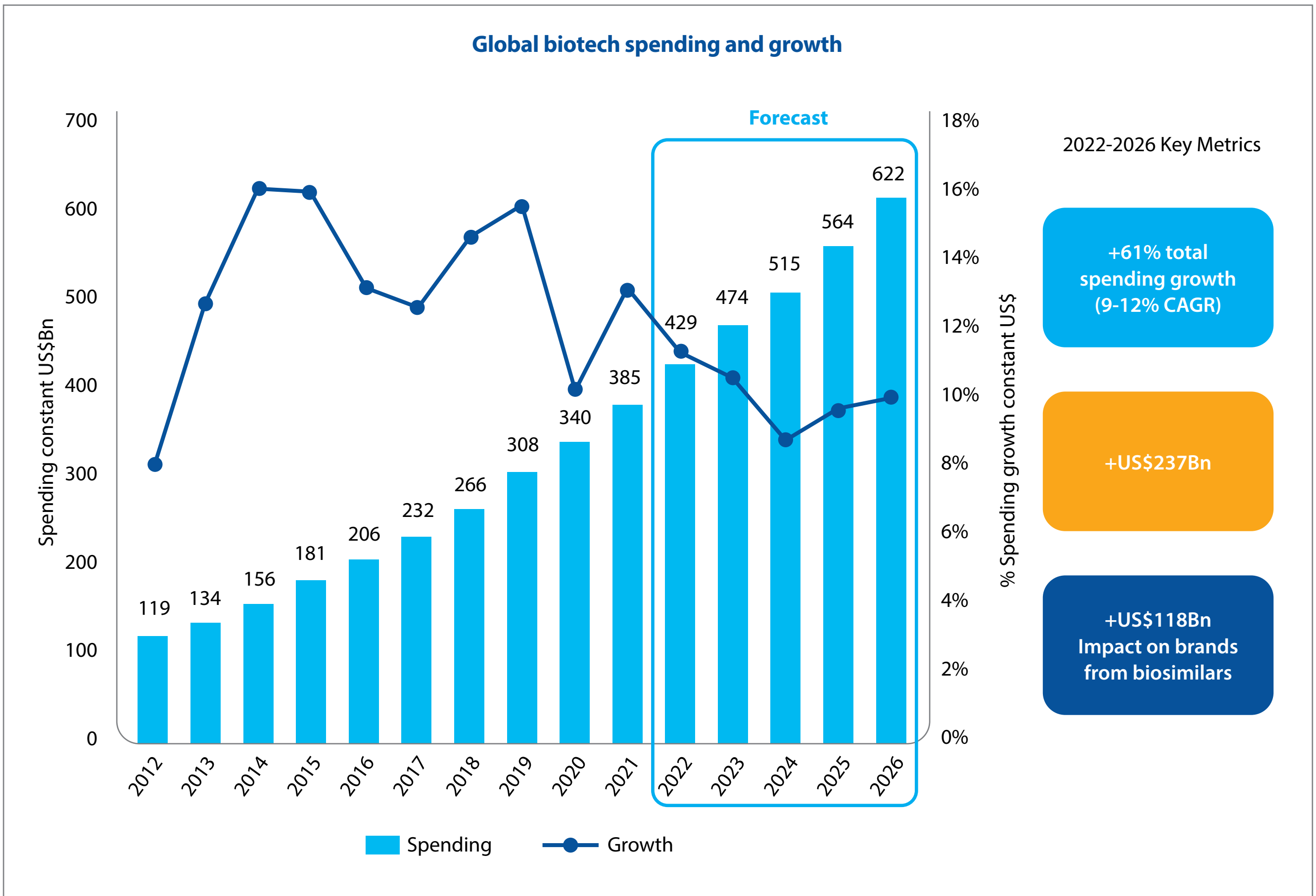
STRONG GROWTH IN BIOLOGIC AND BIOSIMILAR DRUGS

Global spending on biotech (biologic and biosimilar) drugs is expected to grow at a CAGR of 9-12% and reach US$620 billion by 2026, representing more than one-third of global medicines spending, according to the IQVIA Institute analysis. The demand for biologic drugs is growing at a brisk pace driven by their improved efficacy over conventional drugs. The two leading global therapy areas of oncology and immunology are expected to post robust growth in the biotech segment led by the significant increase in new treatments and medicine use. In addition, many new therapies are expected in neurology, including novel migraine therapies, and potential therapies for Alzheimer's and Parkinson's diseases. Currently, some of the world's largest-selling drugs are biologics – Humira, Rituxan, Enbrel, Herceptin, Avastin and Remicade. With many of the large biologic drugs set to lose their patent exclusivity over the next 5 years, it presents a significant opportunity for biosimilar players. It is expected that over the next five years ending 2026, total savings to the tune of more than US$200 billion could be achieved as some of the largest spending biologic molecules face biosimilar competition. These savings could increase access to biosimilar drugs to more people globally as the cost of treatment becomes more affordable.

A biologic drug is a product that is produced from living organisms or contains components of living organisms. Biologic drugs include a wide variety of products derived from humans, animals, or microorganisms by using biotechnology. A biosimilar product is a biologic product that is approved based on demonstrating that it is highly similar to an FDA-approved biologic product, known as a reference product, and has no clinically meaningful differences in terms of safety and effectiveness from the reference product.

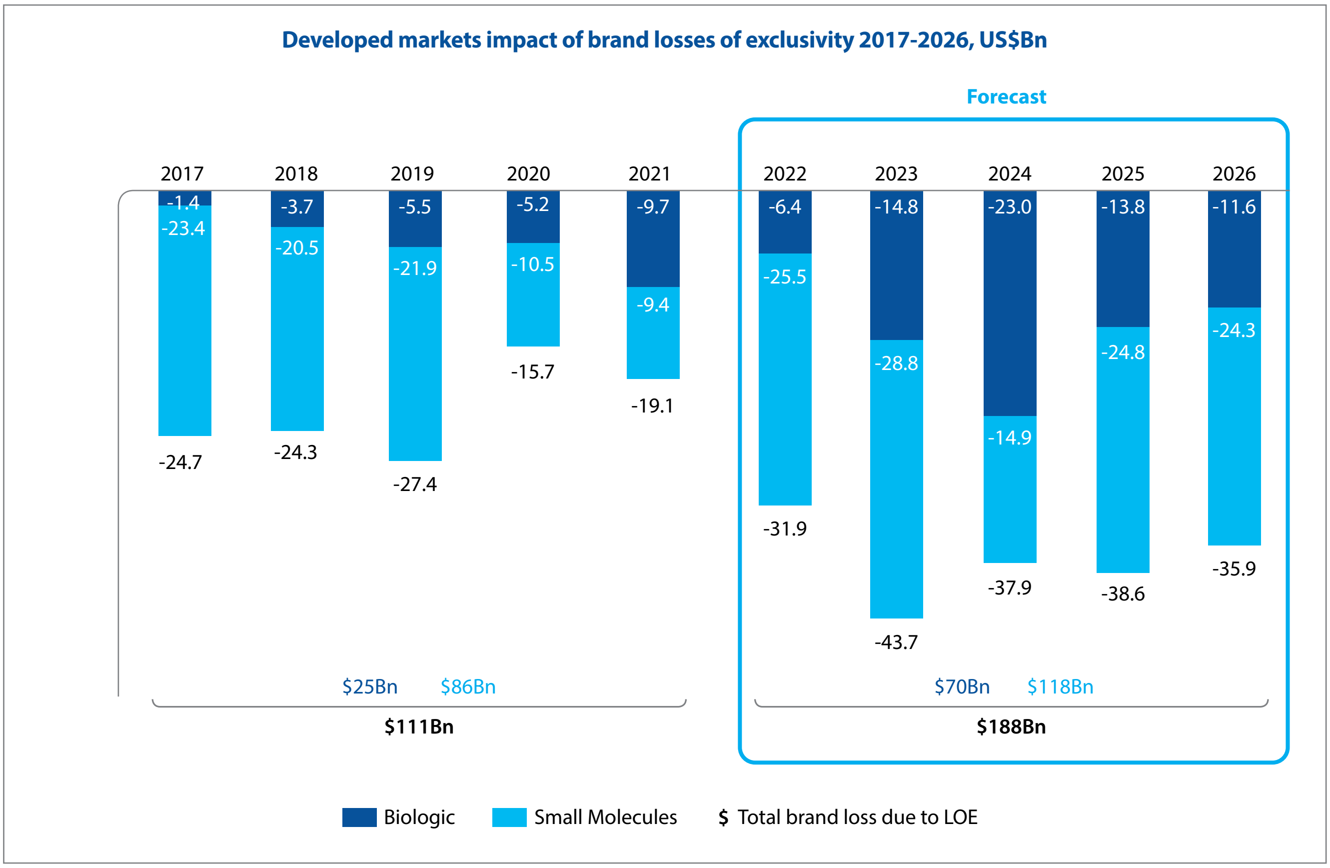
Regulated markets like the US and EU have shown good progress in biosimilars with more than 20 biosimilar approvals in the US and over 100 biosimilars under development. Similarly, in the EU, more than 50 biosimilars have received approval and are being used to treat a variety of diseases within oncology, autoimmune disorders, diabetes, and fertility.

Global biotech spending to exceed US$620 Bn by 2026, with growth slowing to 9-12% from biosimilar savings



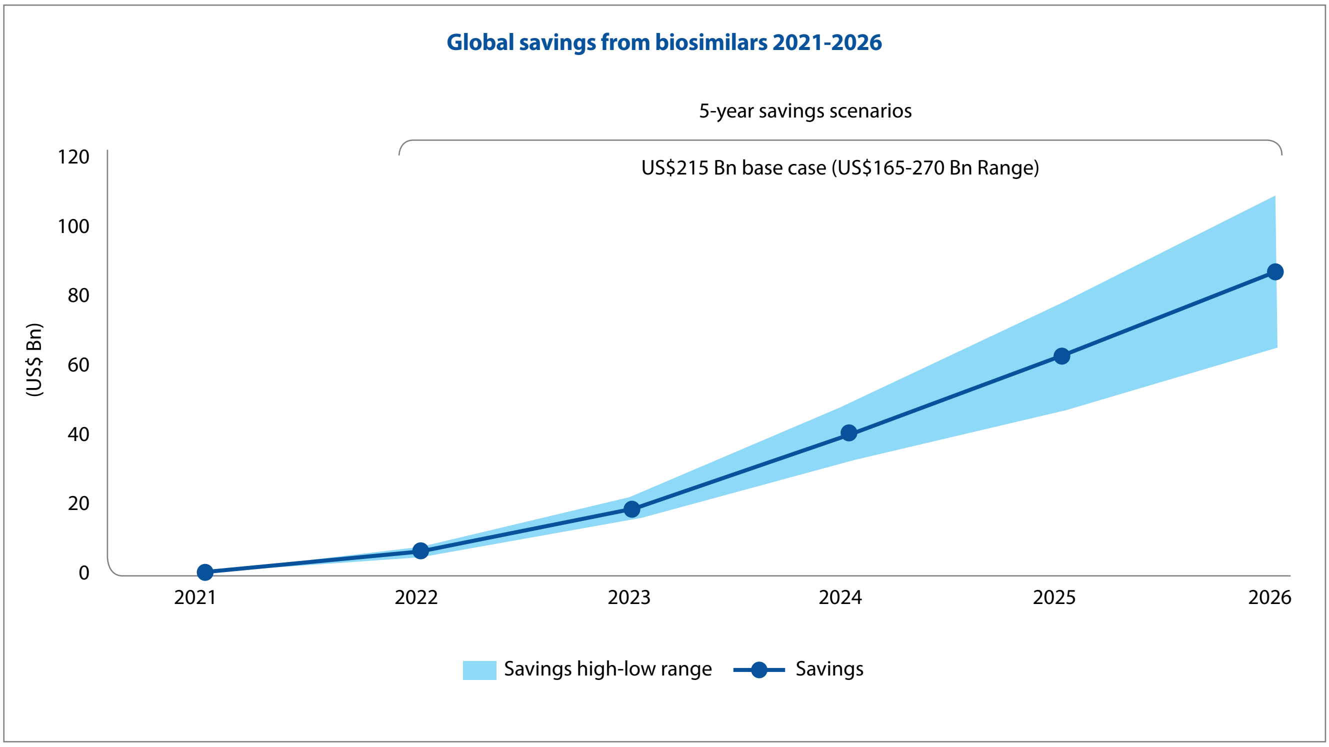
Source: IQVIA Institute, November 2021

Share of biologics would go up amongst the brands that are expected to lose exclusivity over the next 5 years



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2022

Global savings from biosimilars will have a significant impact on country medicine spending through 2026



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

COMPANY OVERVIEW

Along its nearly five-decade-long journey in the Indian pharmaceutical market, Alkem Laboratories (hereafter referred to as "Alkem" or "the Company") has established itself as one of India's largest generic pharmaceutical companies with global operations. The Company has a global footprint in over 40 countries with the US being the key international market. In the past two decades, the Company has consistently secured a place among the top 10 domestic pharmaceutical companies, operating across the value chain – developing, manufacturing, and selling pharmaceutical and nutraceutical products globally. The Company has a widespread distribution network in India and abroad, a well-diversified portfolio with over 800 brands, and an experienced management. It has 19 state-of-the-art manufacturing facilities, 17 of which are in India and 2 in the US. These facilities are all regularly audited and approved by various regulatory agencies like the US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil), and MCC (South Africa).

The Company also has six technologically advanced world-class R&D centres with a team of over 500 scientists and has filed more than 160 ANDAs with the US FDA and over 1,100 product registrations in various international markets. The Company has also made significant investments in the areas of biotechnology through its subsidiary Enzene Biosciences.

Alkem is one of the prominent names in India in the acute therapy areas of Anti-infective, Gastro-intestinal, Pain management, and Vitamins/Minerals/Nutrients. The Company also has a growing presence in the chronic therapy areas of Neuro/CNS, Cardiac, Anti-diabetes, and Dermatology. The Company's product portfolio includes mega-brands like Clavam, Pan, Pan-D and Taxim-O, which feature among the top 50 pharmaceutical brands in India. For over a decade, the Company has maintained the top position in the anti-infective segment. Alkem is also one of the leading companies in the Indian trade generic segment.

Strengths in India Market

01 Comprehensive product portfolio of 800+ brands

02 Nearly 5 decades of presence in the Indian market

03 Strong brand building and marketing capabilities

04 Pan-India sales and distribution network

05 State-of-the-art manufacturing facilities and R&D centres

06 Experienced management

Strengths in International Markets

01 Presence in over 40 countries with key focus on the US market

02 160+ ANDA filings with the US FDA

03 1,100+ products registered in international markets other than the US

04 Front-end presence in key international markets

05 Diversified, modern and cGMP compliant manufacturing facilities

06 6 globally located R&D facilities housing more than 500 scientists

FINANCIAL HIGHLIGHTS

Revenue from Key Markets

Business Segment	Revenues in FY 2021-22 (₹ million)	Contribution to total revenues	YoY revenue growth
Domestic Business	75,266	70.8%	29.3%
US Business	23,291	21.9%	-5.6%
Other International Markets Business	7,785	7.3%	34.8%
Total	**106,342**	**100.0%**	**20.0%**

Key Profit and Loss Statement Highlights

Particulars (₹ million)	FY 2021-22	FY 2020-21	YoY Change	Comments
Revenue from Operations	106,342	88,650	20.0%	Domestic business grew by 29.3% partially helped by tailwinds of COVID-19. The US business declined 5.6% YoY owing to significant pricing pressure. Other International Markets registered strong growth of 34.8% led by key markets of Australia and Chile
Gross Profit	64,539	53,665	20.3%	Gross margin was almost similar to last financial year with improvement in revenue mix being offset by higher raw material cost and price erosion in the US
Gross Profit margin	60.7%	60.5%		
EBITDA	20,529	19,424	5.7%	EBITDA and PBT margins declined YoY mainly on account of normalisation of marketing expenses post COVID-19 restrictions, higher freight cost, increased travel expenses, rising power & fuel cost and increase in manpower. There was also an Exceptional cost of ₹150 million in FY 2021-22 pertaining to fair value of investment
EBITDA margin	19.3%	21.9%		
PBT	18,443	18,421	0.1%	
PBT margin	17.3%	20.8%		
PAT (After Minority Interest)	16,456	15,850	3.8%	PAT growth of 3.8% was mainly driven by healthy revenue growth, partly offset by lower EBITDA margin
PAT margin	15.5%	17.9%		

Key Ratios

Ratio	Formula used	FY 2021-22	FY 2020-21	Comments
Debtors Turnover	Sale of Products/ Trade receivables	5.58	5.43	The Company optimised its receivable days resulting in better debtor turnover compared to previous year
Inventory Turnover	COGS/Inventory	1.39	1.51	The Company strategically increased its inventories in some of its key markets to take care of supply disturbances, unexpected COVID-19 led demand and growth requirements of the business
Interest Coverage Ratio	EBIT/Finance Cost	33.39	28.31	This was mainly on account of lower interest rates
Return on Net Worth	PAT/Net Worth (attributable to owners of the Company)	19.1%	21.5%	The Company reported a lower EBITDA margin YoY on account of higher marketing spends, increased freight cost, rising power & fuel expenses and increased travel cost
Debt to Equity Ratio	Net Debt/Total Equity	0.27	0.20	The borrowings of the Company increased due to higher working capital requirements. This led to higher Net Debt/Total Equity and lower Current ratio
Current Ratio	Current Assets/ Current Liabilities	1.76	1.92	

DOMESTIC BUSINESS

Key Highlights

₹ 75,266 million
Revenue from Domestic Business

70.8%
Revenue Contribution

29.3% Y-o-Y
Growth in the Domestic Business

No. 5*
Rank in the Indian Pharmaceutical 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 2022 data*

Domestic business continued to contribute about 71% of total revenues in FY 2021-22. The Company has a strong portfolio comprising of over 800 brands with 1,300+ SKUs across a wide range of therapy segments in both chronic and acute areas. The Company's operations span the length and breadth of the country with a large field force of over 10,000 medical representatives (excluding managers and including Indchemie and Cachet) and a distribution network of over 7,000 stockists and 60+ depots and CFAs. Led by its robust pan-India supply chain, the Company is among the top 5 pharmaceutical companies in India in terms of market share.

FY 2021-22 started on an ominous note marked by the severe second wave of COVID-19 infection. A significant jump in positivity rate, hospitalisation and fatalities led to widespread panic. The healthcare system in the country was overwhelmed with hospitals struggling to cope with the rising number of patients, shortages of healthcare professionals and scarcities of critical drugs and oxygen supplies. Nationwide lockdowns, travel restrictions, supply chain bottlenecks and manufacturing disruptions again impacted the industries at large which were trying to make a comeback after the impact of the first wave. The situation started to improve from the second quarter onwards with a steady decline in COVID-19 cases and a pickup in the pace of vaccination. However, the COVID-19 virus again made a comeback in the latter part of the financial year in the form of the Omicron variant which was more transmissible but less virulent. Thus, FY 2021-22 witnessed a bumpy road.

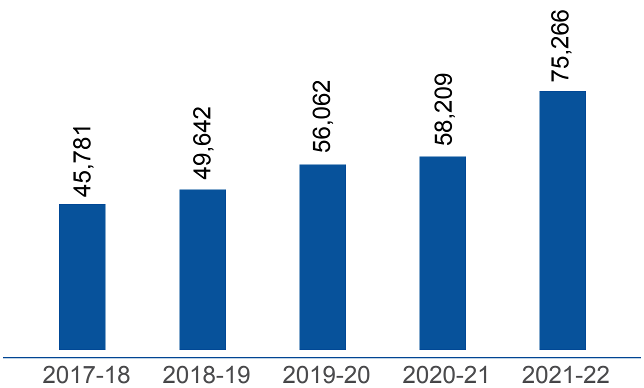
Alkem's Pulmocare division launches Inhalers for management of Asthma and COPD

Recently launched Pulmocare division of Alkem

Amidst this backdrop, the Company outperformed the market with domestic revenues of ₹ 75,266 million in FY 2021-22 as compared to ₹ 58,209 million in FY 2020-21, clocking 29.3% growth. Also, as per the secondary sales data reported by IQVIA, for FY 2021-22, the Company outperformed the IPM with a growth of 27.6% YoY compared to IPM growth of 18.2% YoY. This outperformance was largely driven by acute therapies like anti-infectives, gastro-intestinal, vitamins/minerals/nutrients, and pain management which benefited from rising demand due to COVID-19 infections and related hospitalisation. The increase in year-on-year growth was also partly helped by the low base of the last financial year which was impacted by the first wave of COVID-19. The Company's mega brands continued their outperformance in their respective markets, reflecting their robust brand equity with the prescriber base. The Company's judicious supply chain management also played an important role in ensuring the availability of its key brands in an uncertain demand landscape. The Company maintained its number one position in the anti-infective segment and also remained among the top 3 companies in the therapy areas of gastro-intestinal, pain management and vitamins/minerals/nutrients.

In the chronic areas of anti-diabetes, neuro/CNS and derma, the Company grew ahead of the market growth rate, thereby gaining market share. The Company gained 3 ranks in the anti-diabetic segment and one rank in the dermatology segment. During the financial year, the Company forayed into the respiratory segment through the launch of Pulmocare division, which saw an encouraging response with a higher than market growth rate. The Company's trade generic business also delivered healthy growth during the year, despite the high base of last year. The Company launched 63 new drugs in the last two years thereby not only filling the portfolio gaps but also further strengthening the product offerings to the healthcare providers.

Domestic revenues for the past 5 years (₹ million)



Performance of some of the new product launches has been encouraging

Brands	Molecules	Therapy	Launch	Rank* MAT March '22	Rank* month March '22
Obetohep	Obeticholic acid	Hepatoprotectives	Jul-20	1	1
Tofe	Tofacitinib	Pain/analgesics	Nov-20	3	3
Prulastin-M	Bilastine+Montelukast	Respiratory	May-20	3	5
Brivasure	Brivaracetam	Neuro/CNS	Mar-21	5	5
Dapanorm-M	Dapagliflozin+Metformin	Anti diabetic	May-21	7	6
Dapanorm	Dapagliflozin	Anti diabetic	Nov-20	7	6

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

Various digital/automation initiatives which were undertaken during the last financial year continued in FY 2021-22. Connect2Clinic, the Company's online platform for participating medical professionals and healthcare staff to connect with their patients, witnessed a significant surge in activity. In FY 2021-22, Connect2Clinic crossed an important milestone of 1 lakh doctor consultations and is growing fast to become a preferred end-to-end OPD management platform in India.

Connect2Clinic was conceptualised during the onset of the pandemic when COVID-19 imposed several challenges to doctors in connecting with patients and vice versa. The aim was to enable doctors to maintain continuity of care to patients from anywhere and anytime. It has user-friendly modules for e-prescription generation, a secured e-payment facility, auto-reminder messages so that patients do not miss out on their e-consultation, and a centralised dashboard to access all important information during consultation. Connect2Clinic also has value-added features like Patient Education, Drug Directory, Med Updates, Webinars, Advanced Online Consultation, and In-Clinic Consultation.

Outlook for Domestic Business

The future of the domestic pharmaceutical market continues to hold immense potential led by favourable demographics, growing disposable incomes, increased access to healthcare facilities, growing consciousness towards healthcare, and increasing penetration of medical insurance. With easing out of COVID-19 restrictions, resumption of travel, normalisation of supply chain and manufacturing activities, reopening of schools and offices, and a resumption of deferred elective medical treatments, the Indian pharmaceutical industry is expected to rebound to a normalised growth rate of 8-11%. However, inflationary pressures in terms of higher raw material and packaging material prices, increased freight rates, and evolving regulatory norms will be the key risks to watch out for.

The Company continues to maintain its positive stance on the Indian pharmaceutical market. Its dominance in the acute segment with market-leading mega brands, a large field force, and a widespread supply chain and distribution network puts Alkem on a strong footing in the domestic market. In the chronic segment, the Company is growing at a fast clip to emerge as a significant player. Regular new product launches, including biosimilars, should continue to contribute to the Company's growth and fill portfolio gaps. Entry into new therapies/sub-therapies would also be an important lever of growth going forward. The Company's leading position in the trade-generic segment along with its large product portfolio and established relationships with trade partners should help it sustain its growth.

Alkem's Performance in Key Therapeutic Segments

Therapy Area	Company's Rank	Contribution	Market Share	Company's Growth	Industry Growth
Anti-Infectives	1	39.1%	12.9%	33.8%	35.0%
Gastro-Intestinal	3	17.8%	6.8%	22.2%	17.4%
Vitamins/Minerals/Nutrients	2	11.3%	5.4%	30.1%	16.4%
Pain/Analgesics	3	10.3%	5.3%	22.0%	21.6%
Neuro/CNS	8	3.5%	2.4%	18.0%	11.0%
Anti-Diabetic	17	3.5%	1.5%	25.6%	7.2%
Cardiac	27	2.6%	0.8%	7.9%	10.5%
Dermatology	18	2.7%	1.5%	20.1%	9.6%
Gynaecology	10	3.6%	2.9%	20.6%	16.6%
Respiratory	17	3.3%	1.5%	55.5%	44.0%
Urology	20	0.6%	1.2%	41.2%	15.2%
Alkem	**5**		**3.9%**	**27.6%**	**18.2%**

Source: IQVIA MAT March 2022 data

Performance of Alkem's Top 10 Brands

Sr. No.	Brand	Molecule Category	Therapy Area**	Branded Sales (₹ mn)* in FY 2021-22	Rank in Molecule Category*	Market Share*
1	Clavam	Amoxicillin + Clavulanic Acid	AI	4,775	2	16.2%
2	Pan	Pantoprazole	GI	4,589	1	32.2%
3	Pan-D	Domperidone + Pantoprazole	GI	3,892	1	28.5%
4	A To Z NS	Multivitamins	VMN	3,020	2	14.4%
5	Taxim-O	Cefixime	AI	2,763	2	22.2%
6	Xone	Ceftriaxone	AI	2,547	2	17.9%
7	Taxim	Cefotaxime	AI	1,719	1	79.7%
8	Gemcal	Calcitriol Combination	Pain/Analgesics	1,642	1	19.8%
9	Pipzo	Piperacillin + Tazobactam	AI	1,458	1	18.4%
10	Ondem	Ondansetron	GI	1,291	1	29.1%

**Source: IQVIA MAT March 2022*

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

US BUSINESS

Key Highlights

₹ 23,291 million
Revenue from US Business

21.9%
Revenue Contribution

5.6% Y-o-Y
Decline in the US Business

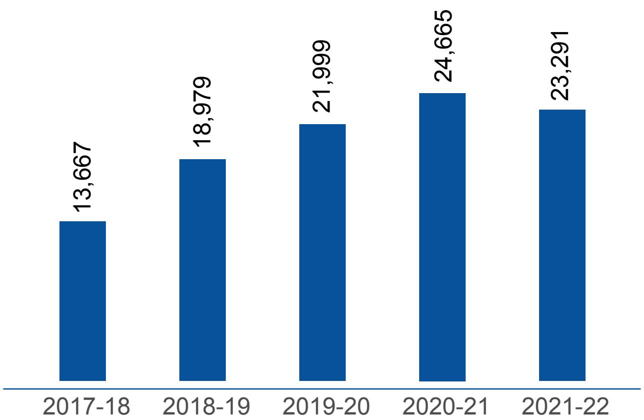
163
Cumulative ANDAs filed

123
Cumulative ANDAs approved, including tentative approvals

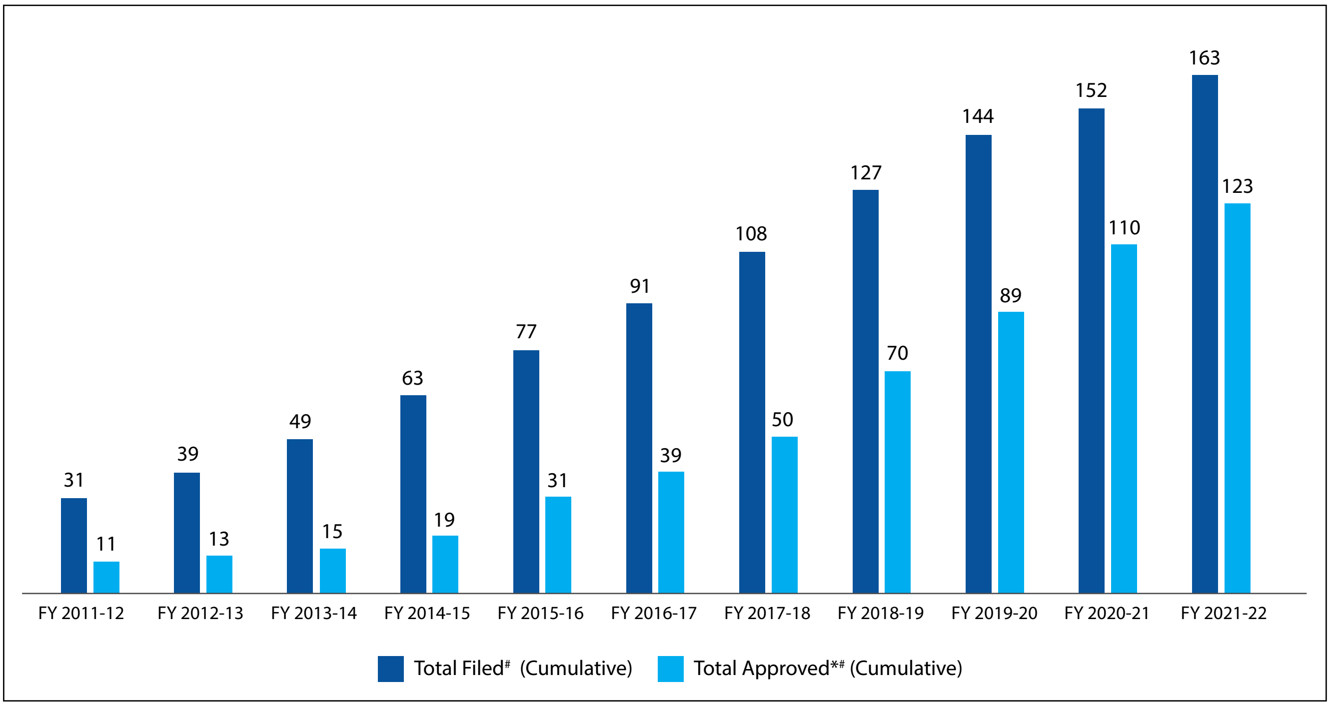
The US business is the second-largest revenue contributor for the Company with 21.9% share in the total revenues. Alkem manufactures and supplies a wide range of generics in the US with its primary subsidiary, Ascend, ranked amongst the fastest-growing companies in terms of generic drug sales. FY 2021-22 was a challenging year for the US generic pharmaceutical market on account of muted prescription growth due to COVID-19 restrictions, high price erosion, and increased intensity of competition. During FY 2021-22, the Company's US business registered a revenue of ₹ 23,291 million as compared to ₹ 24,665 million in the previous financial year, a decline of 5.6%. While the Company launched 18 new products during the year, it was more than offset by the high price erosion in the existing products.

During the year, the Company filed 14 abbreviated new drug applications (ANDAs) with the US FDA and received 21 approvals (including 3 tentative approvals). With this, the Company has cumulatively filed 163 ANDAs, including 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 121 ANDAs (including 13 tentative approvals) and 2 NDAs.

US revenues for the past 5 years (₹ million)



Alkem's ANDA filings and approvals



**Including tentative approvals*
#Including NDA

ASCEND Laboratories, LLC

Update on the US FDA Inspections

In June 2021, the US FDA conducted Preapproval Inspection (PAI) at the Company's St. Louis facility in the US. At the end of the inspection, the Company received Form 483 with two observations. The Company sent a detailed response to the US FDA addressing these observations, based on which it received an Establishment Inspection Report (EIR) in March 2022.

In June 2022, the St. Louis facility again underwent a US FDA inspection and received three observations. The Company has sent a detailed response to the US FDA addressing the observations.

The US FDA also conducted a remote and virtual bio-analytical inspection at the Company's Bioequivalence Centre at Taloja (India) in July 2021. The inspection was closed without any observations. The Company continues to invest in its people, processes, and technology to comply with the latest regulatory CGMP (current good manufacturing practices) norms.

US FDA approved manufacturing facility at Daman, India

Status of US FDA inspections

Facility	Capability	Last inspection	Status post last Inspection
Taloja (India)	Bioequivalence Centre	Apr-22	Successfully closed inspection without any observations
St. Louis (US)	Formulations	Jun-22	Received Form 483 with three observations
Baddi (India)	Formulations	Feb-20	Inspection is closed. EIR# received in March 2020
Daman (India)	Formulations	Aug-19	Inspection is closed. EIR# received in October 2019
California (US)	APIs	Aug-18	Inspection is closed. EIR# received in October 2018
Ankleshwar (India)	APIs	Dec-16	Inspection is closed. EIR# received in March 2017
Mandva (India)	APIs	Sep-15	Inspection is closed. EIR# received in March 2016

#EIR – Establishment Inspection Report

Outlook for the US Business

Led by new product launches and US FDA compliant manufacturing facilities, the Company is positive about its growth prospects in the world's largest pharmaceutical market despite the pricing challenges, intense competition, and stricter regulatory compliance requirements. The Company has a robust pipeline of over 160 ANDAs filed with the US FDA with a healthy mix of Para IV and first-to-file (FTF) opportunities, which gives it good visibility of growth over the medium term. Over the long term, the Company expects to launch biosimilars in the US market through its subsidiary Enzene Biosciences. The Company would also strategically look at in-licensing opportunities, alliances, and partnerships to enhance its capabilities and product portfolio, to gain further market share in the US pharmaceutical market.

OTHER INTERNATIONAL MARKET BUSINESS

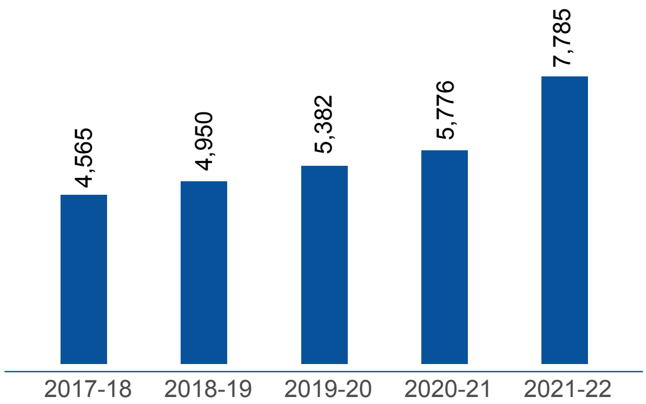
Key Highlights

₹ 7,785 million
Revenue from Other International Markets

7.3%
Revenue Contribution

34.8% Y-o-Y
Growth in the Other International Markets

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



The Company's operations span across about 40 international markets, apart from India and the US, directly through its subsidiaries and indirectly through active engagements with its partners. Other international operations include markets like Australia, Europe, Southeast Asia, Latin America, Africa, and CIS.

During FY 2021-22, the Company's total operating revenues from the Other International Markets Business stood at ₹ 7,785 million as compared to ₹ 5,776 million in the previous financial year, registering 34.8% growth. Growth was driven by new product launches (including in-licensed products) and improving market share in existing products. With over 1,100 dossier filings and 700 approvals across international markets, the Company is building its worldwide presence in the pharmaceutical industry.

Outlook for Other International Markets Business

The Company is expanding its geographical footprint in select newer geographies to diversify business operations and leverage its existing portfolio. The Company is growing its operations by creating a strong local presence and offering differentiated products. The Company is also constantly exploring product in-licensing and out-licensing opportunities in several emerging markets to leverage its sales and marketing infrastructure. In the existing product portfolio, new customer acquisition and growing market share should help bring in operating leverage. However, volatile currency movements and changing regulatory landscape in different international markets would be key challenges in this business.

R&D centre at Taloja, India

ENZENE BIOSCIENCES

Alkem operates in the Biotech segment through its subsidiary, Enzene Biosciences (Enzene), an innovation-driven biotech company. Enzene is one of the first movers globally with expertise in the continuous manufacturing process for biologics. It is positioned to address the large and high-growth Biotech market through the launch of its biosimilars portfolio and by providing services in the CDMO space.

Enzene has a fully automated continuous cGMP compliant biologics manufacturing plant for monoclonal antibody (mAb) production. The world-class facility is equipped with one of the most advanced equipment in the field of mAb and therapeutic protein manufacturing, single-use technology for drug substance manufacturing, and a fully automated fill and finish machine for drug product manufacturing. The facility can deliver higher production versus a traditional biologics manufacturing facility, lower the cost of manufacturing and enable rapid movement of pre-clinical assets to the later stage of development or the commercial stage. This is expected to facilitate the entry of biologics into the price-sensitive market. Manufacturing facility sites have been successfully audited by multiple customers and regulators.

The Company has a rich portfolio of biosimilar and peptide products from early-stage development to launch. During FY 2021-22, Enzene received marketing authorisation to commercialise three biosimilar products in India, namely, Teriparatide, Romiplostim, and Denosumab. The products were commercialised in India by entering into licensing and supply deals with leading pharma companies.

The Company's philosophy of consistent and increased focus on identifying and developing new products will augment the selection of a rich portfolio of products every year and fuel expansion plans. New selected molecules are in the early stages of development. Enzene plans to launch three more products in FY 2022-23 in India and is in the final stages of completing trials and submitting marketing authorisations. Global clinical trials are underway for select biosimilars and Enzene with its robust partner selection strategy has signed out-licensing and supply partnerships with market leaders across regulated and semi-regulated markets to commercialise these products in the near future. These deals will generate revenue in the near term.

Enzene also established its biologics CDMO business using a novel and disruptive continuous bio manufacturing platform from pre-IND to the clinical stage and executed agreements with companies across the US, Europe, and India which helped in generating revenues from this segment. Enzene thus established itself as a one-stop shop with "clone to vial" capabilities. It is capable of fully integrated process development capabilities across cell line development, upstream and downstream processes, advanced analytical and bioanalytical characterisation, and drug product development.

The Company is continuously exploring multiple business opportunities in product supply as well as CDMO space to create a robust revenue stream for the near future and broaden its footprint through strategic global alliances.

During the year, Enzene won an award for Excellence in Implementation of novel technology in Biopharma manufacturing in September 2021. It was also certified as the 'Great Place to Work for' company in March 2022.

Manufacturing facility of Enzene Biosciences at Pune, India

RESEARCH AND DEVELOPMENT (R&D)

The Company persistently works towards the production of apex quality generic products, branded generics, APIs, and nutraceuticals, which are marketed in India as well as globally. To achieve this commitment, the Company strongly focusses on the enhancement of its research and development capabilities.

A strong team of 500+ scientists steers the Company's R&D operations. The R&D infrastructure comprises six technologically-advanced, internationally-accredited R&D centres spread across India and the US, constantly working to develop new products. The Company invested ₹ 5,674 million or 5.3% of its revenues in R&D during FY 2021-22 as compared to ₹ 5,322 million or 6.0% of its revenues in R&D during FY 2020-21.

The Company has a 100+ bed clinical research facility working on bioequivalence and bioavailability studies, which are essential to prove the efficacy and effectiveness of dosage forms. The Company has also made substantial investments in the biosimilars segment through its subsidiary Enzene Biosciences. Scientists in this facility are working on biosimilars, which are at various preclinical and clinical development stages, for India and core international markets.

Product filings and approvals in India and key international markets are handled by the Alkem's regulatory affairs team. A dedicated Intellectual Property (IP) rights team oversees patent filing, patent prosecution, design filing, infringement analysis, and patent litigations for the global markets.

The Company is committed to making novel therapies more accessible. In line with this objective, during FY 2021-22, the Company entered into an exclusive licence agreement with Johns Hopkins University (JHU) for the development and commercialisation of JHU's novel target and technology that will help patients with colorectal cancer. The Company also licensed technology from Harvard University's Office of Technology Development (OTD) to bring novel therapies for the treatment of ischaemic injury and vascular diseases to market. The licence grants the Company commercialisation rights in the United States and India.

Product Filings in Key International Markets (as on 31st March, 2022)

Markets	Filed	Approved
US (ANDA)	161	121#
US (NDA)	2	2
Australia	79	63
EU	51	26
Philippines*	46	36
Chile*	232	216
Kazakhstan*	41	38
South Africa*	108	46
China	5	0
Brazil	2	1

**Includes dossier for each strength*
 # Includes tentative approvals

Research & Development activities

QUALITY ASSURANCE

Quality par excellence is Alkem's defining attribute at every location and in every operation. The Company is conscious to sustain and simplify operational excellence through the implementation of cutting-edge global quality management systems. The Company endeavours to exceed the global quality and statutory requirements. The Company has a robust quality management system, which ensures that every product it develops, manufactures, and distributes complies with the applicable laws and statutes of the target country concerning safety, quality, and efficacy. The Company fosters a strong quality-conscious culture with products meeting the highest quality standards. Production lines and Quality Control labs are closely monitored by a highly skilled and experienced team of professionals with global work experience.

All stakeholders, including employees, vendors and partners, comply with the stringent Code of Conduct, adhering to required national and international regulatory and business standards. All manufacturing facilities comply with norms of Schedule M, US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil), and MCC (South Africa). Regular inspections are carried out by various regulatory agencies at all facilities along with audits following CGMP guidelines. In line with the stringent compliance requirements and technological advances, the Company continues to upgrade its Quality Management System to be the best-in-class.

HUMAN RESOURCES

The Company considers people to be an integral part of business growth. With a global employee base of over 17,000, the Company leverages its abundant skill and domain expertise to build a strong organisation meeting the highest standards of excellence. To ensure employee satisfaction, the Company offers a safe, conducive and productive environment across plants and offices. The Company has adopted a robust HR policy framework. This establishes standard procedures to both attract new talent and ensure the retention of existing employees. The HR team devises strategic training and skill development programmes with the aim to balance the personal and professional growth of every employee.

Employee satisfaction is ensured through appropriate reward and recognition programmes in addition to employee benefit schemes. To establish a deep connect with employees, several employee engagement initiatives are undertaken. The HR team strives hard to maintain high levels of engagement, consistent performance, and an innovative mindset among the employees. Training and skill development programmes promote a learning culture. Keeping pace with technological advancements, HR processes have been digitalised and substantial investments have been made to further embed digital ways of working.

RISK MANAGEMENT

The Board of Directors has constituted a Risk Management Committee which is entrusted with the responsibility of overseeing various organisational risks (strategic, operational, and financial risks) that the organisation faces, along with the adequacy of mitigation plans to address such risks. The Company has developed and implemented an integrated Risk Management Policy through which it identifies, evaluates, monitors, mitigates, and reports internal and external key risks that impact its ability to meet the strategic objectives. The Enterprise Risk Management (ERM) team engages with all Functional Heads to identify internal and external events that may have an adverse impact on the achievement of the Company's objectives and periodically monitor changes in both internal and external environments leading to the emergence of a new threat/risk. The key identified risks and the proposed mitigation strategies have been listed below:

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

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

INTERNAL CONTROL SYSTEM

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

An independent and empowered Internal Audit Function at the corporate level, with support from a reputed audit firm, carries out risk-based audits across the Company's Indian and overseas businesses, to ensure that financial, operational and compliance controls are adequate and are functioning effectively. The Audit Committee approves the annual audit plan and monitors the performance of the Internal Audit Function by periodically reviewing key findings and providing strategic guidance to further strengthen the internal control framework.

CAUTIONARY STATEMENT

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

Directors' Report
to the Members

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 48th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2022. 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, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Income from Operations	88,298.1	72,196.8	106,341.9	88,650.1
Other Income	1,998.9	1,900.1	1,626.5	2,332.1
Total Revenue	90,297.0	74,096.9	107,968.4	90,982.2
Profit before Interest, Depreciation and Tax	20,102.5	21,261.6	22,006.1	21,756.0
Less: Interest	379.0	429.3	523.7	589.2
Less: Depreciation	2,189.8	1989.3	3,039.6	2,745.8
Profit before tax	17,533.7	18,843.0	18,442.8	18,421.0
Less: Provision for Taxation (net)	2,121.2	1,992.2	1,639.6	2,243.3
Profit after tax and before Non-Controlling Interest	15,412.5	16,850.8	16,803.2	16,177.7
Less: Non-controlling Interest	-	-	347.0	327.5
Profit for the year	**15,412.5**	**16,850.8**	**16,456.2**	**15,850.2**
Other Comprehensive Income	(48.6)	(49.9)	341.4	(343.0)
Other Comprehensive Income attributable to Non-Controlling Interest	-	-	4.1	3.4
Total Comprehensive Income attributable to owners of the Company	**15,363.9**	**16,800.9**	**16,801.7**	**15,510.6**
Balance of other Equity as of 01.04.2021	76,018.4	62,565.3	73,528.2	61,367.6
Dividend on Equity Shares	(4,184.8)	(3,347.8)	(4,184.8)	(3,347.8)
Employee Stock Option exercised	-	-	(5.2)	(3.3)
Employee Compensation Expenses	-	-	-	1.1
Balance of other Equity as of 31.03.2022	**87,197.5**	**76,018.4**	**86,139.9**	**73,528.2**

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2022, the Company's total revenue including other income was ₹ 90,297.0 Million on Standalone basis as against ₹ 74,096.9 Million achieved in the previous year, registering a growth of 22%.

The export turnover of the Company during the financial year 2021-22 was ₹ 19,594.3 Million as against ₹ 19,039.0 Million achieved in the previous year, registering a growth of 2.9%.

During the financial year ended 31st March, 2022, the Company and its subsidiaries achieved a total revenue including other income of ₹ 107,968.4 Million on Consolidated basis, as against a turnover of ₹ 90,982.2 Million achieved in the previous year, registering a growth of 19%.

During the financial year ended 31st March, 2022, Standalone Profit before interest, depreciation and tax decreased by 5% at ₹ 20,102.5 Million as against ₹ 21,261.6 Million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 1% at ₹ 22,006.1 Million as against ₹ 21,756.0 Million in the previous year. As a result, Standalone Profit before tax declined by 7% over the previous year to ₹ 17,533.7 Million and Consolidated Profit before tax was ₹18,442.8 Million, which grew by 0.1% over the previous year.

The Standalone Net Profit after tax for the financial year ended 31st March, 2022 decreased by 9% to ₹15,412.5 Million over the previous year while the Consolidated Net Profit after tax increased by 4% over the previous year to ₹ 16,456.2 Million.

DIVIDEND

During the financial year 2021-22, Board of Directors on 04th February, 2022 declared and paid an interim dividend at ₹ 30/- (Rupees Thirty only) per equity share of ₹ 2/- (Rupees Two only) each, being 1500% of paid up share capital of the Company. In addition, your Directors are pleased to recommend payment of ₹ 4/- (Rupees Four only) per equity share of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2021-22, 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 the financial year 2021-22 will be ₹ 34/- (Rupees Thirty Four only) per equity share of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 30/- (Rupees Thirty only) per equity share of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

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

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year 2021-22.

SHARE CAPITAL

The paid up equity share capital of the Company as on 31st March, 2022 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, 2022.

SUBSIDIARIES

As on 31st March, 2022, the Company has 23 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of The Companies Act, 2013 (hereinafter referred to as "the Act").

Details of Companies, which have become or ceased to be subsidiary of the Company, during the year under review are as follows:

Name	Details of Change	Date of Change
Ascend Laboratories S.A de C.V.	Incorporation of a step down subsidiary in Mexico	02nd September, 2021
S & B Pharma Inc.	Dissolution of step down subsidiary in United States of America*	05th January, 2022

** On 04th October, 2021, S&B Pharma Inc., wholly owned subsidiary of the Company had been acquired by ThePharmaNetwork, LLC, a step down subsidiary of the Company in USA, as part of restructuring of the Company's subsidiaries in USA

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are as per the Company's CSR Policy. Our CSR program aims to address the immediate and long term needs of the community and focus on where we can make the major impact on marginalized sections of the society. The Company's CSR strategy involves a multi-sectoral inclusive approach to focus on community needs. It strives to improve the well-being of our communities by focusing on education, vocational training, healthcare and sanitation, environmental concerns and rural development. The Company implements these activities directly or through strategic trust-based partnerships with various NGOs. During the financial year 2021-22, the Company has addressed the requirements of local communities in the vicinity of its manufacturing facilities and R&D centers through focused projects in the areas of education, health and hygiene, environment and community development.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2021-22 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 Board of Directors of the Company on recommendation of the Nomination & Remuneration Committee and Audit Committee appointed Mrs. Madhurima Singh (DIN: 09137323) as an Additional Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 20th December, 2021 upto 19th December, 2026. The Members of the Company through Postal Ballot on 10th February, 2022 approved the appointment of Mrs. Madhurima Singh as a Whole Time Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 20th December, 2021 upto 19th December, 2026.

Considering the expiry of the term of Mr. Sandeep Singh, Managing Director of the Company on 16th October, 2022, the Board of Directors of the Company based on the recommendation of Nomination & Remuneration Committee and Audit Committee and pursuant to the relevant provisions of SEBI LODR Regulations, Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Act, the Articles of Association of the Company and considering his contribution towards the growth of the Company, approved his re-appointment as a Managing Director of the Company for a term of 5 (five) consecutive years w.e.f. 17th October, 2022 up to 16th October, 2027, subject to the approval of the Members of the Company.

Resignations/ Retirements/ Demise/ Completion of Tenure

Late Mr. Dhananjay Kumar Singh, Joint Managing Director of the Company expired on 28th October, 2021. He served the Board of the Company for more than three decades. He had over 30 years of experience in the Indian pharmaceutical industry. The Directors placed on record their sincere appreciation for the remarkable achievements and invaluable contribution made by Late Mr. Dhananjay Kumar Singh towards the astounding growth and development of the Company during his tenure.

Directors liable to Retirement by Rotation

Mr. Balmiki Prasad Singh (DIN: 00739856) and Mr. Sarvesh Singh (DIN: 01278229) 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 & 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. Balmiki Prasad Singh and Mr. Sarvesh 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, 2022, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

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

Declaration of independence from Independent Directors

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

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

Familiarization Program

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors' Familiarization Programme to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarization Programme conducted during the financial year under review are explained in the Corporate Governance Report. The same is also available on the Company's website at https://www.alkemlabs.com/corporate-governance.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 30th March, 2022, 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 8 (Eight) times during the financial year 2021-22. 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, 2021, the Audit Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja as Members.

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

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

Nomination and Remuneration Committee

As on 01st April, 2021, the Nomination and Remuneration Committee comprised of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

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

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

Corporate Social Responsibility Committee

As on 01st April, 2021, the Corporate Social Responsibility Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Late Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Mr. Arun Kumar Purwar and Mr. Balmiki Prasad Singh as Members.

The Board of Directors of the Company at its Meeting held on 09th April, 2021, reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Late Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh and Mr. Arun Kumar Purwar as Members.

The Board of Directors of the Company at its Meeting held on 25th May, 2021, further reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N Singh, Mr. Sandeep Singh, Late Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

The Board of Directors of the Company at its Meeting held on 04th February, 2022, thereafter reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh 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, 2021, the Stakeholders' Relationship Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Late Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh as Members.

The Board of Directors of the Company at its Meeting held on 12th November, 2021, reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N Singh and Mr. Mritunjay Kumar Singh as Members.

The Board of Directors of the Company at its Meeting held on 04th February, 2022, thereafter reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima 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, 2021, the Risk Management Committee comprised of Late Mr. Dhananjay Kumar Singh as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar 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 04th February, 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, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

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

RISK MANAGEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2022, 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, 2022 and of the profit of the Company for the year ended on that date;

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

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

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

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

SECRETARIAL STANDARDS

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditor

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. B S R & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, were re-appointed by the Shareholders at the Forty-Fifth AGM of the Company held on 27th August, 2019, for another term of 5 (five) years from the conclusion of Forty-Fifth AGM of the Company until the conclusion of the Fiftieth AGM, on such remuneration, inclusive of applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

The Auditors' Report for financial year ended 31st March, 2022, 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 25th May, 2021 had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2021-22 to conduct the audit of the cost records of the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, (Membership No. F6252, COP No. 3531) to conduct the Secretarial Audit of the Company for the financial year 2021-22. 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 2021-22 by the Company, were at arm's length basis and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

The disclosure of material related party transactions entered into by the Company during the financial year 2021-22, as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed to this Report as Annexure G. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/pdf/policies/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.

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 uploaded 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 and R&D Centers to redress complaints received on sexual harassment. During the financial year 2021-22, the Company has not received any complaint of sexual harassment.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During the financial year 2021-22, 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, 13 May, 2022

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	56.7424	88.1	700.3	1,746.8	958.4	-	2,280.4	472.6	141.9	330.7	-	100.0%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	615.6	1,967.0	1,349.7	0.1	4,308.1	184.3	74.2	110.1	-	60.6%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.0962	281.0	164.2	3,780.4	3,335.2	39.7	3,034.6	185.3	48.8	136.4	-	100.0%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	408.4	2,128.0	3,563.9	1,027.5	-	872.2	(700.5)	-	(700.5)	-	99.7%
5	Ascend GmbH	10.11.2008	N.A.	EUR	85.9620	61.6	(145.1)	466.4	550.0	-	63.4	(71.3)	-	(71.3)	-	100.0%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	3,761.2	5,462.5	1,698.8	932.8	5,620.9	710.0	133.2	576.9	-	51.0%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	KZT	0.1618	157.6	(68.6)	223.0	134.1	-	311.8	1.0	1.9	(0.9)	-	100.0%
8	Alkem Laboratories Korea Inc$	07.08.2012	N.A.	KRW	0.0624	0.1	(1.4)	0.5	1.8	-	-	(0.6)	-	(0.6)	-	100.0%
9	Ascend Laboratories SDN BHD$	13.12.2010	N.A.	MYR	17.9398	0.0	(0.5)	0.8	1.3	-	-	(0.2)	-	(0.2)	-	100.0%
10	S & B Holdings B.V.	17.06.2009	N.A.	EUR	84.0866	3,539.4	(1,430.5)	2,110.1	1.2	2,053.5	-	(0.1)	708.0	(708.1)	-	100.0%
11	Pharmacor Limited	15.05.2012	N.A.	KES	0.6524	0.1	57.5	146.3	88.7	-	165.1	16.7	4.7	12.0	-	100.0%
12	Alkem Laboratories Corporation	07.11.2008	N.A.	PHP	1.4515	485.0	(561.2)	200.0	276.3	-	242.8	15.2	1.6	13.6	-	100.0%
13	Ascend Laboratories (Pty) Limited (formerly known as Alkem Laboratories (PTY) Limited)	26.05.2008	N.A.	ZAR	5.2082	68.8	32.0	130.9	30.0	-	30.1	1.8	0.6	1.2	-	100.0%
14	ThePharmaNetwork, LLC	15.07.2010	N.A.	USD	75.5100	578.9	(1,453.2)	1,455.7	2,330.0	703.1	315.6	241.5	(1,842.6)	2,084.1	-	100.0%
15	Ascend Laboratories LLC	15.07.2010	N.A.	USD	75.5100	703.1	10,072.3	21,259.1	10,483.8	256.7	22,367.3	(110.0)	-	(110.0)	-	100.0%
16	S & B Pharma Inc. (upto 5th January, 2022)	25.01.2012	N.A.	USD	75.5100	-	-	-	-	-	1,297.1	(399.1)	75.7	(474.8)	-	100.0%
17	S&B Pharma LLC	08.04.2020	N.A.	USD	75.5100	0.1	4,072.3	5,348.9	1,276.5	4.3	437.1	(350.2)	50.8	(401.0)	-	100.0%
18	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	99.1515	9.9	43.7	381.2	327.7	-	269.0	7.0	1.2	5.8	-	100.0%
19	Alkem Foundation	14.12.2017	N.A.	INR	N.A.	0.1	(2.3)	0.0	2.2	-	214.5	(2.3)	-	(2.3)	-	100.0%
20	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	60.4971	1.1	(4.3)	0.9	4.1	-	-	(4.1)	-	(4.1)	-	100.0%
21	Pharma Network SpA	27.03.2018	N.A.	CLP	0.0962	12.3	(33.5)	17.4	38.6	-	13.8	4.1	(4.1)	8.2	-	100.0%
22	Ascend Laboratories SAS	04.06.2019	N.A.	COP	0.0201	21.9	1.6	41.8	18.4	-	41.3	4.4	1.7	2.7	-	100.0%
23	Connect 2 Clinic India Private Limited	12.06.2020	N.A.	INR	N.A.	15.0	7.4	46.2	23.8	-	118.6	5.4	1.4	4.0	-	100.0%
24	Ascend Laboratories S.A. DE C.V.$	02.09.2021	N.A.	MXN	3.7920	38.9	(2.3)	43.0	6.4	-	-	(3.2)	(0.9)	(2.3)	-	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

Rajesh Dubey
President - Finance & Chief Financial Officer

Manish Narang
President - Legal & Company Secretary

Mumbai
13 May 2022

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*	Chairman/ Member (Independent Director)	2	2
2.	Mr. Ranjal Laxmana Shenoy$	Chairman/ Member (Independent Director)	2	2
3.	Mr. Basudeo N. Singh%	Member (Executive Chairman)	2	2
4.	Mr. Sandeep Singh%	Member (Managing Director)	2	0
5.	Late Mr. Dhananjay Kumar Singh**	Member (Joint Managing Director)	2	1
6.	Mr. Mritunjay Kumar Singh@	Member (Executive Director)	2	2
7.	Ms. Sangeeta Singh&	Member (Independent Director)	2	1
8.	Mrs. Madhurima Singh#	Member (Executive Director)	2	NA

* Member upto 24th May, 2021 and designated as Chairman w.e.f. 25th May, 2021

$ Chairman upto 24th May, 2021 and Member w.e.f. 25th May, 2021

% Member w.e.f. 09th April, 2021

** Demise: 28th October, 2021

@ Member upto 03rd February, 2022

& Member w.e.f. 25th May, 2021

Member w.e.f. 04th February, 2022

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

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

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

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

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

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 the financial year 2021-2022.

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

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

6. Average net profit of the Company as per Section 135(5) : ₹ 13,799 Million

7.

(a) Two percent of average net profit of the Company as per Section 135(5): ₹ 276 Million

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

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

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 276 Million

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

Total Amount Spent for the Financial Year (in Million)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in Million)	Date of transfer	Name of the Fund	Amount	Date of transfer
77.0	200.0	28th April 2022		Nil	

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

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project: State	District	(6) Project duration	(7) Amount allocated for the project (in Million)	(8) Amount spent in the current financial Year (in Million)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Million)	(10) Mode of Implementation- Direct (Yes/ No)	(11) Mode of Implementation – Through Implementing Agency: Name	CSR Registration number
1	Construction of Radiotherapy Block	Healthcare	No	Bihar	Muzaffarpur	4 Years	700.0	-	20.0	No	Alkem Foundation	CSR00001282
2	TB Elimination Program	Healthcare	Yes	Sikkim	East Sikkim	2 Years	2.5	0.7	-	No	Alkem Foundation	CSR00001282
3	Construction of Road from Mamring to Samardung Village	Rural development	Yes	Sikkim	South Sikkim	2 Years	22.6	5.7	-	No	Alkem Foundation	CSR00001282
4	"Project Agaaz" Sanitization and Hygiene Project in Govt. Schools through Sulabh International	Healthcare	Yes	Sikkim	South Sikkim & East Sikkim	2 Years	1.5	1.0	-	No	Alkem Foundation	CSR00001282
5	*Promotion of Sports and Games towards the training of athletes supported by OGQ for Olympic Games	Rural sports	No	PAN India	NA	4 Years	40.0	10.0	-	No	Alkem Foundation	CSR00001282
	Total						**766.6**	**17.4**	**20.0**			

*During the financial year 2020-2021, a sum of INR 10 Million had been transferred to OGQ under the project titled as "Training of athletes for Tokyo Olympics".

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

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project: State	District	Amount spent for the project (in million)	Mode of Implementation Direct (Yes/No)	Name	CSR Registration Number
1	Construction of Stage and Fencing at Government School	Education	Yes	Sikkim	South Sikkim	1.0	No	Alkem Foundation	CSR00001282
2	Support to COVID-19 care Centre	Healthcare	Yes	Sikkim	South Sikkim	0.8	No	Alkem Foundation	CSR00001282
3	Equipment's for Govt. Hospitals i.e. Desktop & Xray machine	Healthcare	Yes	Sikkim	East Sikkim	0.3	No	Alkem Foundation	CSR00001282
4	Sanitation Project Garbage Collection in identified villages	Healthcare	Yes	Sikkim	South Sikkim	0.1	No	Alkem Foundation	CSR00001282
5	Sanitation Project Garbage Collection in identified villages	Healthcare	Yes	Sikkim	South Sikkim	0.0	Yes	Direct	-
6	Support for Blood Donation Camp (provision of helmets for blood donors)	Healthcare	Yes	Sikkim	Sikkim	0.1	No	Alkem Foundation	CSR00001282
7	Provision of ration & other materials for individuals residing in Old Age Home and Orphanage Centre Project	Healthcare	Yes	Sikkim	South & East Sikkim	0.9	No	Alkem Foundation	CSR00001282

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Amount spent for the project (in million)	Mode of Implementation Direct (Yes/No)	Name	CSR Registration Number
				State	District				
8	Oxygen concentrators to Govt. Hospital	Healthcare	Yes	Sikkim	Sikkim	0.9	No	Alkem Foundation	CSR00001282
9	Oxygen Cylinders to Govt. Hospital	Healthcare	Yes	Sikkim	Sikkim	1.4	No	Alkem Foundation	CSR00001282
10	Renovation of PHC Namthang	Healthcare	Yes	Sikkim	South Sikkim	1.3	No	Alkem Foundation	CSR00001282
11	Running of Health center & Mobile Health Unit	Healthcare	Yes	Sikkim	South Sikkim	1.5	No	Alkem Foundation	CSR00001282
12	Running of Health center & Mobile Health Unit	Healthcare	Yes	Sikkim	South Sikkim	0.3	Yes	Direct	-
13	Drinking Water Project for earmarked villages (annual maintenance of water pipeline)	Healthcare	Yes	Sikkim	South Sikkim	0.1	No	Alkem Foundation	CSR00001282
14	Drinking Water Project for earmarked villages (annual maintenance of water pipeline)	Healthcare	Yes	Sikkim	South Sikkim	0.0 (negligible)	Yes	Direct	-
15	Support to HP Disaster Management for COVID-19 Project	Healthcare	Yes	Himachal Pradesh	Baddi	2.0	Yes	Direct	-
16	Drinking water project - Boring for drinking water in identified villages	Healthcare	Yes	Himachal Pradesh	Baddi	0.2	No	Alkem Foundation	CSR00001282
17	Donation of Deep Freezer for Govt. COVID-19 Lab	Healthcare	Yes	Himachal Pradesh	Baddi	0.2	No	Alkem Foundation	CSR00001282
18	Garden Development Project in common areas	Environment	Yes	Himachal Pradesh	Baddi	0.8	No	Alkem Foundation	CSR00001282
19	Garden Maintenance Project in common areas	Environment	Yes	Himachal Pradesh	Baddi	0.3	No	Alkem Foundation	CSR00001282
20	Garden Maintenance Project in common areas	Environment	Yes	Himachal Pradesh	Baddi	0.1	Yes	Direct	-
21	Running of Health center & Mobile Health Unit	Healthcare	Yes	Himachal Pradesh	Baddi	2.6	No	Alkem Foundation	CSR00001282
22	Running of Health center & Mobile Health Unit	Healthcare	Yes	Himachal Pradesh	Baddi	0.5	Yes	Direct	-
23	Silai Siksha Kendra for under privileged women	Vocational training	Yes	Himachal Pradesh	Baddi	0.1	No	Alkem Foundation	CSR00001282
24	Silai Siksha Kendra for under privileged women	Vocational training	Yes	Himachal Pradesh	Baddi	0.0 (negligible)	Yes	Direct	-
25	Water Cooler maintenance for installed cooler in common places	Healthcare	Yes	Himachal Pradesh	Baddi	0.1	No	Alkem Foundation	CSR00001282
26	Oxygen Cylinders to Govt. Hospital	Healthcare	Yes	Gujarat	Mandva	0.2	No	Alkem Foundation	CSR00001282
27	Oxygen concentrators to Govt. Hospital	Healthcare	Yes	Madhya Pradesh	Indore	0.6	No	Alkem Foundation	CSR00001282
28	Running of Health center & Mobile Health Unit	Healthcare	Yes	Madhya Pradesh	Indore	1.4	No	Alkem Foundation	CSR00001282
29	Tree Plantation	Environment	Yes	Madhya Pradesh	Indore	0.1	No	Alkem Foundation	CSR00001282
30	Maintenance of Toilets	Rural Development	Yes	Maharashtra	Raigad	0.2	No	Alkem Foundation	CSR00001282
31	Maintenance of Toilets	Rural Development	Yes	Maharashtra	Raigad	0.0 (negligible)	Yes	Direct	-
32	Ration kits for economically deprived individuals	Healthcare	Yes	Maharashtra	Raigad	0.0 (negligible)	No	Alkem Foundation	CSR00001282
33	Running of Health center & Mobile Health Unit	Healthcare	Yes	Maharashtra	Raigad	1.4	No	Alkem Foundation	CSR00001282
34	Running of Health center & Mobile Health Unit	Healthcare	Yes	Maharashtra	Raigad	0.3	Yes	Direct	-
35	Nutrition kits for Anaemic & TB Patients	Healthcare	Yes	Maharashtra	Daman and Silvassa (U.T)	0.3	No	Alkem Foundation	CSR00001282
36	Oxygen Cylinders to Govt. Hospital	Healthcare	Yes	Maharashtra	Daman and Silvassa (U.T)	2.1	No	Alkem Foundation	CSR00001282
37	Neo Natal Ventilator for COVID-19 Healthcare Project	Healthcare	Yes	Maharashtra	Daman and Silvassa (U.T)	1.4	No	Alkem Foundation	CSR00001282

Sr. No	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Amount spent for the project (in million)	Mode of Implementation Direct (Yes/No)	Name	CSR Registration Number
				State	District				
38	Cancer Screening Camps	Healthcare	No	Bihar and Uttar Pradesh	Muzaffarpur, Varanasi	9.6	No	Alkem Foundation	CSR00001282
39	Cancer Treatment at Rajagiri Hospital	Healthcare	No	Kerala	Aluva	0.5	No	Alkem Foundation	CSR00001282
40	Cochlear Implant to economically Backward deaf children	Healthcare	Yes	Maharashtra	Mumbai	2.4	No	Alkem Foundation	CSR00001282
41	Crates for COVID-19 Healthcare Project	Healthcare	Yes	Maharashtra	Navi Mumbai	0.0 (negligible)	No	Alkem Foundation	CSR00001282
42	Double Door Fridge for an NGO	Healthcare	Yes	Maharashtra	Navi Mumbai	0.1	No	Alkem Foundation	CSR00001282
43	Education Support to Blind Children	Education	No	Uttar Pradesh	Lucknow	0.3	No	Alkem Foundation	CSR00001282
44	Eye Cataract Camp at Buxar	Healthcare	No	Bihar	Buxar	0.2	No	Alkem Foundation	CSR00001282
45	Food to poor people	Healthcare	Yes	Maharashtra	Mumbai	0.5	No	Alkem Foundation	CSR00001282
46	Food to tribal people	Healthcare	No	Jharkhand	Gumla	0.3	No	Alkem Foundation	CSR00001282
47	Fruit Distribution at TMH Mumbai	Healthcare	Yes	Maharashtra	Mumbai	0.1	No	Alkem Foundation	CSR00001282
48	Mask and Sanitizers	Healthcare	Yes	Maharashtra	Mumbai	0.0 (negligible)	No	Alkem Foundation	CSR00001282
49	Mid-Day Meal Program at Navi Mumbai	Healthcare	Yes	Maharashtra	Navi Mumbai	0.1	No	Alkem Foundation	CSR00001282
50	Milan Old Age Home Construction	Rural Development	Yes	Maharashtra	Ratnagiri	8.0	No	Alkem Foundation	CSR00001282
51	Millions of Fruit Trees Plantation in Marathwada	Environment	Yes	Maharashtra	Marathwada	2.5	No	Alkem Foundation	CSR00001282
52	Muzaffarpur Cancer Hospital (architectural support)	Healthcare	No	Bihar	Muzaffarpur	1.9	No	Alkem Foundation	CSR00001282
53	Nutrition Program at Pan India	Healthcare	No	Pan India	Pan India	0.5	No	Alkem Foundation	CSR00001282
54	Oxygen concentrators to Govt. Hospital	Healthcare	No	Jharkhand	Ranchi	0.1	No	Alkem Foundation	CSR00001282
55	Ration Kits for needy individuals	Healthcare	Yes	Maharashtra	Mumbai	0.0 (negligible)	No	Alkem Foundation	CSR00001282
56	Scholarship Program for youths affected with COVID-19	Education	No	Pan India	Pan India	2.7	No	Alkem Foundation	CSR00001282
57	Spine Surgery for underprivileged patients	Healthcare	Yes	Maharashtra	Mumbai	1.5	No	Alkem Foundation	CSR00001282
58	Stretcher under Healthcare Project	Healthcare	Yes	Maharashtra, Sikkim	Baddi and Sikkim	0.1	No	Alkem Foundation	CSR00001282
59	Water Borne Diseases Awareness Camps	Healthcare	No	Uttar Pradesh & Bihar	Lucknow, Amethi, Gonda, Varanasi, Badaun, Meerut and Gaziabad	4.0	No	Alkem Foundation	CSR00001282
60	Provide Ventilator Management to Nurses and Doctors of Govt. Hospital	Healthcare	Yes	Maharashtra	Mumbai, Pune, Baramati, Aurangabad & Sangli	0.3	No	Alkem Foundation	CSR00001282
61	Short Movie on awareness of Drinking Water and Toilets Project	Healthcare	Yes	Maharashtra	Raigad	0.0 (negligible)	No	Alkem Foundation	CSR00001282
					Total	**59.6**			

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

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

(f) **Total amount spent for the financial year (8b+8c+8d+8e):** ₹ 77.0 Million

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

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

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

(1)	(2)	(3)	(4)	(5)			(6)
Sr. No.	Preceding financial year	Amount transferred to 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(6), if any			Amount remaining to be spent in succeeding financial years (in Million)
				Name of the Fund	Amount	Date of transfer	
1	2020-21	142.2	141.26		Nil		0.99

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Million)	Amount spent on the project in the reporting financial year (in Million)	Cumulative amount spent at the end of reporting financial year (in Million)	Status of the project - Completed /Ongoing
1	FY31.03.2021_1	Providing Education to underprivileged Children	2020-21	2 Years	1.6	0.87	1.6	Completed
2	FY31.03.2021_2	Construction of Radiotherapy Block	2020-21	4 Years	700.0	140.0	150.0	Ongoing
3	FY31.03.2021_3	"Udbhav Project" Menstrual hygiene of adolescent girl	2020-21	2 Years	1.1	0.39	1.1	Completed

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

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

(b) **Amount of CSR spent for creation or acquisition of capital asset:** ₹ 1.29 Million

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

Name of the Owner: Alkem Foundation

Address: Plot No. A-17, ISEZ, Phase II, Industrial area, Sector- III, Pithampur, Dhar, MP-454775

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

MOBILE HEALTH VAN

Date of Registration: 22nd October, 2021

Indore

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

Note: During the financial year 2020-2021, 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 had agreed to provide financial support of INR 700 Million to TMC, towards the capital expenditures (including civil work) and operational expenditures, for the said ongoing project, through M/s Alkem Foundation, a CSR arm of the Company over a span of four years. Accordingly, the Company had spent an amount of INR 10 Million and transferred an amount of INR 140 Million to the Unspent CSR Account of the Company as part of its financial commitment to TMC for the FY 2020-21. The said amount of INR 140 Million was spent during the financial year 2021-2022.

The financial commitment of INR 200 Million for the financial year 2021-22 has been transferred to "Unspent CSR Account" in compliance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 with respect to the said ongoing project with TMC.

Mr. Sandeep Singh
Managing Director

Mr. Arun Kumar Purwar
Chairman CSR Committee

Annexure D

POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

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

1. OBJECTIVE OF THE POLICY

The policy is framed with the objective(s):

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

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

2. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

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

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

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

3. APPLICABILITY

This Policy is applicable to:

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

2. Key Managerial Personnel ("KMP")

3. Senior Management Personnel

4. Other Employees of the Company

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

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

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

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

5. REMOVAL

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

6. RETIREMENT

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

7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

7.1. Sitting Fees

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

7.2. Profit-linked Commission

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

7.3. Stock Options

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

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

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

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

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

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

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 the financial year ended 31st March, 2022	Ratio of the remuneration of each Director to the median remuneration of the employees
Independent Directors			
1.	Mr. Ranjal Laxmana Shenoy, Independent Director	28.6%	6.7
2.	Mr. Arun Kumar Purwar, Independent Director	25.5%	6.2
3.	Ms. Sudha Ravi, Independent Director	23.0%	6.2
4.	Ms. Sangeeta Singh, Independent Director	25.0%	6.5
5.	Dr. Dheeraj Sharma, Independent Director	22.2%	6.0
6.	Mr. Narendra Kumar Aneja, Independent Director	28.0%	6.5
Executive Directors			
7.	Mr. Basudeo N. Singh, Executive Chairman	11.3%	448.9
8.	Mr. Sandeep Singh, Managing Director $	-4.6%	283.1
9.	Late Mr. Dhananjay Kumar Singh, Joint Managing Director #	NA	130.0
10.	Mr. Mritunjay Kumar Singh, Executive Director	13.9%	221.7
11.	Mrs. Madhurima Singh, Executive Director*	NA	70.9
12.	Mr. Balmiki Prasad Singh, Executive Director	13.2%	160.9
13.	Mr. Sarvesh Singh, Executive Director	14.6%	101.2

$ Part remuneration paid from The PharmaNetwork, LLC a wholly owned subsidiary of the Company in USA w.e.f. 14th November, 2021

Demise: 28th October, 2021

* Appointed w.e.f. 20th December, 2021

Sr. No.	Name of the Key Managerial Personnel and Designation	% of remuneration increase in the financial year ended 31st March, 2022
1.	Mr. Rajesh Dubey, Chief Financial Officer	10.4%
2.	Mr. Manish Narang, Company Secretary	7.5%

i. During the financial year ended 31st March, 2022, the median remuneration of employees increased by 8%.

ii. As on 31st March, 2022, the Company had 16,966 permanent employees on its rolls.

iii. During the financial year 2021-22, there was an average 10.38% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 6.9%, such increase was in line with the industry pay levels.

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 13 May, 2022

Annexure F

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[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, 2022 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 2022 according to the provisions of:

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

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

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

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

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

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

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

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

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (applicable up to August 12, 2021); and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (applicable w.e.f. August 13, 2021); (Not applicable to the Company during the audit period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (applicable up to August 8, 2021); and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (applicable w.e.f. August 9, 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, 2009 (Not applicable to the Company during the audit period);

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

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

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

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

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period:

1. the Board of Directors vide resolution passed at the meeting held on May 25, 2021 accorded their approval for restructuring of the Company's subsidiaries in United States (US) and as a part of the same S & B Pharma Inc. a step-down subsidiary of the Company in US, was dissolved w.e.f. January 5, 2022;

2. the Company incorporated a step-down subsidiary in Mexico on September 2, 2021 namely Ascend Laboratories S.A de C.V.

3. the Board of Directors of the Company at their meeting held on February 4, 2022, declared an interim dividend of ₹ 30/- per equity share (face value ₹ 2/-) for the financial year 2021-2022 aggregating to ₹ 3586.95 million.

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 13, 2022
UDIN: F006252D000281439

'Annexure A'

To,
The Members,
Alkem Laboratories Limited
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

7. On account of the restrictions imposed by the Government Authorities on opening of offices, travel and movement due to Covid19 pandemic during the year under review, we for the purpose of completion of our audit have relied on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

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

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

Place: Mumbai
Date: May 13, 2022
UDIN: F006252D000281439

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 arms 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 - *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 Ascend Laboratories, LLC, USA amounted to ₹ 15,087 Million during financial year 2021-22*

    (e) Date(s) of approval by the Board, if any - *The transactions with Ascend Laboratories, LLC does not require approval of the Board, since the transaction is with a step down subsidiary. However, these transactions 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, 13 May, 2022

Annexure H

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Details
[pursuant to the Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY:

1. Energy Conservation Measures taken:

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

Steps taken for Energy Conservation during the financial year 2021-22 are as follows:

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

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

(iii) Replaced non efficient Air Handling Unit (AHU) with new efficient AHU and changed the frequency for AHU filter cleaning from weekly to fortnightly at Daman plant.

(iv) Installed Common header for compressed air circuit for optimum utilization of air compressor at Daman plant.

(v) Replaced old conventional brine plant with a new highly efficient Brine plant with extra automation and a Plate Heat Exchanger (PHE) system thereby resulting in reduction of electrical power consumption and operational running hours at Ankleshwar plant.

(vi) Installed single 700 TR cooling tower instead of two separate cooling towers at Daman plant.

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

(viii) Installed Light motion sensors for automatic controlling of the lights depending upon any occupancy in area at various plants.

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

(x) Increased Relative Humidity (RH) from 45% to 55% and Chiller set point from 2 to 9 degree celsius at Indore Plant.

(xi) Changed Filter Cleaning frequency from weekly/ fortnightly/monthly to quarterly basis thereby saving compressed air, water, electricity and man power at Indore plant.

(xii) Installed timer for automated start and shut down of the AHU at periodic intervals of 12 hours, at the admin, canteen and wash area at Indore plant.

(xiii) Installed diffuser in the wash area taps to avoid excess water flow.

(xiv) Shutdown of AHU for an approx. duration of 12 Hrs./ day in the idle areas at Indore Plant thereby achieving reduction in the electricity cost.

(xv) Installed Steam Condensate Recovery System so as to achieve increased efficiency of the boilers & reduce the fuel consumption at Sikkim Plant.

(xvi) PID Steam Valves have been installed at different locations for optimum use of energy at Sikkim.

(xvii) Replaced old conventional type hot water system with new hot water system having efficient heat exchanger and other automation which provides reduced steam consumption and better condensate recovery at Mandva plant.

(xviii) Replaced manually operated valves of utilities with automated control valves to reduce the utility consumption at the solvent recovery plant in Mandva, thereby saving steam and other utilities.

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

- PNG Gas is used in boilers for fuel instead of furnace oil at Indore Plant.
- Installed Biomass Briquette Boiler, renewable source of energy, with a capacity of 8 tons/hour sufficient to meet the steam requirement at Sikkim plant resulting in minimum use of non-renewable fuel (HSD & LDO) and cost saving.
- Designed two different supply sources of grid power at Sikkim plant from Mamring and Melli sub-stations. During power failure at one sub-station the sources from other sub-station is used to avoid running of diesel generator sets and savings of HSD.

3. The capital investment on Energy Conservation equipment:

(₹ in Million)

Sr. No.	Particulars	Amount
1.	Air Handling Unit (AHU) Automation	32.5
2.	Air Compressor	5.8
3.	Cooling Tower & Brine	4.9
4.	Briquette Boiler	2.09
5.	Water System	0.99
6.	Variable Frequency Drive	0.98
7.	LED	0.93
8.	Automation Process	0.64
9.	Condensate Recovery System	0.5
10.	Direct Digital Control Panel	0.35
11.	Steam Condensate Recovery System	0.11
12.	Air Gun	0.03
13.	Diffuser	0.00*
14.	Timmer	0.00*
	Total	**49.82**

*Negligible

(B) TECHNOLOGY ABSORPTION:

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

(i) Started working in respiratory products for domestic market.

(ii) Manufacturing and filling of these products were executed using import substituted (indigenous) blow fill seal machine manufactured by M/s. Sterimx India. However, for characterization of product the Company procured analytical equipments from Copley UK.

(iii) Indigenously developed Nasal Spray Device, Nasal Spray Filling System, Ear Drop Filling System (Flow meter based system), Adapter Valve with Dip Tubes, Sterile Isolator, Stainless Steel manufacturing skid for complex products, Autoclave Automatic vial filling machine, Dynamic pass box, Ceiling Laminar Air Flow (LAF), Mobile Laminar Air Flow (LAF), Water for Injection (WFI) & Pure Steam generator.

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

(i) Developed nebulizer products in respiratory domain for Indian market and used blow fill seal machine manufactured by M/s. Sterimax India for manufacture and filling at commercial site, which is an import substitute for Rommelag Germany machine thereby resulting in the reduction of the project cost from approx. INR 25-30 Crores to INR 5.5 Crores.

(ii) Developed Laminated Tubes indigenously – Cost reduction

(iii) Developed Wide Diameter High Density Polyethylene (HDPE) Bottle for Product improvement & reduced overheads

(iv) Development of complex injectable products using indigenous machines (Isolator, filling machine, autoclave, WFI etc.) resulting in product cost from approx. INR 12 crores to INR 5.5 crores

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the 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.

4. Expenditure on R & D:

(₹ in Million)

Sr. No.	Particulars	2021-22	2020-21
(i)	Capital	111.2	49.8
(ii)	Recurring	4,816.5 (excluding depreciation of 174.0 Million)	4,248.9 (excluding depreciation of 170.2 Million)
Total		**4,927.7**	**4,298.7**
Total R & D expenditure as percentage to total turnover		5.58%	5.95%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Million equivalent of various foreign currencies)

	2021-22	2020-21
Foreign Exchange earned	19,923.6	19,554.9
Foreign Exchange outgo	3,910.6	2,467.4

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 13 May, 2022

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 our 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 ("SEBI Listing Regulations").

(2) BOARD OF DIRECTORS

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

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

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

Category	Name of Directors	Inter-se relationship between Directors
Promoter Executive Directors	Mr. Basudeo N. Singh (Executive Chairman)	Father of Late Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh
	Mr. Sandeep Singh (Managing Director)	Brother of Mr. Sarvesh Singh
	# Late Mr. Dhananjay Kumar Singh (Joint Managing Director)	Son of Mr. Basudeo N. Singh, Brother of Mr. Mritunjay Kumar Singh and Spouse of Mrs. Madhurima Singh
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh and Brother of Late Mr. Dhananjay Kumar Singh
	*Mrs. Madhurima Singh (Executive Director)	Spouse of Late Mr. Dhananjay Kumar Singh and Daughter in Law of Mr. Basudeo N. Singh
	Mr. Balmiki Prasad Singh (Executive Director)	N.A.
	Mr. Sarvesh Singh (Executive Director)	Brother of Mr. Sandeep 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.

Demise: 28th October, 2021
* Appointment: 20th December, 2021

Core Skills / Expertise / Competence for the Board of Directors

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

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

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

Non-Executive / Independent Directors

None of the Non-Executive/ Independent Directors held any Equity Shares of the Company as on 31st March, 2022.

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

There has been no change in the constitution of the Independent Directors of the Company during the financial year 2021-2022.

Board Meetings

During the financial year 2021-2022, total 8 (eight) Board Meetings were held. In accordance with the various circulars/ notifications issued by the Ministry of Corporate Affairs and due to the COVID-19 pandemic, the Meetings held on 09th April, 2021, 25th May, 2021, 27th July, 2021, 06th August, 2021, 12th November, 2021, 20th December, 2021 and 04th February, 2022 were held through video conferencing while the Meeting held on 16th March, 2022 was held physically as well as through video conferencing.

Attendance of each Director at the Board Meetings, last AGM, number and names of other Directorships and number of Chairmanships/ Memberships of Committee(s) of each Director as on 31st March, 2022, are given below:

Name of Director	Attendance			*No. of other Committee Memberships / Chairmanships		Directorships in other Companies		
	Number of Board Meetings held during the Director's tenure	Number of Board Meetings attended	Last AGM held on 27th August, 2021 through video conferencing	#Committee Memberships	#Committee Chairmanships	*Other Directorships	Names of other listed entities where person is Director	Category of Directorship in the listed entities
Mr. Basudeo N. Singh	8	8	Yes	0	0	2	NA	NA
Mr. Sandeep Singh	8	8	Yes	1	0	2	NA	NA
Late Mr. Dhananjay Kumar Singh$	4	3	Yes	NA	NA	NA	NA	NA
Mr. Mritunjay Kumar Singh	8	8	Yes	1	0	2	NA	NA
Mrs. Madhurima Singh%	2	2	NA	0	0	0	NA	NA
Mr. Balmiki Prasad Singh	8	3	No	0	0	0	NA	NA
Mr. Sarvesh Singh	8	8	Yes	0	0	0	NA	NA
Mr. Arun Kumar Purwar	8	8	Yes	0	1	3	1. IIFL Finance Limited 2. Balaji Telefilms Limited	Independent Director
Mr. Ranjal Laxmana Shenoy	8	8	Yes	5	1	4	1. Elantas Beck India Limited 2. Sunshield Chemicals Limited	Independent Director
Mr. Narendra Kumar Aneja	8	8	No	0	0	1	NA	NA
Ms. Sangeeta Singh	8	8	No	5	0	4	1. Accelya Kale Solutions Limited 2. S H Kelkar and Company Limited 3. Laxmi Organics Industries Limited	Independent Director
Ms. Sudha Ravi	8	8	Yes	3	0	3	1. Goodyear India Limited	Independent Director
Dr. Dheeraj Sharma	8	8	Yes	0	0	0	NA	NA

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

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

$ Demise: 28th October, 2021

% Appointment: 20th December, 2021

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

Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. The terms & conditions of the appointment of Independent Directors are posted pursuant to Regulation 46(2)(b) of the SEBI Listing Regulations, on the Company's website and can be accessed at https://www.alkemlabs.com/pdf/policies/Term_of_appointment-Independent_Directors.pdf. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which Company operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries so that they are able to play a meaningful role in the overall governance processes of the Company. During the financial year 2021-2022, Independent Directors were briefed about the events including but not limited to changes in the regulatory scenario and global trends, internal audit, risks and mitigation measures, performance of subsidiaries, business strategy of the Company, working of manufacturing facilities, employees development, contribution to the society, impact on the business operations of the Company due to COVID-19 pandemic. The details of the said Familiarization Programme imparted by the Company to the Independent Directors during the financial year 2021-2022 have been uploaded on the Company's website, the web link for which is https://www.alkemlabs.com/corporate-governance.php.

(3) CODE OF CONDUCT

All the Directors and Senior Management have affirmed compliance 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/824596594993521810CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf

(4) CODE FOR PREVENTION OF INSIDER TRADING

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

(5) AUDIT COMMITTEE

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

Composition of the Audit Committee

As on 01st April, 2021, the Audit Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi, Ms. Sangeeta Singh, and Mr. Narendra Kumar Aneja as Members.

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

Details of Audit Committee Meetings

During the financial year 2021-2022, a total of 6 (six) Audit Committee Meetings viz. 08th April, 2021, 24th May, 2021, 05th August, 2021, 11th November, 2021, 20th December, 2021 and 03rd February, 2022 were held through video conferencing due to the COVID-19 pandemic in accordance with the various circulars/ notifications issued by the Ministry of Corporate Affairs. The intervening gap between two consecutive meetings was not more than one hundred and twenty days.

Attendance of Members at the Audit Committee Meetings

Details with respect to attendance of Members at the Audit Committee Meetings held during the 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#	Chairman	4	4
Mr. Ranjal Laxmana Shenoy&	Chairman / Member	6	6
Mr. Sandeep Singh	Member	6	6
Mr. Mritunjay Kumar Singh	Member	6	6
Ms. Sudha Ravi*	Member	2	2
Ms. Sangeeta Singh	Member	6	6
Mr. Narendra Kumar Aneja	Member	6	6

Member w.e.f. 25th May, 2021
& Chairman upto 24th May, 2021 and Member w.e.f. 25th May, 2021
* Member upto 24th May, 2021

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 Listing Regulations.

Composition of the Nomination and Remuneration Committee

As on 01st April, 2021, the Nomination and Remuneration Committee comprised of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N. Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy as Members.

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

Details of Nomination and Remuneration Meetings

During the financial year 2021-2022, 4 (four) Nomination and Remuneration Committee Meetings viz. 08th April, 2021, 24th May, 2021, 20th December, 2021 and 03rd February, 2022 were held through video conferencing due to the COVID-19 pandemic.

Attendance of Members at the Nomination and Remuneration Meetings

Details with respect to attendance of Members at the Nomination and Remuneration Committee Meetings held during the 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. Ranjal Laxmana Shenoy#	Chairman/ Member	4	4
Mr. Arun Kumar Purwar&	Chairman	2	2
Mr. Basudeo N. Singh	Member	4	4
Ms. Sangeeta Singh*	Member	2	2
Ms. Sudha Ravi@	Member	2	2
Dr. Dheeraj Sharma@	Member	2	2

Member upto 24th May, 2021 and designated as a Chairman w.e.f. 25th May, 2021

& Chairman upto 24th May, 2021

* Member upto 24th May, 2021

@ Member w.e.f. 25th May, 2021

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

In accordance with the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 30th March, 2022 through video conferencing due to the COVID-19 pandemic, where the Independent Directors assessed the Executive Directors on the basis of the contribution made by such Directors in the achievement of business targets, development and successful execution of the business plans, their 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 Listing Regulations.

Composition of the Stakeholders' Relationship Committee

As on 01st April, 2021, the Stakeholders' Relationship Committee comprised of Mr. Ranjal Laxmana Shenoy as Chairman and Late Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh as Members.

The Board of Directors of the Company at its Meeting held on 12th November, 2021, reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh and Mr. Mritunjay Kumar Singh as Members.

The Board of Directors of the Company at its Meeting held on 04th February, 2022, thereafter reconstituted the Stakeholders' Relationship Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh, Mr. Mritunjay Kumar Singh and Mrs. Madhurima Singh as Members.

Details of Stakeholders' Relationship Committee Meetings

During the financial year 2021-2022, 1 (one) Stakeholders' Relationship Committee Meeting was held on 03rd February, 2022.

Attendance of Members at the Stakeholders' Relationship Committee Meetings

Details with respect to attendance of Members at the Stakeholders' Relationship Committee Meeting held during the 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. Ranjal Laxmana Shenoy	Chairman	1	1
Mr. Basudeo N. Singh$	Member	1	1
Late Mr. Dhananjay Kumar Singh*	Member	NA	NA
Mr. Mritunjay Kumar Singh	Member	1	1
Mrs. Madhurima Singh%	Member	NA	NA

$ Member w.e.f. 12th November, 2021
* Demise: 28th October, 2021
% Member w.e.f. 04th February, 2022

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

Note: The necessary quorum was present for the Meeting.

Terms of reference of Stakeholders' Relationship Committee

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

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

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

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

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

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

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

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

Details of Investor Complaints

Complaints at the beginning of the FY 2021-2022	Received during the year	Resolved during the year	Complaints at the end of the FY 2021-2022
0	1	1	0

(8) RISK MANAGEMENT COMMITTEE

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

Composition of the Risk Management Committee

As on 01st April, 2021, the Risk Management Committee comprised of Late Mr. Dhananjay Kumar Singh as Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar 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 04th February, 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, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

Details of Risk Management Committee Meetings

During the financial year 2021-2022, 2 (two) Risk Management Committee Meetings viz. 21st December, 2021 and 30th March, 2022 were held through video conferencing due to the COVID-19 pandemic.

Attendance of Members at the Risk Management Committee Meetings

Details with respect to attendance of Members at the Risk Management Committee Meetings held during the 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$	Chairman/ Member	2	2
Late Mr. Dhananjay Kumar Singh*	Chairman	NA	NA
Mr. Sandeep Singh	Member	2	1
Ms. Sudha Ravi	Member	2	2
Dr. Dheeraj Sharma	Member	2	1
Mr. Narendra Kumar Aneja	Member	2	2

$ Designated as a Chairman w.e.f. 04th February, 2022.
*Demise: 28th October, 2021

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

The Board of Directors of the Company at its Meeting held on 09th April, 2021, reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Ranjal Laxmana Shenoy as Chairman and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Late Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh and Mr. Arun Kumar Purwar as Members.

The Board of Directors of the Company at its Meeting held on 25th May, 2021, further reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Late Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

The Board of Directors of the Company at its Meeting held on 04th February, 2022, thereafter reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairman and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Mr. Ranjal Laxmana Shenoy and Ms. Sangeeta Singh as Members.

Details of Corporate Social Responsibility Committee Meetings

During the financial year 2021-2022, 2 (two) Corporate Social Responsibility Committee Meetings viz. 24th May, 2021 and 03rd February, 2022 were held through video conferencing due to the COVID-19 pandemic.

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 the 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*	Chairman/ Member	2	2
Mr. Ranjal Laxmana Shenoy$	Chairman/ Member	2	2
Mr. Basudeo N. Singh%	Member	2	2
Mr. Sandeep Singh%	Member	2	0
Late Mr. Dhananjay Kumar Singh**	Member	1	1
Mr. Mritunjay Kumar Singh@	Member	2	2
Ms. Sangeeta Singh&	Member	1	1
Mrs. Madhurima Singh#	Member	NA	NA

* Member upto 24th May, 2021 and designated as a Chairman w.e.f. 25th May, 2021
$ Chairman upto 24th May, 2021 and Member w.e.f. 25th May, 2021
% Member w.e.f. 09th April, 2021
** Demise: 28th October, 2021
@ Member upto 03rd February, 2022
& Member w.e.f. 25th May, 2021
# Member w.e.f. 04th February, 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 the pecuniary relationship or transactions of the Non-Executive Directors of the Company

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2021-2022 are as under:

(₹ in Million)

Name	Sitting Fees	Commission	Other Perquisites	Total
Mr. Arun Kumar Purwar	0.7	1.8	-	2.5
Mr. Ranjal Laxmana Shenoy	0.9	1.8	-	2.7
Mr. Narendra Kumar Aneja	0.8	1.8	-	2.6
Ms. Sangeeta Singh	0.8	1.8	-	2.6
Ms. Sudha Ravi	0.7	1.8	-	2.5
Dr. Dheeraj Sharma	0.6	1.8	-	2.4

(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 the NEDs

Sitting Fees

Non-Executive Independent Directors were paid a Sitting Fee of ₹ 20,000/- for every Meeting of the Board and/or Committee thereof attended by them upto 24th May, 2021.

Thereafter, 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, as approved by the Board of Directors of the Company at its Meeting held on 25th May, 2021 with immediate effect.

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 the Executive Directors during the financial year 2021-2022 are as follows:

(₹ in Million)

Terms of Remuneration	Name of Directors						
	Mr. Basudeo N. Singh	Mr. Sandeep Singh	Late Mr. Dhananjay Kumar Singh (upto 28th October, 2021)	Mr. Mritunjay Kumar Singh	Mrs. Madhurima Singh (from 20th December, 2021)	Mr. Balmiki Prasad Singh	Mr. Sarvesh Singh
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	156.9	62.5	44.8	78.5	23.2	54.5	34.5
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4.8	4.9	2.9	1.4	1.9	3.7	2.1
Commission	-	39.3	-	-	-	-	-
Others (Perquisites and Employer Contribution)	15.6	5.3	3.8	7.7	3.0	5.4	3.4
Performance Linked Incentive	-	-	-	-	-	-	-
Total	**177.3**	**112.0**	**51.5**	**87.6**	**28.1**	**63.6**	**40.0**

Service Contracts, Severance Fees and Notice Period

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

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Chairman, Managing Director 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
2018-19	45th AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	27th August, 2019	10.30 a.m.	1. Approval for re-appointment of Mr. Basudeo N. Singh (DIN: 00760310) as Executive Chairman of the Company for a period of one (1) year w.e.f. 01st April, 2019 upto 31st March, 2020. 2. Approval for appointment of Mr. Basudeo N. Singh (DIN: 00760310) as Non-Executive Director designated as Chairman of the Company for a period of five (5) consecutive years w.e.f. 01st April, 2020 upto 31st March, 2025. 3. Approval for re-appointment of Mr. Ranjal Laxmana Shenoy (DIN: 00074761) as an Independent Director for the second term of five (5) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025. 4. Approval for re-appointment of Mr. Arun Kumar Purwar (DIN: 00026383) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025. 5. Approval for re-appointment of Ms. Sangeeta Singh (DIN: 06920906) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025. 6. Approval of re-appointment of Ms. Sudha Ravi (DIN: 06764496) as an Independent Director for the second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.
2019-20	46th AGM	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").	18th August, 2020	11.00 a.m.	NIL
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.

(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 the financial year 2021-22, no special resolution(s) were passed 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 Listing Regulations. The aforesaid financial results are communicated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved. The results are generally published in Business Standard, national daily newspaper and in Mumbai Lakshadweep, which is a regional (Marathi) daily newspaper.

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

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

(iii) **Material Information:** The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations including material information having a bearing on the performance / operations of the 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 48th AGM of the Members of the Company will be held on Thursday, 25th August, 2022 at 11.00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

(b) Financial Year: 01st April, 2021 to 31st March, 2022.

(c) Dividend payment date: Final Dividend for the financial year 2020-21 was paid during the financial year 2021-22 on and from 01st September, 2021.

Interim Dividend for the financial year 2021-22 was paid on and from 24th February, 2022. Record Date for the purpose of payment of Final Dividend for the financial year ended 31st March, 2022 shall be 10th August, 2022.

Final Dividend on equity shares as recommended by the Directors for the year ended 31st March, 2022, if approved at the AGM, will be paid on and from 30th August, 2022.

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

Year	Dividend	Date of Declaration	Due for transfer to IEPF
2015-16	Second Interim	09.03.2016	14.04.2023
2016-17	Interim	11.11.2016	13.12.2023
2016-17	Final	08.09.2017	13.10.2024
2017-18	Interim	09.02.2018	13.03.2025
2017-18	Final	31.08.2018	01.10.2025
2018-19	Interim	08.02.2019	13.03.2026
2018-19	Final	27.08.2019	01.10.2026
2019-20	Interim	07.02.2020	11.03.2027
2019-20	Final	18.08.2020	22.09.2027
2020-21	Interim	05.02.2021	09.03.2028
2020-21	Final	27.08.2021	29.09.2028
2021-22	Interim	04.02.2022	08.03.2029

(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:

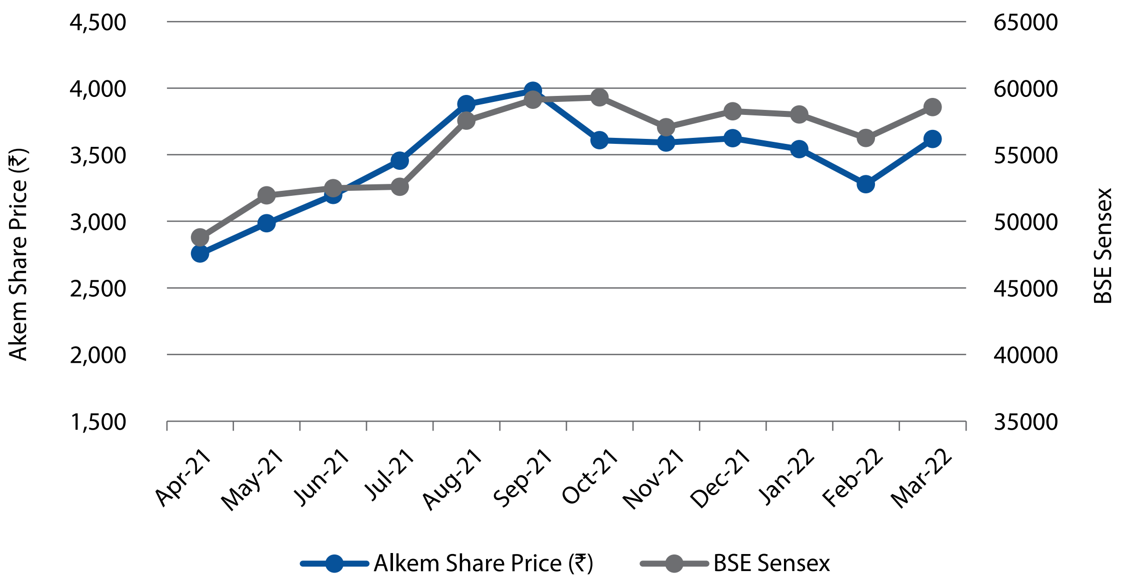
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai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

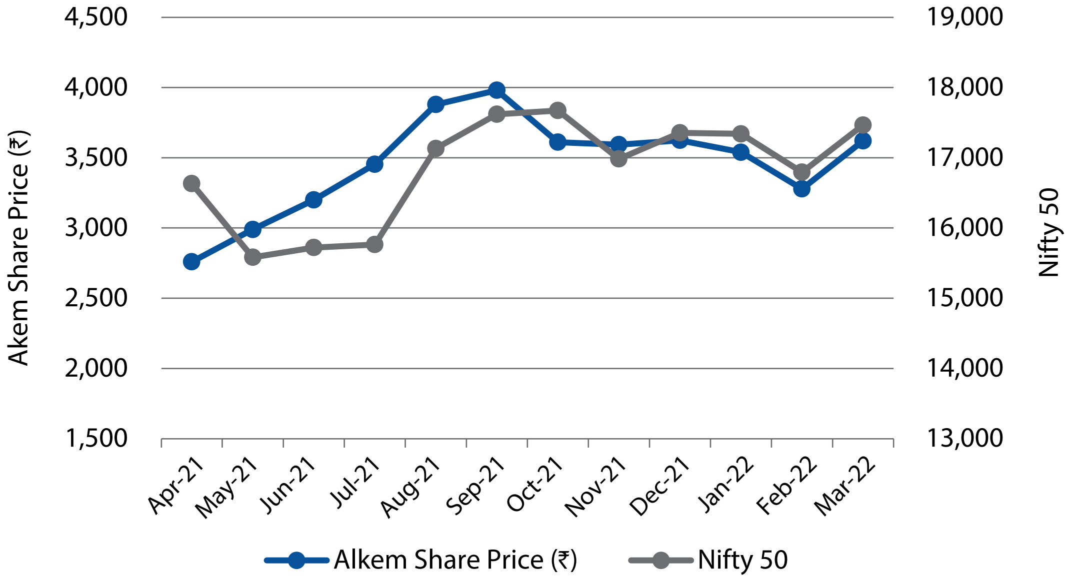
(f) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
Apr-21	2,888.00	2,671	120,453	2,889.00	2,670.10	3,908,642
May-21	3,088.00	2,711	341,919	3,088.95	2,750.55	6,802,280
Jun-21	3,257.75	2,945	209,554	3,259.00	2,900.00	4,613,271
Jul-21	3,603.30	3,174	186,898	3,558.90	3,176.30	4,550,340
Aug-21	3,932.90	3,317	373,708	3,933.00	3,361.00	5,266,982
Sep-21	4,067.70	3,685	112,136	4,070.00	3,684.05	3,151,624
Oct-21	4,050.00	3,584	186,140	4,050.00	3,584.75	2,862,790
Nov-21	3,778.10	3,227	182,304	3,778.45	3,244.05	3,302,733
Dec-21	3,743.05	3,298	91,858	3,748.95	3,254.60	2,500,713
Jan-22	3,784.00	3,350	82,201	3,786.00	3,348.60	2,570,989
Feb-22	3,594.05	3,149	45,400	3,600.00	3,135.00	1,331,119
Mar-22	3,720.00	3,110	55,914	3,724.95	3,107.85	1,930,140

(g) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
Apr-21	2,757	48782.36	2,759	16,631
May-21	2,985	51937.44	2,989	15,583
Jun-21	3,197	52482.71	3,199	15,722
Jul-21	3,455	52586.84	3,454	15,763
Aug-21	3,879	57552.39	3,879	17,132
Sep-21	3,980	59126.36	3,981	17,618
Oct-21	3,608	59306.93	3,611	17,672
Nov-21	3,591	57064.87	3,593	16,983
Dec-21	3,623	58253.82	3,624	17,354
Jan-22	3,542	58014.17	3,539	17,340
Feb-22	3,278	56247.28	3,278	16,794
Mar-22	3,617	58568.51	3,621	17,465





(h) Registrar and Share Transfer Agent

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

(i) Shares Transfer System

Regulation 40 of the SEBI Listing Regulations as amended vide SEBI Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 8th June, 2018 mandated the transfer (except in case of transmission or transposition) of securities only in dematerialized form with a depository. Pursuant thereto, Company had sent letters to the sole shareholder holding shares in physical form advising dematerialization of its holding. As on 31st March, 2022, the said shareholder has neither dematerialized its holding nor transferred any shares during the year under review.

(j) Distribution of shareholding

Distribution of shareholding as on 31st March, 2022

Shareholding of Nominal Shares	No. of Folios	% of Total	Total No. of Shares	% of Total
1-1000	82748	99.44	1812699	1.52
1001-2000	116	0.14	171722	0.14
2001-4000	78	0.09	233394	0.20
4001-6000	27	0.03	133695	0.11
6001-8000	21	0.03	148404	0.12
8001-10000	16	0.02	144227	0.12
10001-20000	51	0.06	710639	0.60
Above 20000	158	0.19	116210220	97.19
Total	**83215**	**100.000**	**119565000**	**100.000**
Physical Mode	**1**	**0.00***	**1**	**0.00***
Electronic Mode	**83214**	**100.00**	**119564999**	**100.00**

* Negligible

Shareholding Pattern as on 31st March, 2022

Category	Total Shares	Percentage Total
Clearing Members	15478	0.01
Other Bodies Corporate	147099	0.12
Hindu Undivided Family	64840	0.05
Mutual Funds	8996230	7.52
Non Nationalised Banks	14	0.00*
Non Resident Indians	93309	0.08
Non Resident (Non Repatriable)	47119	0.04
Public	27057387	22.63
Promoters	68313409	57.14
Trusts	2236	0.00*
Insurance Companies	7659478	6.41
Body Corporate - Ltd Liability Partnership	11811	0.01
Foreign Portfolio Investors (Corporate)	6466605	5.41
Non Institution (any other)	439784	0.37
NBFCs registered with RBI	750	0.00*
Alternate Investment Funds - III	249451	0.21
TOTAL	**119565000**	**100**

* Negligible

(k) Dematerialization of shares and liquidity

About 99.99% of the Equity Shares of the Company have been dematerialized up to 31st March, 2022.

(l) Reconciliation of Share Capital Audit

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

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

(n) Foreign Currency Hedging Activities

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

(o) Plant locations

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

(p) Address for correspondence

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

Communication by e-mail

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

List of Credit Ratings

Credit Ratings of Company's outstanding instruments:

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

Credit Ratings of Company's outstanding facilities:

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

(14) DISCLOSURES

(a) Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. The details of the materially significant transactions entered into by the Company with related party(ies) during the financial year 2021-2022 have been disclosed in Annexure G forming part of the Directors' Report. All contracts, arrangements and transactions entered by the Company with related parties during the financial year 2021-22 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 Listing 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 Chairman 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) Subsidiary Companies

The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink https://www.alkemlabs.com/pdf/policies/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 Listing Regulations.

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

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

(j) Total fees of ₹ 37.7 Million was paid for the financial year 2021-22 for all services provided to the Company and its subsidiaries, on a consolidated basis, to M/s B S R & Co., Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part.

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

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

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

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

(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 DISCRETIONARY REQUIREMENTS

i. Company has an Executive Chairperson.

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

iii. The Company's financial statement for the financial year ended 31st March, 2022 does not contain any modified audit opinion.

iv. Internal Auditors directly report to the Audit Committee.

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 13 May, 2022

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, 2022.

Alkem Laboratories Limited

Sandeep Singh
Managing Director

Date: 13th May, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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. Balmiki Prasad Singh	00739856	01-04-2010
6	Mr. Sarvesh Singh	01278229	11-11-2019
7	Mr. Arun Kumar Purwar	00026383	16-03-2015
8	Mr. Ranjal Laxmana Shenoy	00074761	20-02-2015
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: F006252D000282165

Place: Mumbai
Date: May 13, 2022

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 14 July 2021 and addendum to the engagement letter dated 11 April 2022.

2. We have examined the compliance of conditions of Corporate Governance by Alkem Laboratories Limited (“the Company"), for the year ended 31 March 2022 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 2022.

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) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

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

Restriction on use

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

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 22122632AIXABJ6943

Place: Mumbai
Date: 13th May, 2022

Business Responsibility Report

INTRODUCTION

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

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

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

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

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

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

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

6. **Financial Year reported:** April 1, 2021 to March 31, 2022

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

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

   Company's three key products are:

   1. PAN
   2. CLAVAM
   3. PAN - D

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

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

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

   b) *Number of National locations:*
   The Company's manufacturing footprints are present at total of 19 manufacturing facilities out of which 17 are in India.

   Major locations: Sikkim, Daman and Baddi.

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

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

2. **Total Turnover (₹)** – 88,298.1 Million

3. **Total profit after taxes (₹)** – 15,412.5 Million

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

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

   Education: Focus on ensuring quality education to students of Government primary schools and enrollment in remedial centers. Provision of innovative learning environment and use of various teaching learning methods devised under the guidance of trained experienced educationists. Initiated Aagaz Project in Government Schools to sensitize students and school staffs on proper hygiene and cleanliness. Construction of Modern Anganwadi centers in Daman, renovated school buildings and established Science Labs for some schools in Himachal Pradesh and Sikkim.

   Healthcare & Sanitation: A project on Mother, Child and Adolescent Girls Health care initiative was take-up in the identified locations of Uttar Pradesh and Bihar to check the maternal mortality and infant mortality rate. Initiated "Prayas Ek Kadam Swastha Bharat ki Aur" program with an objective to raise awareness about Safety and Precaution from water borne diseases in Uttar Pradesh and Bihar. Partnered with Tata Memorial Centre for establishment of advanced Radiotherapy Facility in Muzaffarpur (Bihar) for providing facilities to cancer patients viz. chemotherapy, minor operation, basic laboratory and treatment planning.

Collaboration with Tata Memorial Centre for establishment of mini cancer units in cities of Bihar namely Buxar, Jehanabad and Bhagalpur.

Environment: Plantation of more than one million fruit saplings in drought prone areas of Maharashtra. In order to support farmers and increase their capacity, training and support was provided to farmers by way of introduction of modern technologies & soil testing of land. Development & Maintenance of Community gardens in various areas of Himachal Pradesh, Madhya Pradesh and Gujarat.

Rural Development: Encouraged youth girls for participating in various livelihood trainings namely mushroom cultivation, financial literacy, cake making and stitching of cloth bags. Infrastructural development initiatives involved construction of individual toilets, thereby providing short term livelihood opportunities to local civilians.

Sports: Infrastructure support for the existing sports facilities in Bihar and Sikkim for promotion of sports. Partnered with Olympic Gold Quest for training National Level Sports person representing our country in various International Sports Event.

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

SECTION C: OTHER DETAILS

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

2. **Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**
   The Company has undertaken BR initiatives independently and through its subsidiary Alkem Foundation during the Financial Year 2021-22. Indchemie Health Specialities Private Limited, subsidiary of the Company, participates in BR initiative through its own CSR Activities.

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

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

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

b) Details of the BR head

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

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

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

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

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

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

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

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

3. **Governance related to BR**

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

   The Board of Directors of the Company meet atleast once in a quarter and important aspects of the BR are deliberated, reviewed and discussed by the Board.

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

1 PRINCIPLE

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

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

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

   The Company has laid down the rules and procedures for reporting of any actual or suspected illegal or fraudulent actions or wrongdoings through various policies like Whistle Blower Policy for reporting by employees and /or volunteers and Policy on Prevention of Sexual Harassment of Employees for reporting by the employees of the Company

   The complaints received under the aforesaid Policies are dealt with by the Company as per the procedures provided under the respective policies.

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

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

   Forty-One complaints were received under whistle blower mechanism out of which majority relates to marketing. The said complaints were presented and discussed in the Audit Committee Meetings during the financial year 2021-22 and 100 percent complaints were resolved satisfactorily.

2 PRINCIPLE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 PRINCIPLE

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

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

   As on 31st March, 2022, there were 16,966 employees in the Company.

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

   As on 31st March, 2022, there were 3,658 employees hired on temporary/contractual/ casual basis in the Company.

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

   As on 31st March, 2022, there were 474 permanent women employees in the Company.

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

   As on 31st March, 2022, there were 3 permanent employees with disabilities in the Company.

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

   There are no employee associations in the organization.

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

   This is not applicable.

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

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

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

Category	Skill upgradation training	Safety training
Permanent Employees	64%	81%
Permanent Women Employees	80%	85%
Casual/ Temporary/ Contractual Employees	18%	95%
Employees with disabilities	100%	100%

4 PRINCIPLE

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

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

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

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

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

Stakeholder	Areas of concern addressed
Women	Initiated healthcare project for Mother, Child and Adolescent Girls to examine the maternal mortality and infant mortality rates in regions of Bihar and Uttar Pradesh. Partnered with Indian Railways for establishing baby feeding centers in some of the railway stations of Maharashtra. Encouraged youth girls for participating in various livelihood trainings namely mushroom cultivation, financial literacy, cake making and stitching of cloth bags.
Patients	Provided support towards spine surgery for underprivileged patients and Palliative Care services for the Cancer Patients in remotest rural areas. Conducted awareness program on various health issues in Uttar Pradesh, Bihar and Madhya Pradesh and also provided Nutritional kit to Anemic girls and women.
Children	Support for provision of Cochlear Implants and hearing device for economically deprived deaf children. Launched Shri Samprada Singh Scholarship program to support children from PAN India who were left vulnerable and with very little or no financial support for their further education owing to a COVID-led crisis (family or financial) in their family.
Students	Partnered with Government education department and Civil Society Organization for focusing on remedial centers that provides quality education to slow learners and irregular students for their holistic development. Strategized with our existing partners for online schooling during pandemic. Initiated Aagaz Project in Government Schools to sensitize students and school staffs on proper hygiene and cleanliness.

Stakeholder	Areas of concern addressed
Villagers/ Communities	Provided Mobile Health Clinic Services in rural areas of Sikkim, Baddi (Himachal Pradesh), Raigad (Maharashtra) and Indore (Madhya Pradhesh). Running of Health centers in villages of Sikkim and Baddi (Himachal Pradesh). Provided short term livelihood opportunities to local civilians during the construction of individual toilets. Distributed ration kits to migrant workers in Maharashtra, Daman, Himachal Pradesh and Sikkim affected due to COVID - 19.
NGO's/ Institutions/ Government	Partnered with various NGO's for overall development of economically and socially deprived communities in various regions. Supplied oxygen concentrators and cylinders in the Government Hospitals of Daman, Sikkim, Madhya Pradesh and Gujarat and facilitated vaccine drive for most underprivileged Communities in certain regions of Uttar Pradesh.

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

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

5 PRINCIPLE

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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

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

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

The Company has not received any complaint regarding violation of human rights during the financial year 2021-22.

6 PRINCIPLE

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

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

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

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

The Company, while undertaking its business operations, also keeps in mind the harmful effects that it's activities might have on the environment. Towards this, the Company takes initiatives like tree plantation, groundwater harvesting, installation of motion sensors and water level sensors, usage of biomass fuel, usage of non CFC refrigerants like R134 and R123 in chillers, replacement of CFL lights to LED, installation of VFDs, usage of briquettes in boilers at its manufacturing facilities.

3. Does the company identify and assess potential environmental risks?

The Company has in place Occupational Health, Safety and Environment Management System. The Company's manufacturing facilities in Baddi and Daman are certified with Environmental Management System ISO 14001:2015 and Occupational Health & Safety Management System ISO 45001:2018. The Company carries out Environmental Impact Assessment (EIA) before commencement of the operation at the manufacturing facilities and based on the EIA study results, mitigation techniques / strategies are devised to address the concerns, if any. Through the applicable periodic Environment Test Analysis reports, the Company monitors and assesses the impact of its activities on the environment. This is done to manage our responsibilities towards the environment.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company currently does not have any projects related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company endeavors towards having clean technology and energy efficiency across its operations.

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

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

(iii) Replaced non-efficient Air Handling Unit (AHU) with new efficient AHU and changed the frequency for AHU filter cleaning from weekly to fortnightly at Daman plant.

(iv) Installed common header for compressed air circuit for optimum utilization of air compressor at Daman plant.

(v) Replaced old conventional brine plant with a new highly efficient brine plant with extra automation and a Plate Heat Exchanger (PHE) system thereby resulting in reduction of electrical power consumption and operational running hours at Ankleshwar plant.

(vi) Installed single 700 TR cooling tower instead of two separate cooling towers at Daman plant.

(vii) Steam Condensate Recovery System installed at Daman plant to recover hot condensate water in boiler feed water tank to utilize the condensate heat.

(viii) Installed light motion sensors for automatic controlling of the lights depending upon any occupancy in area at various plants.

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

(x) Increased Relative Humidity (RH) from 45% to 55% and Chiller set point from 2 to 9 degree celsius at Indore Plant.

(xi) Changed filter cleaning frequency from weekly/ fortnightly/monthly to quarterly basis thereby saving compressed air, water, electricity and manpower at Indore plant.

(xii) Installed timer for automated start and shut down of the AHU at periodic intervals of 12 hours, at the admin, canteen and wash area at Indore plant.

(xiii) Installed diffuser in the wash area taps to avoid excess water flow.

(xiv) Shutdown of AHU for an approx. duration of 12 hours/ day in the idle areas at Indore Plant thereby achieving reduction in the electricity cost.

(xv) Installed Steam Condensate Recovery System so as to achieve increased efficiency of the boilers & reduce the fuel consumption at Sikkim Plant.

(xvi) PID Steam Valves have been installed at different locations for optimum use of energy at Sikkim.

(xvii) Replaced old conventional type hot water system with new hot water system having efficient heat exchanger and other automation which provides reduced steam consumption and better condensate recovery at Mandva plant.

(xviii) Replaced manually operated valves of utilities with automated control valves to reduce the utility consumption at the solvent recovery plant in Mandva, thereby saving steam and other utilities.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company has complied with local laws and regulations and ensures that all the waste generated at the manufacturing facilities is within the permissible limits and also disposed in a responsible manner through the right channels as well as in adherence to applicable regulations.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There are no show cause/ legal notices received from CPCB/ SPCB which are pending as on 31st March, 2022.

7 PRINCIPLE

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

Yes. We are active members of the following associations:

a. Indian Drugs Manufacturer's Association (IDMA)

b. Indian Pharmaceutical Alliance (IPA)

c. Bombay Chamber of Commerce & Industry

d. Pharmaceutical Export Promotion Council of India (Pharmexcil)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

We have advocated for Economic Reforms through the associations.

8 PRINCIPLE

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

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

2. **Are the programs/ projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   The Company undertakes its CSR projects either directly or through its subsidiary Alkem Foundation and also collaborates with external NGOs whenever considered expedient in order to make use of their expertise and their reach to the targeted beneficiaries of the respective programme.

3. **Have you done any impact assessment of your initiative?**

   In order to ensure that the CSR initiatives are directed towards the objectives and meet the desired results, it is important for us to know the impact that the project creates by monitoring the impact internally or through respective NGOs with whom we work. We regularly meet with the project coordinators, external agencies and stakeholders to assess the impact of our CSR projects.

4. **What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

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

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   All our initiatives for the projects done individually as well as that done through NGOs are planned, monitored and evaluated in partnership with the communities. We also maintain all relevant documents, collect records of the activities related to all the projects and most importantly visits to the locations for timely and accurate evaluation of the project.

9 PRINCIPLE

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

   Two consumer cases were pending as at the end of the financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).**

   All the medicinal products manufactured and marketed by the Company are accompanied by label displaying product information as mandated by applicable law.

   The information included on the label is approved by the respective regulatory authorities of the marketing country.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   a. The Competition Commission of India ("CCI") by an order dated 1st December, 2015 imposed a pecuniary penalty of ₹ 746.3 Million on Alkem Laboratories Limited ("Company"), alleging anti-competitive practices under the Competition Act. An appeal was filed before the Competition Appellate Tribunal ("COMPAT") against the CCI order and the CCI Order was set aside on merit on 10th May, 2016. The CCI in exercise of its legal rights preferred the final appeal before the Supreme Court of India on 16th August, 2016, against the Order of the COMPAT and got the matter admitted. Since, the Order of the COMPAT has not been stayed by the Supreme Court of India, the status quo of "no liability" against the Company continues as on date and the matter is still pending.

   b. A complaint was filed against Alkem Laboratories Limited ("Company") before the Competition Commission of India ("CCI") alleging anti-competitive practices under the Competition Act. After final hearing, by an order dated 12th March, 2020, CCI has disposed off the said matter. No pecuniary penalties have been imposed on the Company. The CCI has directed the Company and their respective office bearers who have been held liable in terms of the provisions of the Act, to cease and desist in future from indulging in practices which have been found in the present order to be in contravention of the Competition Act.

      The Company has filed an appeal against the order of the CCI before the National Company Law Appellate Tribunal (NCLAT) despite no pecuniary liability been imposed against the Company. The matter is pending for admission before the Court.

      During the financial year 2021-22, there were no cases filed by any stakeholder against the Company regarding irresponsible advertising.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company's products are prescribed and recommended to the patients (consumers) by medical professionals. As the consumer exercises little to no power in choosing the drugs especially from the specialty category, we do not conduct any consumer survey.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 13 May, 2022

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 2022, 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 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 ("the 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 2022, 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter
Revenue from operations

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 as 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 performance 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 unusual sales trend, 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)

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 standalone financial statements and our 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, 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.

Independent Auditor's Report (Continued)

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 standalone 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 Auditor's) 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 2022 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 its knowledge and belief, 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 persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Company or

Independent Auditor's Report (Continued)

- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material misstatement.

e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXALU6482

Place: Mumbai
Date: 13 May 2022

Annexure A to the Independent Auditor's Report

(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.

(a)(B)The Company has maintained proper records showing full particulars of intangible assets.

(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 a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(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 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 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 and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and 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 except as follows:-

Quarter	Name of bank	Particulars	Amount as per books of account (₹ in lakhs)	Amount as reported in the quarterly return/ statement (₹ in lakhs)	Amount of difference (₹ in lakhs)	Whether return/ statement subsequently rectified
Q1	Kotak Bank	Creditor	88,157	85,428	2,729	No
Q2	Kotak Bank	Debtors	223,095	223,754	(659)	No

(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 guarantee 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:

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

(a) A. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted following unsecured loans to and stood guarantees with subsidiaries:

Particulars	Loan Amount (₹ in million)	Guarantee Amount (₹ in million)
Aggregate amount during the year - Subsidiaries	1.13	500
Balance outstanding as at balance sheet date - Subsidiaries	1.2	500

(a) B. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans and advances and guarantees or security to parties other than subsidiaries.

(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. The Company has not provided any securities during the year, accordingly, the provisions of this clause is not applicable.

(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 given, in our opinion the repayment of principal and payment of interest has been stipulated and the no repayments were due during the year. Further, the Company has not given any advance in the nature of loan to any party during the year.

(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. Further, the Company has not given any advances in the nature of loans to any party 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 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/or services provided by it) 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 been generally regularly deposited by the company with the appropriate authorities;

(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, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are mentioned in Enclosure 1 to this report.

(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

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

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.

(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 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, associates or joint ventures as defined under the Act.

(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, joint ventures or associate companies (as defined under the Act).

(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, 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.

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

(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.

(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) (a) 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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXALU6482

Place: Mumbai
Date: 13 May 2022

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

Enclosure 1 to Annexure A to the Independent Auditor's Report – 31 March 2022

Sr No.	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
01	Central Excise Act, 1944	Excise Duty and Penalty	128.6	8.6	2006-2014	CESTAT
02	Central Excise Act, 1944	Excise Duty and Penalty	53.1	4.0	2015	Joint Secretary
03	Maharashtra VAT Act, 2002	Value Added Tax	147.3	11.2	2006-2007, 2009-2010, 2012-2013, 2013-2014, 2014-2015 & 2015- 16	Joint Commissioner of Sales tax (Appeals)
04	Maharashtra VAT Act, 2002	Value Added Tax	20.3	5.5	2010-11 & 2011-12	Sales Tax Tribunal
05	Maharashtra VAT Act, 2002	Value Added Tax	46.8	2.39	2016-17	Jt. Deputy Commissioner of Maharashtra Sales tax
06	Jharkhand-VAT Act 2005	Value Added Tax	6.2	4.2	2014-16	Deputy Commissioner of Sales tax (Appeal)
07	Central Sales Tax Act, 1956	Central Sales Tax	0.5	0	2014-15	Dy. Commissioner Of Sales Tax(Appeals)
08	West Bengal VAT Act, 2005	Value Added Tax	3.2	0.3	2015-16	Senior Joint Commissioner, Corporate Division (Appellate Authority)
09	Central Sales Tax Act, 1956	Central Sales Tax	0.1	0.01	2014-15	Joint Commissioner of Commercial Taxes Goa
10	Gujarat VAT Act, 2003	Value Added Tax	0.07	0	2006-2007	Commissioner of Commercial Taxes Gujarat
11	Odisha Entry Tax Act, 1999	Entry Tax	0.2	0.1	2012-2014	Odisha Sales Tax Tribunal, Cuttack
12	Odisha VAT Act, 2004	Value Added Tax	1.3	0.1	2012-2014, 2015-2016, 2016-2017 & 2017-2018	Odisha Sales Tax Tribunal, Cuttack
13	Odisha VAT Act, 2004	Value Added Tax	1.0	0.0	2014-2016	Joint Commissioner of Commercial Tax
14	Bihar VAT Act, 2005	Value Added Tax	0.7	0.2	1999-2001	Sales Tax Special circle for Re assessment
15	Bihar VAT Act, 2005	Value Added Tax	13.4	3.2	2010-2012	Joint commissioner of Commercial taxes Appeals
16	Central Sales Tax Act, 1956	Central Sales Tax	12	0.6	2016-17	Joint Dy. Commissioner Of Sales Tax(Appeals).
17	Central Sales Tax Act, 1956	Central Sales Tax	0.05	0	2015-16	Joint Commisioner, Corporate Division (Appealate Authority)
18	Central Sales Tax Act, 1956	Central Sales Tax	0.2	0	2014-2017	Joint commissioner of Commercial Tax
19	Central Sales Tax Act, 1956	Central Sales Tax	3.1	0.3	2009-2010, 2013-14 & 2014-15	Joint Commissioner of Sales Tax (Appeals)
20	Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.07	2010-11	Sales Tax Tribunal - Mazgaon
21	Central Sales Tax Act, 1956	Central Sales Tax	4.2	1.7	2002-2005	Sales Tax Special Circle
22	Central Sales Tax Act, 1956	Central Sales Tax	3.3	0.3	2015-2016	Joint commissioner of Commercial Tax
23	Central Sales Tax Act, 1956	Central Sales Tax	0.4	0	2012-14	Odisha Sales Tax Tribunal, Cuttack
24	Income Tax Act, 1961	Income Tax	600.1	123.7	2010-11 to 2013-2014, 2015-2016 & 2017-18	Commissioner of Income Tax (Appeals)

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

Sr No.	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
25	Customs Act 1962	Customs Duty	52.8	5.2	2013-15	The Customs, Excise & Service Tax Appellate Tribunal
26	Bihar VAT Act, 2005	Value Added Tax	172.6	13.5	2015-16 & 2016-17	Jt. Commissioner Commercial Tax-Central Division, Patna & Asst. Commissioner of State Tax
27	Central Sales Tax Act, 1956	Central Sales Tax	57.3	6.5	2016-17	Asst. Commissioner of State Tax
28	Maharashtra VAT Act, 2002	Value Added Tax	4.0	0	2017-18	Dy. Commissioner of State Tax
29	Central Sales Tax Act, 1956	Central Sales Tax	0.07	0	2017	Dy. Commissioner of State Tax
30	GST Act 2017	Goods and Service Tax	56.28	2.25	2017-18	Deputy Commissioner of GST

Annexure B to the Independent Auditors' report

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Alkem Laboratories Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone 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 standalone 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.

Annexure B to the Independent Auditors' report (Continued)

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXALU6482

Place: Mumbai
Date: 13 May 2022

Standalone Balance Sheet

as at 31 March 2022

(₹ in million)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	17,312.2	16,486.0
(b) **Capital work in progress**	3.1	2,324.5	3,232.6
(c) **Intangible assets**	3.1	1,508.5	1,097.6
(d) **Investment in subsidiaries**	3.2	22,770.2	18,770.4
(e) **Financial assets**			
(i) Investments	3.2	1,164.3	1,131.7
(ii) Loans	3.3	178.5	333.2
(iii) Other financial assets	3.4	6,282.1	221.3
(f) **Deferred tax assets (net)**	3.7C	10,487.4	9,544.3
(g) **Non-current tax assets (net)**	3.7D	330.5	70.2
(h) **Other non-current assets**	3.5	727.4	524.6
Total non-current assets		**63,085.6**	**51,411.9**
2 Current assets			
(a) **Inventories**	3.6	19,757.3	15,132.6
(b) **Financial assets**			
(i) Investments	3.2	1,351.6	1,621.7
(ii) Trade receivables	3.8	17,682.2	15,565.5
(iii) Cash and cash equivalents	3.9	818.2	152.2
(iv) Bank balances other than (iii) above	3.10	22,153.9	16,581.4
(v) Loans	3.3	145.3	116.1
(vi) Other financial assets	3.4	1,542.2	2,377.0
(c) **Other current assets**	3.11	5,138.1	4,713.4
		68,588.8	**56,259.9**
(d) **Non-current assets held for sale**	3.41	17.3	55.5
Total current assets		**68,606.1**	**56,315.4**
TOTAL ASSETS		**131,691.7**	**107,727.3**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	87,197.5	76,018.4
Total Equity		**87,436.6**	**76,257.5**
2 Liabilities			
2a Non-current liabilities			
(a) **Financial liabilities**			
(i) Lease liabilities		378.4	396.9
(b) **Provisions**	3.14	2,576.3	1,904.2
(c) **Other non-current liabilities**	3.15	62.8	69.3
Total non-current liabilities		**3,017.5**	**2,370.4**
2b Current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	22,455.2	13,328.4
(ia) Lease liabilities		104.2	109.8
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	3.16	794.4	1,044.7
Total outstanding dues of creditors other than micro and small enterprises	3.16	10,315.8	8,484.5
(iii) Other financial liabilities	3.17	4,799.1	3,226.9
(b) **Other current liabilities**	3.18	828.7	918.5
(c) **Provisions**	3.14	1,940.2	1,936.5
(d) **Current tax liabilities (net)**	3.7D	-	50.1
Total current liabilities		**41,237.6**	**29,099.4**
Total liabilities		**44,255.1**	**31,469.8**
TOTAL EQUITY AND LIABILITIES		**131,691.7**	**107,727.3**
Significant Accounting Policies	2A		
Notes to the Standalone Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in million)

Particulars		Note no.	For the year ended 31 March 2022	For the year ended 31 March 2021
1	**Income**			
	(a) Revenue from operations	3.19	88,298.1	72,196.8
	(b) Other income	3.20	1,998.9	1,900.1
	Total income		**90,297.0**	**74,096.9**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	28,497.5	20,465.2
	(b) Purchases of stock-in-trade		10,770.4	9,197.9
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(3,609.0)	(3,012.9)
	(d) Employee benefits expense	3.23	14,344.9	11,587.2
	(e) Finance costs	3.24	379.0	429.3
	(f) Depreciation and amortisation expense	3.1	2,189.8	1,989.3
	(g) Other expenses	3.25	20,190.7	14,470.1
	Total expenses		**72,763.3**	**55,126.1**
3	**Profit before exceptional items and tax (1) - (2)**		**17,533.7**	**18,970.8**
4	**Exceptional items**	3.42	-	(127.8)
5	**Profit before tax (3) + (4)**		**17,533.7**	**18,843.0**
6	**Tax expense**	3.7A		
	(a) Current tax		3,038.2	3,318.3
	(b) Deferred tax credit (net)		(917.0)	(1,326.1)
	Total tax expenses (a + b)		**2,121.2**	**1,992.2**
7	**Profit for the year (5) - (6)**		**15,412.5**	**16,850.8**
8	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified subsequently to profit or loss	3.28	(74.7)	(76.7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	26.1	26.8
	(b) (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of other comprehensive income for the year, net of tax		**(48.6)**	**(49.9)**
9	**Total comprehensive income for the year (7) + (8)**		**15,363.9**	**16,800.9**
10	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.31	128.90	140.93
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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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
13 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(a) Equity share capital

(₹ in million)

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

Balance as at 1 April 2020	Change in equity share capital during the year	Restated balance as at 1 April 2020	Change in equity share capital during the year	Balance as at 31 March 2021
239.1	-	239.1	-	239.1

(b) Other Equity

Particulars	Reserves and Surplus			Items of OCI	
	Capital reserve	General reserve	Retained earnings	Remeasurement of defined benefit plans	Total other equity
Balance as at 1 April 2020	5.2	19,380.4	43,503.2	(323.5)	62,565.3
Total Comprehensive Income for the year ended 31 March 2021					
Profit for the year	-	-	16,850.8	-	16,850.8
Other comprehensive income for the year (net of tax)	-	-	-	(49.9)	(49.9)
Total comprehensive income for the year	**-**	**-**	**16,850.8**	**(49.9)**	**16,800.9**
Transactions with owners of the company					
Dividend on equity shares **(Refer Note 3.33)**	-	-	(3,347.8)	-	(3,347.8)
Balance as at 31 March 2021	**5.2**	**19,380.4**	**57,006.2**	**(373.4)**	**76,018.4**
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 period (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**

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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

B.N. Singh
Executive Chairman
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DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(₹ in million)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A.	Cash Flow from Operating Activities:		
	Profit before tax	17,533.7	18,843.0
	Adjustments for:		
	Depreciation and amortisation	2,189.8	1,989.3
	Recovery of bad debts	-	(114.9)
	Unrealised (gain) / loss on fair valuation of investments (net)	(37.6)	(260.6)
	Profit on sale of investments (net)	(28.8)	(17.7)
	Loss / (profit) on sale of property plant and equipment (net)	12.0	23.1
	Dividend income	(36.8)	-
	Profit on sale of brand (net)	-	(351.0)
	Interest income	(1,095.9)	(783.0)
	Interest expenses	379.0	429.3
	Allowances for doubtful debts	1.1	44.6
	Liabilities no longer required , written back	(140.8)	-
	Impairment of investment in subsidiaries	-	127.8
	Unrealised foreign currency (gain) / loss on revaluation (net)	(162.1)	169.1
	Rent income	-	(22.6)
	Subtotal of Adjustments	**1,079.9**	**1,233.4**
	Operating profit before working capital changes	18,613.6	20,076.4
	Adjustments for changes in working capital:		
	(Increase) in trade receivables	(1,728.6)	(599.8)
	(Increase) / Decrease in loans, other financial assets and other assets	407.9	(907.8)
	(Increase) in inventories	(4,624.8)	(4,206.8)
	Increase in trade payable, other financial liabilities and other liabilities	3,195.0	1,742.0
	Increase in provisions	478.8	353.8
	Subtotal of Adjustments	**(2,271.7)**	**(3,618.6)**
	Cash generated from operations	16,341.9	16,457.8
	Less: Income taxes paid (net of refund)	(3,348.5)	(3,213.0)
	Net cash generated from operating activities	**12,993.4**	**13,244.8**
B	Cash Flow from Investing Activities:		
	Purchases of property, plant and equipment	(2,448.7)	(1,308.1)
	Sale of property, plant and equipment	105.9	10.5
	Proceeds from sale of / (Purchase of) investments (net)	304.0	(16.8)
	Profit on sale of brands (net)	-	351.0
	Investments in subsidiaries	(3,999.8)	(1,796.2)
	Investment made in bank deposits having maturity of more than 3 months (net)	(11,538.2)	(9,139.5)
	Dividend received	36.8	-
	Interest received	846.7	666.6
	Rent received	-	22.6
	Net Cash used in investing activities	**(16,693.3)**	**(11,209.9)**
C	Cash Flow from Financing Activities:		
	Proceeds from current borrowings (net)	8,929.0	1,757.6
	Repayment of lease liabilities	(121.5)	(123.1)
	Dividends paid	(4,184.8)	(3,347.8)
	Interest paid	(256.8)	(376.3)
	Net cash (used in)/generated from financing activities	**4,365.9**	**(2,089.6)**
D	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**666.0**	**(54.7)**
E	Cash and cash equivalents as at beginning of the year (Refer Note 3.9)	**152.2**	**206.9**
F	Cash and cash equivalents as at end of the year (D+E) (Refer Note 3.9)	**818.2**	**152.2**

Standalone Statement of Cash Flow

for the year ended 31 March 2022

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 2020	12,030.6
Cash flows from borrowing during the year (net)	1,757.6
Non-Cash Items (foreign exchange changes)	(459.8)
As at 31 March 2021 (Refer note 3.13)	**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**

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Balajirao Pothana
Partner
Membership No. 122632

For and on behalf of the Board of Directors of Alkem Laboratories Limited
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President - Finance &
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Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Mumbai
13 May 2022

Notes

to the standalone financial statements for the year ended 31 March 2022

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 2022 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 13 May 2022.

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 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

2.3 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of intangible assets are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
Right of use	Over the period of lease
Trade Marks & Patents	5 Years

2.4 Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes

to the standalone financial statements for the year ended 31 March 2022

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.

2.5 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.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional

Notes

to the standalone financial statements for the year ended 31 March 2022

compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.8 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

Notes

to the standalone financial statements for the year ended 31 March 2022

b) Finished Goods and Work–in–Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Revenue Recognition and measurement:

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

d) Revenue (including in respect of insurance or other claims, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

e) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

f) Interest income is recognized using the effective interest rate (EIR) method.

g) Dividend from investment is recognised as revenue when right to receive dividend is established.

Assets and liabilities arising from right to return:

The Company has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Company has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Company has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.10 Foreign currency transactions and translations

Transactions in foreign currencies are translated into the functional currency of the Company by applying the appropriate fortnightly rate which best approximates the actual rate of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the statement of profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Notes

to the standalone financial statements for the year ended 31 March 2022

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
- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised
- in case of temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.13 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.16 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.19 Business Combinations:

Business combinations between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities is restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.20 Exceptional items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

Notes

to the standalone financial statements for the year ended 31 March 2022

2.21 Recent accounting pronouncements

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company.

Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the financial statements of the Company.

Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Company.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

Notes

to the standalone financial statements for the year ended 31 March 2022

These amendments had no impact on the financial statements of the Company.

2B Key accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 2A** to the standalone financial statements, 'Significant accounting policies'.

a. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

b. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

c. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

d. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Notes

to the standalone financial statements for the year ended 31 March 2022

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 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.

3.1 Property, Plant and Equipment, Capital work in progress and Other Intangible Assets

(₹ in million)

Particulars	Property plant and equipment								Intangible assets				Capital work in progress
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Right of use	Trade Mark & patents	Total	
As at 1 April 2020	**1,179.7**	**526.2**	**5,921.1**	**12,144.8**	**354.1**	**305.8**	**789.9**	**21,221.6**	**319.5**	**738.4**	**1,237.8**	**2,295.7**	
Additions	-	-	197.2	769.7	54.8	9.0	130.4	1,161.1	38.3	-	-	38.3	
Adjustments **(Refer note 5 below)**	-	-	-	263.3	10.2	-	3.3	276.8	-	-	-	-	
Deletions	-	-	(2.6)	(52.6)	-	(13.2)	(21.5)	(89.9)	-	(84.7)	-	(84.7)	
As at 31 March 2021	**1,179.7**	**526.2**	**6,115.7**	**13,125.2**	**419.1**	**301.6**	**902.1**	**22,569.6**	**357.8**	**653.7**	**1,237.8**	**2,249.3**	
Additions	-	21.1	800.3	2,147.2	49.2	22.1	199.5	3,239.4	127.2	129.2	4.3	260.7	
Adjustments **(Refer note 5 below)**	-	(547.3)	-	205.4	15.8	-	1.3	(324.8)	-	547.3	-	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**	**1,330.2**	**1,242.2**	**3,057.3**	
Depreciation and Amortisation													
As at 1 April 2020	-	24.8	504.3	3,078.4	142.6	118.5	460.5	4,329.1	230.8	139.2	450.6	820.6	
Depreciation/amortisation for the year	-	8.0	181.2	1,234.1	39.0	35.5	138.2	1,636.0	61.5	129.5	162.3	353.3	
Adjustments **(Refer note 5 below)**	-	-	-	165.2	7.6	-	2.0	174.8	-	-	-	-	
Deductions	-	-	(1.0)	(29.0)	-	(8.6)	(17.7)	(56.3)	-	(22.2)	-	(22.2)	
As at 31 March 2021	**-**	**32.8**	**684.5**	**4,448.7**	**189.2**	**145.4**	**583.0**	**6,083.6**	**292.3**	**246.5**	**612.9**	**1,151.7**	
Depreciation/amortisation for the year	-	8.6	204.6	1,385.6	45.0	33.7	156.5	1,834.0	64.8	128.5	162.5	355.8	
Adjustments **(Refer note 5 below)**	-	(41.3)	-	161.0	15.6	-	1.2	136.5	-	41.3	-	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**	**713.6**	**7,900.2**	**357.1**	**416.3**	**775.4**	**1,548.8**	
Net Book Value													
As at 31 March 2021	1,179.7	493.4	5,431.2	8,676.5	229.9	156.2	319.1	16,486.0	65.5	407.2	624.9	1,097.6	3,232.6
As at 31 March 2022	**1,179.7**	**-**	**5,982.4**	**9,422.2**	**234.0**	**138.0**	**356.1**	**17,312.2**	**127.9**	**913.9**	**466.7**	**1,508.5**	**2,324.5**

1. Addition to Property, Plant and Equipment includes items aggregating ₹ **111.2 Million** (For the year ended 31 March 2021 ₹ 49.8 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 ₹ **2,324.5 million** as at 31 March 2022 (31 March 2021: ₹ 3,232.6 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **5.9 million** (31 March 2021: ₹ 17.0 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 book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of **US $ 20.0 million** advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company.

Notes

to the standalone financial statements for the year ended 31 March 2022

5. During the year ended 31 March 2022 and 31 March 2021, 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 2022	For the year ended 31 March 2021
Depreciation expense	1,834.0	1,636.0
Amortisation expense	355.8	353.3
Total	**2,189.8**	**1,989.3**

Capital work-in-progress ageing schedule for the year ended 31 March 2022 and 31 March 2021 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	1,363.8	287.8	242.6	430.2	2,324.5
	(785.9)	*(346.7)*	*(660.8)*	*(1,439.3)*	*(3,232.6)*
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 2022 and 31 March 2021:

(₹ 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
Warehouse modification	27.1	-	-	-	27.1
	-	-	-	-	-
Clean room creation	17.4	-	-	-	17.4
	-	-	-	-	-

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

Notes
to the standalone financial statements for the year ended 31 March 2022

3.2 Investments:

Particulars	Units as at 31 March 2022	Units as at 31 March 2021	Face Value	As at 31 March 2022 (₹ in Million)	As at 31 March 2022 (₹ in Million)	As at 31 March 2021 (₹ in Million)	As at 31 March 2021 (₹ in Million)
Non-Current Investments							
In Equity Shares Unquoted: [at cost]							
A) Investment in Subsidiaries:							
Ascend Laboratories (Pty) Limited (formerly known as Alkem Laboratories (Pty) Limited, South Africa	49,960	49,960	Rand 10	68.8		68.8	
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	3,567,622	3,567,622	Peso 100	485.0		485.0	
Ascend GmbH, Germany (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 **[Refer Note 2 (a)]**	42,964,652	35,590,552	Euro 1	4,682.3		2,897.2	
Alkem Laboratories Korea Inc., South Korea	15,000	15,000	Korean Won 100	0.1		0.1	
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	5,427	5,427	NA	281.0		281.0	
Pharmacor Limited, Kenya	1,000	1,000	KES 100	0.1		0.1	
Pharmacor Pty Limited, Australia (without par value)	68,313,954	68,313,954	NA	224.7		224.7	
Ascend Laboratories (UK) Limited, UK (issued capital 250,000 shares of 1 GBP of which 40 Pence is called up & paid)	250,000	250,000	GBP 1	9.9		9.9	
S&B Pharma Inc., USA **[Refer Note 2 (e)]**	-	138,459	USD 0.01	-		6,120.1	
ThePharmaNetwork, LLC **[Refer Note 2 (e)]**	59,674,767	-	NA	7,583.0		-	
Cachet Pharmaceuticals Private Limited, India **[Refer Note 2 (c)]**	10,813	10,484	INR 100	925.8		888.9	
Indchemie Health Specialities Private Limited, India	127,500	127,500	INR 10	1,640.7		1,640.7	
Enzene Biosciences Limited, India **[Refer Note 2 (b)]**	40,724,500	36,763,278	INR 10	6,640.0		5,940.0	
Ascend Laboratories SAS, Colombia **[Refer Note 2 (d)]**	1,123,329	322,000	COP 1,000	21.9		7.0	
Ascend Laboratories Limited, Canada	20,000	20,000	CAD 1	1.1		1.1	
Alkem Foundation, India	10,000	10,000	INR 10	0.1		0.1	
Connect 2 Clinic Private Limited, India	1,499,994	1,499,994	INR 10	15.0	22,740.4	15.0	18,740.6
Investment in Limited Liability Partnership Firm: Unquoted: [at cost]							
The PharmaNetwork LLP, Kazakhstan					157.6		157.6
Investment in Subsidiaries					**22,898.0**		**18,898.2**
Provision for impairment in value of investments **(Refer note 3.42)**					(127.8)		(127.8)
Investment in Subsidiaries - Sub total (A)					**22,770.2**		**18,770.4**

Notes

to the standalone financial statements for the year ended 31 March 2022

Particulars	Units as at 31 March 2022	Units as at 31 March 2021	Face Value	As at 31 March 2022 (₹ in Million)	As at 31 March 2022 (₹ in Million)	As at 31 March 2021 (₹ in Million)	As at 31 March 2021 (₹ in Million)
B) Other Non-current Investments:							
In Equity Shares of Other Companies and Limited Liability Partnership Firm: Unquoted [at fair value through profit and loss] (Refer note 3 below)					408.6		408.6
Investment In Venture Capital Fund :Unquoted (Non Trade) [at fair value through profit and loss]:					599.4		494.8
Non Convertible Debentures [at amortised cost]							
Unquoted					-		20.0
Quoted					156.3		56.3
Bonds : - Quoted					-		152.0
Other Non Current Investments - Sub total (B)					**1,164.3**		**1,131.7**
Total (A+B)					**23,934.5**		**19,902.1**

Notes:

1) **Details of The PharmaNetwork LLP, Kazakhstan:**

Particulars	As at 31 March 2022 Profit Sharing Ratio	As at 31 March 2022 Capital Accounts	As at 31 March 2021 Profit Sharing Ratio	As at 31 March 2021 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) ₹ **1,785.1 Million** in wholly owned subsidiary in Netherlands viz, "S & B Holdings B.V.".

b) ₹ **700.0 Million** in subsidiary in India viz, "Enzene Biosciences Limited".

c) ₹ **36.9 Million** in wholly owned subsidiary in India viz, "Cachet Pharmaceuticals Private Limited".

d) ₹ **14.9 Million** in wholly owned subsidiary in Colombia viz, "Ascend Laboratories SAS.

e) ₹ **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 **(Refer subnote 6 of note 3.2 C)**

3) During the previous year, 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 2022, the Company had a 6.45% share of profit/loss and voting rights.

C. Current Investments

(₹ in Million)

Particulars	As at 31 March 2022	As at 31 March 2021
1) Investment in funds : (Unquoted) [at fair value through profit and loss]		
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) - **Refer sub note 5 of Note 3.2**	1,073.3	1,288.3
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]:	270.2	216.5
4) Non Convertible Debentures : - Quoted	-	108.8
Total	**1,351.6**	**1,621.7**

Notes

to the standalone financial statements for the year ended 31 March 2022

Notes:

(₹ in Million)

		As at 31 March 2022		As at 31 March 2021	
		Book Value	Market Value	Book Value	Market Value
1)	Aggregate value of Quoted investments	426.5	426.5	533.5	533.5
2)	Aggregate value of Unquoted investments	24,859.5	N.A.	20,990.1	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 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.

6) Pursuant to the Board of Directors approval at its meeting held on 25 May 2021 on the proposed plan for restructuring of the USA business operations by bringing both the subsidiaries namely, S & B Pharma Inc, USA ("S & B") and The PharmaNetwork LLC, USA ("TPNC") under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"), the Company on 4 October 2021 has consummated the transaction whereby TPNC acquired 100% shares of S&B from the Company in exchange of TPNC's shares. Subsequently, with effect from 5 January 2022, S & B now stands dissolved and all its assets and liabilities are now transferred by TPNC as capital contribution in its wholly owned subsidiary S & B Pharma LLC.

3.3 Loans

(₹ in Million)

		As at 31 March 2022	As at 31 March 2021
A.	**Non-current loans**		
	Loans to subsidiary companies **(Refer note 3.35)**	98.3	253.0
	Less: Loss allowance	-	-
		98.3	253.0
	Other receivables	80.2	80.2
	Total	**178.5**	**333.2**
B.	**Current loans**		
	Advance to employees	145.3	116.1
	Total	**145.3**	**116.1**
Break-up of loans			
Loans considered good - Secured		-	-
Loans considered good - Unsecured		323.8	449.3
Loans which have significant increase in credit risk		-	-
Loans - credit impaired		-	-
Total		**323.8**	**449.3**
Less: Loss allowance		-	-
Total loans		**323.8**	**449.3**

Notes

to the standalone financial statements for the year ended 31 March 2022

3.4 Other financial assets

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
A.	**Other non current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	In deposit Accounts:		
	Bank deposits with maturity beyond 12 months	6,011.5	45.8
	Interest on deposits, accrued but not due	96.3	0.7
	Other receivables	-	2.4
	Balances with government authorities	174.3	172.4
	Total	**6,282.1**	**221.3**
B.	**Other current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest on deposits, accrued but not due	512.4	358.8
	Other receivables	34.9	56.6
	Incentive receivable from government	903.1	1,866.6
	Security deposits	91.8	95.0
	Total	**1,542.2**	**2,377.0**

3.5 Other non-current assets

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Capital advances	256.5	270.2
Balances with government authorities	468.7	252.2
Other advances	2.2	2.2
Total	**727.4**	**524.6**

3.6 Inventories

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Raw and packing materials	6,346.9	5,434.4
Goods-in-transit	128.3	25.1
	6,475.2	**5,459.5**
Work-in-progress	1,063.5	846.8
Finished goods	6,517.7	4,061.9
Goods-in-transit	2,529.9	2,465.6
	9,047.7	**6,527.5**
Stock-in-trade	3,104.9	2,249.1
Goods-in-transit	66.0	49.7
	3,170.9	**2,298.8**
Total	**19,757.3**	**15,132.6**

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 2022 is ₹ **462.9 Million** (31 March 2021: ₹ 261.6 Million)

Notes

to the standalone financial statements for the year ended 31 March 2022

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Tax Expense recognised in profit and loss

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax		
Current year tax	3,038.2	3,318.3
	3,038.2	**3,318.3**
Deferred tax credit (net)		
Minimum Alternate Tax (MAT) credit entitlement	(1,519.1)	(1,086.7)
Origination and reversal of temporary differences	602.1	(239.4)
	(917.0)	**(1,326.1)**
Tax expense for the year	**2,121.2**	**1,992.2**

(ii) Tax recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	(74.7)	26.1	(48.6)	(76.7)	26.8	(49.9)
Total	(74.7)	26.1	(48.6)	(76.7)	26.8	(49.9)

(B) Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2022	(%)	For the year ended 31 March 2021
Profit before tax		17,533.7		18,843.0
Tax using the Company's applicable tax rate (Current year 34.9% and Previous Year 34.9%)	34.9%	6,126.3	34.9%	6,583.7
Tax effect of:				
Long term capital gains taxable at lower rate / exempt under income tax	-0.1%	(10.7)	-0.4%	(76.6)
Deferred tax reversal during tax holiday period	-0.1%	(17.8)	-0.2%	(43.1)
Additional deduction allowed under Income Tax Act in respect of Section 80(IE), 80(IB)	-29.1%	(5,102.1)	-23.5%	(4,431.7)
Utilisation of previously written off MAT Credit #	-0.4%	(67.8)	0.0%	-
Permanent disallowance - current year	1.9%	341.5	0.0%	-
Permanent disallowance - prior years	5.6%	978.3	0.0%	-
Others	-0.7%	(126.5)	-0.2%	(40.1)
	12.1%	**2,121.2**	**10.6%**	**1,992.2**

During the year ended 31 March 2022, the Company has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **67.8 million** (31 March 2021: ₹Nil) which was written off in the year ended 31 March 2016. The current tax charge for the year ended 31 March 2022 is after utilizing MAT credit of said amount.

Notes

to the standalone financial statements for the year ended 31 March 2022

(C) Movement in deferred tax assets and liabilities

(₹ 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**

(₹ in million)

Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2021
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,785.6)	75.1	-	(1,710.7)
Investments	(82.0)	(98.1)	-	(180.1)
Deferred Tax Assets:				
Employee benefits	766.6	118.4	26.8	911.8
Trade receivables	114.2	4.9	-	119.1
Deferred Government Grant	32.2	(4.1)	-	28.1
Impairment of investment in subsidiary	-	29.8	-	29.8
Other items	59.1	113.4	-	172.5
MAT credit entitlement	9,087.1	1,086.7	-	10,173.8
Net Deferred Tax Assets / (Liabilities)	**8,191.6**	**1,326.1**	**26.8**	**9,544.3**

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)

	As at 31 March 2022	As at 31 March 2021
Non Current tax assets (net)	330.5	70.2
Current tax liabilities (net)	-	50.1

(E) Unrecognised deferred tax assets

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Unrecognised MAT Credit Entitlement	742.2	810.0

Notes

to the standalone financial statements for the year ended 31 March 2022

3.8 Trade receivables

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Considered good	17,967.8	15,850.0
Credit impaired	-	-
Less: Loss allowance	(285.6)	(284.5)
Total	**17,682.2**	**15,565.5**

Note :

1. Above trade receivables include amount due from related parties ₹ **12,423.1 Million** (31 March 2021: ₹ 10,558.8 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 2022 and 31 March 2021

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	14,807.0	2,421.3	284.8	72.5	89.4	234.3	17,909.3
	(12,745.6)	*(2,134.7)*	*(193.6)*	*(397.2)*	*(162.3)*	*(190.2)*	*(15,823.6)*
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
iv) Disputed Trade receivables - considered good	-	12.9	19.2	4.3	0.0	22.1	58.5
	-	-	-	*(4.3)*	-	*(22.1)*	*(26.4)*
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.

Relationship with struck off companies:

Name of Struck off company	Nature of Transactions	Transactions during the year ended 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Transactions during the year ended 31 March 2021	Balance o/s. at the end of the year as at 31 March 2021	Relationship with the Struck off company
Sita Pharma Pvt. Ltd.	Receivables	-	*	-	*	Customer

* Less than 1 lakh

Notes
to the standalone financial statements for the year ended 31 March 2022

3.9 Cash and cash equivalents

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	3.6	1.9
Cheques and drafts on hand	615.7	38.4
Balance with banks:		
In current accounts	191.9	109.7
In exchange earners' foreign currency account	-	2.2
In Unspent CSR account	1.0	-
In Benevolent fund account	6.0	-
Total	**818.2**	**152.2**

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Unpaid dividend account	1.8	1.6
Bank deposits with maturity within 12 months	22,152.1	16,579.8
Total	**22,153.9**	**16,581.4**

Note: Bank deposits of ₹ **13,438.0 Million** (31 March 2021: ₹ 3,650.0 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other current assets

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	4,103.0	3,881.9
Export incentives receivable	-	347.9
Advance to suppliers:		
Considered good	502.4	161.3
Considered doubtful	133.1	127.6
	635.5	**288.9**
Less: Loss allowance	(133.1)	(127.6)
	502.4	**161.3**
Prepaid expenses	391.8	221.1
Right of return asset	140.9	101.2
Total	**5,138.1**	**4,713.4**

3.12A Equity share capital

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Authorised:		
250,000,000 equity shares of ₹ 2 each (31 March 2021: 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 2021: 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 2022		As at 31 March 2021	
	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 2022

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	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 Mr. Dhananjay Kumar Singh	9,518,565	7.96%	7,466,260	6.24%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,630,000	6.38%	7,625,000	6.38%
Mrs. Jayanti Sinha	5,138,220	4.30%	7,138,220	5.97%

(d) Aggregate Number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Shareholding of promoter

Promoter name	No. of shares as at 31 March 2022	No. of shares as at 31 March 2021	% 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	8,662,100	8,662,100	7.24%	0%
Mritunjay Kumar Singh	7,630,000	7,625,000	6.38%	0%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	7,466,260	7.96%	27%
Jayanti Sinha	5,138,220	7,138,220	4.30%	-28%
Madhurima Singh	908,694	2,974,250	0.76%	-69%
Seema Singh	2,937,740	2,937,740	2.46%	0%
Archana Singh	2,394,050	2,394,050	2.00%	0%
Samprada Singh	-	1,577,190	-	-100%
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	1,195,720	1.01%	1%
Shrey Shree Anant Singh	1,195,650	1,195,650	1.00%	0%
Raj Kumar Singh	538,038	538,038	0.45%	0%
Samprada Singh Huf	-	150,800	-	-100%
Sandeep Singh	112,357	112,357	0.09%	0%
Srinivas Singh	81,100	81,100	0.07%	0%
Sarandhar Singh	79,800	79,800	0.07%	0%
Sarvesh Singh	79,800	79,800	0.07%	0%
Balmiki Prasad Singh	122,111	71,595	0.10%	71%
Satish Kumar Singh	71,934	21,417	0.06%	236%
Inderjit Kaur Arora	7,800	7,800	0.01%	0%
Madhurima Singh (shares held on behalf of Dhananjay and Madhurima Singh Trust)	3,055	-	0.00%	-
Annapurna Singh	1	1	0.00%	0%
Manju Singh	1	1	0.00%	0%
Premlata Singh	1	1	0.00%	0%

Notes

to the standalone financial statements for the year ended 31 March 2022

3.12B Other equity

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Capital reserve:		
At the commencement of the year	5.2	5.2
Add: Addition during the year	-	-
At the end of the year	**5.2**	**5.2**
General reserve:		
At the commencement of the year	19,380.4	19,380.4
Add: Transferred from retained earnings	-	-
At the end of the year	**19,380.4**	**19,380.4**
Retained earnings:		
At the commencement of the year	57,006.2	43,503.2
Add: Profit for the year	15,412.5	16,850.8
	72,418.7	**60,354.0**
Less: Appropriations:		
Dividend on equity shares	4,184.8	3,347.8
At the end of the year	**68,233.9**	**57,006.2**
Other comprehensive income:		
At the commencement of the year	(373.4)	(323.5)
Add: Other comprehensive income / (loss) for the year	(48.6)	(49.9)
At the end of the year	**(422.0)**	**(373.4)**
Total	**87,197.5**	**76,018.4**

3.13 Borrowings

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Current borrowings		
Secured		
Loans repayable on demand from banks	10,100.7	3,278.8
	10,100.7	3,278.8
Unsecured		
Working capital loan from banks	12,354.5	10,049.6
	12,354.5	10,049.6
Total	**22,455.2**	**13,328.4**

Notes:

Secured:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹ **10,100.7 Million** (31 March 2021: ₹ 3,278.8 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of interest ranging between 4.20% to 6.30% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Unsecured:

3. Working Capital Loan from banks comprises of overdrafts and cash credit in INR of ₹**Nil** (31 March 2021: ₹ 508.8 Million) and Packing Credit in Foreign Currencies of ₹ **12,354.5 Million** (31 March 2021: ₹ 9,540.8 Million) and are repayable on demand.
4. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 0.26% to 1.30%.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.14 Provisions

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
A.	**Non-current provisions**		
	Provisions for employee benefits		
	- Gratuity **(Refer note 3.28)**	1,279.1	960.9
	- Compensated absences	782.8	559.4
	Provision for anticipated sales returns **(Refer note.3.32)**	514.4	383.9
Total		**2,576.3**	**1,904.2**
B.	**Current provisions**		
	Provision for employee benefits:		
	- Gratuity **(Refer note 3.28)**	670.2	677.7
	- Compensated absences	210.7	411.2
	Provision for anticipated sales returns **(Refer note.3.32)**	1,059.3	847.6
Total		**1,940.2**	**1,936.5**

3.15 Other non-current liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Deferred income on government grant **(Refer note 3.40)**	62.8	69.3
Total	**62.8**	**69.3**

3.16 Trade payables

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises **(Refer note 3.27)**	794.4	1,044.7
Total outstanding dues of creditors other than micro and small enterprises	10,315.8	8,484.5
Total	**11,110.2**	**9,529.2**

Note:-

Due to related parties ₹ **1,659.6 Million** (31 March 2021: ₹ 862.6 Million) **(Refer note 3.35)**

Trade payables ageing schedule for the year ended as on 31 March 2022 and 31 March 2021

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	717.7	75.7	0.5	0.1	0.4	794.4
		(885.3)	*(152.6)*	*(3.8)*	*(2.7)*	*(0.3)*	*(1,044.7)*
ii)	Others	7,082.5	2,982.3	48.5	79.5	123.0	10,315.8
		(5,989.3)	*(2,131.1)*	*(85.7)*	*(125.1)*	*(153.3)*	*(8,484.5)*
iii)	Disputed dues - MSME	-	-	-	-	-	-
		-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
		-	-	-	-	-	-

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

Notes
to the standalone financial statements for the year ended 31 March 2022

Relationship with struck off companies:

(₹ in million)

	Nature of Transactions	Transactions during the year ended 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Transactions during the year ended 31 March 2021	Balance o/s. at the end of the year as at 31 March 2021	Relationship with the Struck off company
India Glycols Limited	Payables	18.6	2.5	-	-	Vendor
Neelam Hotels Private Limited	Payables	1.2	-	-	-	Vendor
Perfect Office Systems Private Limited	Payables	1.1	0.1	*	*	Vendor
Phonographic Performance Limited	Payables	-	0.1	-	-	Vendor
Piccadily Holiday Resorts Ltd	Payables	*	*	*	*	Vendor
Shakun And Company (Services) Pvt Ltd	Payables	*	-	-	-	Vendor
Vagmi Career Consultancy Pvt Ltd	Payables	-	-	*	-	Vendor
Spice Projects Engineering India Pvt Ltd	Payables	*	-	-	-	Vendor

* Less than 1 lakh

3.17 Other financial liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Other current financial liabilities		
Employee payables	1,785.2	1,324.4
Security deposits	180.2	170.4
Accrual for expenses	2,831.9	1,730.5
Unpaid dividend*	1.8	1.6
Total	**4,799.1**	**3,226.9**

Notes:-

* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013 (31 March 2021: ₹Nil).

3.18 Other current liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Due to statutory authorities*	592.5	648.8
Advances from customers	227.1	258.1
Deferred income on government grant **(Refer note 3.40)**	9.1	11.6
Total	**828.7**	**918.5**

Note:-

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

Notes

to the standalone financial statements for the year ended 31 March 2022

3.19 Revenue from operations

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products- (A)	87,100.6	70,880.8
Other operating revenues:		
Technology income	-	153.2
Export incentives	165.7	346.3
Scrap sales	168.7	85.8
Budgetary support benefit under GST	765.0	635.2
Miscellaneous income	98.1	95.5
Total other operating revenue: - (B)	**1,197.5**	**1,316.0**
Total (A) + (B)	**88,298.1**	**72,196.8**

a) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from contract with customers as per contracted price	91,706.3	74,714.7
Adjustments made to contract price on account of:		
Less: Sales return	1,667.7	1,277.5
Less: Discounts	2,938.0	2,556.4
Revenue from contract with customers	87,100.6	70,880.8
Other operating revenue	1,197.5	1,316.0
Revenue from operations	88,298.1	72,196.8

b) Disaggregation of revenue from contracts with customers based on geography:

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from Operations:		
Country of Domicile - India	68,703.8	53,004.6
United States of America	15,190.3	16,232.8
Other Countries	4,404.0	2,959.4
	88,298.1	72,196.8

3.20 Other income

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on		
-Bank deposits	1,037.1	685.6
-Bonds, debentures and loans at amortised cost	58.8	97.4
Dividend income on equity securities	36.8	-
Foreign currency transactions and translation gain (net)	337.2	305.2
Gain on fair value of investments through profit and loss	37.6	260.6
Liabilities/provisions no longer required, written back	140.8	-
Rental income	22.8	22.6
Profit on sale of investments at FVTPL (net)	28.8	17.7
Profit on sale of brand (net) **(Refer note 3.44)**	34.0	351.0
Recovery of bad debts	-	114.9
Miscellaneous income *	265.0	45.1
	1,998.9	**1,900.1**

* Includes freight income recovered from subsidiaries

Notes

to the standalone financial statements for the year ended 31 March 2022

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed	22,978.6	16,899.8
Packing material consumed	5,518.9	3,565.4
	28,497.5	**20,465.2**

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

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock:		
Finished goods	6,527.5	4,366.6
Stock-in-trade	2,298.8	1,610.5
Work-in-progress	846.8	683.1
	9,673.1	**6,660.2**
Less: Closing 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**
	(3,609.0)	**(3,012.9)**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	13,228.2	10,723.4
Contribution to provident and other funds **(Refer note 3.28)**	665.8	528.7
Employees' welfare expenses	450.9	335.1
	14,344.9	**11,587.2**

3.24 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses on		
-Bank overdraft and others	237.0	299.9
-Defined benefit liabilities **(Refer note 3.28)**	81.4	75.5
Other borrowing cost	60.6	53.9
	379.0	**429.3**

Notes

to the standalone financial statements for the year ended 31 March 2022

3.25 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spare parts	781.7	633.6
Power and fuel	1,295.3	1,001.2
Processing charges	614.4	371.7
Contract labour charges	854.8	707.4
Rent **(Refer note 3.29(iii))**	16.5	8.2
Rates and taxes	222.1	135.8
Insurance	229.6	189.3
Marketing, advertisement and promotions	5,188.8	2,932.6
Selling and distribution expenses	2,808.2	1,866.1
Legal and professional Fees	2,396.0	2,495.2
Sales commission	632.1	476.0
Travelling and conveyance	1,925.3	1,274.2
Repairs:		
- Buildings	69.7	47.8
- Plant and machineries	462.8	329.8
- Others	195.9	161.5
Loss on sale / write off of property, plant and equipments (net)	12.0	23.1
Commission to directors	10.8	10.8
Donation *	3.0	34.1
Communication and printing expenses	99.5	81.3
Vehicle expenses	190.1	155.3
Clinical and analytical charges	1,018.7	553.3
Allowances for doubtful debts	1.1	44.6
Corporate Social Responsibility (CSR) expenditure **(Refer note 3.39)**	277.0	216.3
License, registration & technology fees	632.5	420.1
Miscellaneous expenses	252.8	300.8
	20,190.7	**14,470.1**

* Includes **Nil** (31 March 2021: ₹ 10 Million) paid to a political party.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
Claims against the Company not acknowledged as debt:			
(i)	Central Excise demands disputed in appeal {advances paid in dispute ₹ **8.3 Million** (31 March 2021: ₹ 8.3 Million)}	181.8	181.8
(ii)	Sales Tax / Goods and Service tax demands disputed in appeal {advances paid in dispute ₹ **57.6 Million** (31 March 2021: ₹ 31.9 Million)}	554.7	268.8
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹ **5.3 Million** (31 March 2021: ₹ 4.0 Million)}	52.8	53.0
(iv)	Income Tax demands disputed in appeal {advances paid in dispute ₹ **123.7 Million** (31 March 2021: ₹ 123.7 Million)}	39.5	560.5
(v)	Other matters: a. In relation to purchase commitments : ₹ **968.1 Million*** (31 March 2021: ₹ 968.1 Million) b. Supply of Goods: ₹ **0.5 Million** (31 March 2021: ₹ 0.5 Million)** c. In relation to CCI: ₹ **746.3 Million** (31 March 2021: ₹ 746.3 Million)	1,714.9	1,714.9
	Total	**2,543.7**	**2,779.0**

Management considers that 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.

* Claim from vendor in relation to compliance with contractual purchase commitment.

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

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

b) Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **23.0 Million** (31 March 2021: ₹ 28.4 Million)	850.4	868.5
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	14.9	15.1
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer note.3.2)**	192.8	28.3
4	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2021: EUR 0.0625 Million)	5.3	5.4
5	Pending Export Obligation under advance licence / EPCG Scheme	12.7	70.2

Notes

to the standalone financial statements for the year ended 31 March 2022

3.27 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
a)	Principal amount remaining unpaid to any supplier as at the year end	794.4	1,044.7
	Interest due thereon	30.1	32.4
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act, 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	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.	30.1	32.4
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	30.1	32.4

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 2022	For the year ended 31 March 2021
- Contribution to Provident Fund	644.5	503.1
- Contribution to Employee state insurance corporation	21.3	25.6
Total	**665.8**	**528.7**

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

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 2022 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 standalone financial statements for the year ended 31 March 2022

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 2022:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	168.1	147.2
	Past Service Cost	176.4	-
	Interest Cost	81.4	75.5
	Actuarial (gain) / loss	74.7	76.7
	Benefits paid	(189.7)	(65.6)
	PVO at the beginning of the year	1,638.6	1,404.8
	PVO at end of the year	1,949.3	1,638.6
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,949.3	1,638.6
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,949.3)	(1,638.6)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset / (liability) recognised in the balance sheet	(1,949.3)	(1,638.6)
III)	**Net cost for the year**		
	Current Service cost	168.1	147.2
	Past Service Cost	176.4	-
	Interest cost	81.4	75.5
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	74.7	76.7
	Net cost	500.6	299.4
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.71	6.26
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	10% in Next one year and 8% thereafter	10% in Next one year and 8% thereafter

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Defined Benefit Obligation at end of the year	1,949.3	1,638.6	1,404.8	1,064.0	887.0
Experience (Gain)/Loss Adjustment on plan Liabilities	114.1	71.9	173.9	56.0	46.8
Actuarial (Gain)/Loss due to change in assumption	(39.4)	4.8	91.7	8.3	64.3

Notes
to the standalone financial statements for the year ended 31 March 2022

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 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(76.0)	84.0	(64.7)	71.5
Future salary growth (1% movement)	81.0	(74.4)	69.2	(63.9)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.08 years** (Previous year: 6.06 years)

3.29 Leases

Leases as lessee

i. Right of use assets

Right of use assets related to leased properties are presented as Intangible assets.

(₹ in million)

Particulars	As at 31 March 2022 Land and Buildings	As at 31 March 2021 Land and Buildings
Opening balance	407.2	599.2
Amortisation charge for the year	(128.5)	(129.5)
Additions / Adjustments of right of use assets (net)	635.2	(62.5)
Closing Balance	**913.9**	**407.2**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Maturity analysis of lease liability - undiscounted contractual cash flows		
Less than one year	160.7	109.9
One to three years	243.7	213.5
More than three years	255.2	183.3
Total undiscounted cash flows	**659.6**	**506.7**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
General and administrative expenses		
Short-term lease rent expense	16.5	8.2
Amortisation and impairment losses		
Amortisation of right of use lease asset	128.5	129.5
Finance cost		
Interest expense on lease liability	52.1	49.6
	197.1	**187.3**

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash outflow for short-term leases	16.5	8.2
Principal component of cash outflow for long-term leases	121.5	123.1
Interest component of cash outflow for long-term leases	52.1	49.6
Total cash outflow for leases	**190.1**	**180.9**

Notes

to the standalone financial statements for the year ended 31 March 2022

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 ₹ **4,990.5 Million** (Previous year: ₹ 4,419.1 Million).

3.31 Earnings per share (EPS)

Particulars			For the year ended 31 March 2022	For the year ended 31 March 2021
Profit / (Loss) after tax attributable to equity shareholders	₹ in Million	A	15,412.5	16,850.8
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)	128.90	140.93

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 2022	As at 31 March 2021
Carrying amount at the beginning of the year	1,231.5	1,198.5
Add: Provision made during the year	1,346.4	904.9
Less: Amount utilized during the year	1,004.2	871.9
Carrying amount at the end of the year	**1,573.7**	**1,231.5**

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current provision	514.4	383.9
Current provision	1,059.3	847.6
Total	**1,573.7**	**1,231.5**

3.33 Dividend paid and proposed:

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

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2022 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)
Dividend on equity shares	35.00	4,184.8	28.00	3,347.8
Total		**4,184.8**		**3,347.8**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 13 May 2022 (previous year: in the Board meeting held on 25 May 2021) 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 2022 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)
Final dividend on equity shares	4.00	478.3	5.00	597.8
Total		**478.3**		**597.8**

Notes

to the standalone financial statements for the year ended 31 March 2022

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 2022	As at 31 March 2021
	Ascend Laboratories (Pty) Ltd (formerly known as Alkem 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	99.72%	99.84%
	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	100%
	The Pharmanetwork, LLP	Kazakhstan	100%	100%
	Ascend Laboratories, LLC (Wholly owned subsidiary of The PharmaNetwork, LLC)	United States of America	100%	100%
	Ascend Laboratories SAS	Colombia	100%	100%
	Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
	Cachet Pharmaceuticals Private Limited	India	60.63%	58.8%
	Indchemie Health Specialities Private Limited	India	51%	51%
	Ascend Laboratories Limited	Canada	100%	100%
	Pharma Network SpA (Wholly owned subsidiary of Ascend Laboratories SpA)	Chile	100%	100%
	Alkem Foundation	India	100%	100%
	Connect 2 Clinic Private Limited (w.e.f 12th June, 2020)	India	100%	100%
	Ascend Laboratories S.A. DE. CV (Wholly owned subsidiary of Ascend Laboratories SpA) (w.e.f 2 September 2021)	Mexico	100%	-
	S & B Pharma LLC (Wholly owned subsidiary of The PharmaNetwork, LLC) (w.e.f 8th April, 2020)	United States of America	100%	100%

Notes

to the standalone financial statements for the year ended 31 March 2022

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
Mr. Balmiki Prasad Singh	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. A.K.Purwar	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

C) Relatives of Key Managerial Personnel ("KMP") with whom transactions have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of 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	Brother of 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., M/s. Samprada and Nanhamati Singh Family Trust, Legal heirs of Late Mr. Samprada Singh, Legal heirs of Late Mr. Dhananjay Kumar Singh

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2022				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of KMP	Affiliates	Total
		A	B	C	D	
1	Remuneration*	-	660.6	145.3	-	805.9
		-	(656.2)	(167.9)	-	(824.1)
2	Consultancy fees paid	-	-	3.0	-	3.0
		-	-	(2.5)	-	(2.5)
3	Licensing fees	222.3	-	-	-	222.3
		-	-	-	-	-
4	Purchase of stock in trade	2,564.3	-	-	575.2	3,139.5
		(1,833.2)	-	-	(523.3)	(2,356.5)
5	Sale of finished goods	18,943.0	-	-	-	18,943.0
		(18,142.5)	-	-	-	(18,142.5)

Notes

to the standalone financial statements for the year ended 31 March 2022

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

(₹ in million)

Sr. No.	Particulars	For the year ended 31 March 2022				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of KMP	Affiliates	Total
		A	B	C	D	
6	Sale of raw and packing materials (March 2022: ₹ 6,822)	54.5	-	-	0.0	54.5
		(2.7)	-	-	-	(2.7)
7	Purchase of raw and packing materials	35.8	-	-	-	35.8
		(25.3)	-	-	(20.9)	(46.2)
8	Services received	1,723.0	-	-	-	1,723.0
		(1,689.7)	-	-	(0.1)	(1,689.8)
9	Services rendered	0.4	-	-	-	0.4
		(0.2)	-	-	(0.6)	(0.8)
10	Rental income	16.9	-	-	3.8	20.7
		(16.8)	-	-	(3.8)	(20.6)
11	Rent expenses	0.1	1.7	2.2	-	4.0
		(0.1)	(1.6)	(2.5)	-	(4.2)
12	Investments made	(3,999.8)	-	-	-	(3,999.8)
		(3,280.1)	-	-	-	(3,280.1)
13	Dividend paid	-	655.7	461.5	1,168.5	2,285.7
		-	(672.5)	(453.0)	(754.1)	(1,879.6)
14	Loans and advances given to	1.1	2.0	-	-	3.1
		(1.5)	(1.0)	-	-	(2.5)
15	Loans and advances repaid by	163.9	2.0	-	-	165.9
		(17.5)	(1.0)	-	-	(18.5)
16	Donation given to	214.5	-	-	-	214.5
		(40.5)	-	-	-	(40.5)
17	Purchase of PPE	0.1	-	-	-	0.1
		(80.5)	-	-	-	(80.5)
18	Royalty expenses	0.8	-	-	-	0.8
		(0.4)	-	-	-	(0.4)
19	Guarantee commission	6.2	-	-	-	6.2
		(10.1)	-	-	-	(10.1)
20	Royalty income	73.6	-	-	-	73.6
		(49.6)	-	-	-	(49.6)
21	Reimbursement of expenses to	316.6	-	-	-	316.6
		(249.2)	-	-	(3.6)	(252.8)
22	Reimbursement of expenses from (March 2021: ₹ 38,393)	53.7	-	-	-	53.7
		(280.4)	-	-	(0.0)	(280.4)
23	Interest income on loans given	11.1	-	-	-	11.1
		(18.4)	-	-	-	(18.4)
24	Sale of PPE	-	-	-	-	-
		(3.4)	-	-	-	(3.4)
25	Dividend received	35.7	-	-	-	35.7
		-	-	-	-	-
26	Corporate guarantee given for subsidiary	500.0	-	-	-	500.0
		(278.5)	-	-	-	(278.5)
27	Freight income	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.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

*Key managerial personnel remuneration

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short term employee benefits	602.5	564.8
Post-employment benefits	49.7	63.9
Other long-term benefits #	(6.7)	15.5
Commission/sitting fees to Independent Directors	15.1	12.0
Total	**660.6**	**656.2**

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.

Significant Related party transactions

(₹ in million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2022	Year ended 31 March 2021
1	**Purchase of stock in trade**			
	Cachet Pharmaceuticals Private Limited	Subsidiary	1,462.3	1,024.6
	Indchemie Health Specialities Private Limited	Subsidiary	878.1	808.7
	Galpha Laboratories Limited	Affiliate	575.2	523.3
2	**Sale of Finished Goods**			
	Ascend Laboratories, LLC	Step Down Subsidiary	15,086.5	15,681.0
3	**Services received**			
	S&B Pharma Inc., USA (till 5 January 2022)	Wholly owned subsidiary	692.2	1,147.8
	S&B Pharma LLC, USA	Step Down Subsidiary	284.8	-
	Indchemie Health Specialities Private Limited	Subsidiary	501.9	368.9
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)	981.2
	Enzene Biosciences Limited, India	Subsidiary	700.0	800.0

* ₹ 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 **(Refer Note 3.44)**

Balance due from / to the related Parties

(₹ 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

Notes

to the standalone financial statements for the year ended 31 March 2022

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021				
		Subsidiaries/ Step down subsidiaries	Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
1	Outstanding receivables	10,558.8	-	-	-	10,558.8
2	Outstanding payables	762.4	-	-	100.2	862.6
3	Investments	18,898.0	-	-	-	18,898.0
4	Loans receivable	253.0	-	-	-	253.0

Note:

1 **Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013 (hereinafter referred to as "Act")**

a) **Loans and Advances in the nature of loans to subsidiaries (net of provision for doubtful advances) ***

(₹ in million)

Sr. No.	Related Party	Related Party relation	As at 31 March 2022	Maximum balance outstanding during the year	As at 31 March 2021
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	95.4	95.4	85.5
ii	Alkem Laboratories Korea Inc.	Wholly Owned Subsidiary	1.6	1.6	1.5
iii	S & B Pharma Inc. (Till 5 January 2022)	Wholly Owned Subsidiary	-	-	166.0
iv	Ascend Laboratories SDN BHD.	Wholly Owned Subsidiary	1.2	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 2022	As at 31 March 2021
i	S & B Pharma Inc. (Till 5 January 2022)	Wholly Owned Subsidiary	-	-
ii	Ascend Laboratories SpA, Chile	Wholly Owned Subsidiary	2,150.0	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 ₹ **283.7 Mn (AUD 5 Million)** (31 March 2021: ₹ 278.5 Mn (AUD 5 Million)), Ascend Laboratories SpA, Chile amounting to ₹ **151.6 Million** (USD 2 Million) (31 March 2021: ₹ 146.2 Million (USD 2 Million)), Pharma Network SpA (Wholly owned by Ascend Laboratories SpA), Chile amounting to ₹ **189.5 Million (USD 2.5 Million)** (31 March 2021: ₹ 182.8 Million (USD 2.5 Million)) and Enzene Biosciences Limited amounting to ₹ **500.0 Million** (31 March 2021: Nil) in respect of loan taken to meet working capital requirements.

Notes

to the standalone financial statements for the year ended 31 March 2022

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

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at 31 March 2022 and 31 March 2021, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

(₹ 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.

Notes

to the standalone financial statements for the year ended 31 March 2022

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

(₹ in million)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	152.2	152.2	-	-	-	-
Other Bank Balances	-	-	16,581.4	16,581.4	-	-	-	-
Non-current investments*	494.8	-	228.3	723.1	-	494.8	-	494.8
Current investments	1,504.8	-	116.9	1,621.7	216.5	-	1,288.3	1,504.8
Non-current loans	-	-	333.2	333.2	-	-	-	-
Current loans	-	-	116.1	116.1	-	-	-	-
Trade receivables	-	-	15,565.5	15,565.5	-	-	-	-
Other Non-current financial assets	-	-	221.3	221.3	-	-	-	-
Other Current financial assets	-	-	2,377.0	2,377.0	-	-	-	-
	1,999.6	**-**	**35,691.9**	**37,691.5**	**216.5**	**494.8**	**1,288.3**	**1,999.6**
Financial liabilities								
Current borrowings	-	-	13,328.4	13,328.4	-	-	-	-
Trade payables	-	-	9,529.2	9,529.2	-	-	-	-
Lease liabilities	-	-	396.9	396.9	-	-	-	-
Other Current financial liabilities	-	-	3,226.9	3,226.9	-	-	-	-
	-	**-**	**26,481.4**	**26,481.4**	**-**	**-**	**-**	**-**

* 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 due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value :

a) **Level 1**: The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2**: The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3**: The fair value of the remaining financial instrument is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2022; 31 March 2021 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.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.36 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.

Particulars	(₹ in million)
Opening Balance (1 April 2020)	**1,460.0**
Net change in fair value (unrealised)	-
Repayment	(171.7)
Closing Balance (31 March 2021)	**1,288.3**
Net change in fair value (unrealised)	7.0
Repayment	(222.0)
Closing Balance (31 March 2022)	**1,073.3**

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)

Significant unobservable inputs	31 March 2022		31 March 2021	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	54.7	(54.7)	62.5	(62.5)
Cost of Construction - 5%	(10.3)	10.2	(11.6)	11.5
Absorption Timelines - 1 Year	(126.4)	150.0	(142.4)	166.6

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes

to the standalone financial statements for the year ended 31 March 2022

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

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 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	31 March 2022	31 March 2021
India	4,896.3	4,651.9
US	9,396.4	9,004.5
Other regions	3,389.5	1,909.1
	17,682.2	**15,565.5**

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

(₹ in million)

Particulars	31 March 2022	31 March 2021
Stockists/distributors	5,259.1	5,006.7
Subsidiaries	12,423.1	10,558.8
	17,682.2	**15,565.5**

At 31 March 2022, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **9,255.2 million** (31 March 2021: ₹ 8,796.8 million)

Impairment

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

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 2022	31 March 2021
Balance as at the beginning of the year	284.5	260.1
Impairment loss recognised	1.1	44.6
Amounts written off	-	(20.2)
Balance as at the end of the year	**285.6**	**284.5**

Notes

to the standalone financial statements for the year ended 31 March 2022

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

Loans to subsidiaries

The Company has an exposure of ₹ **98.3 million** as at 31 March 2022 (31 March 2021: ₹ 253.0 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 2022 or 31 March 2021. 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 2022 is ₹ **25,286.0 million** (31 March 2021: ₹ 21,523.8 million)

Debt securities

The Company has an exposure of ₹ **164.4 million** as at 31 March 2022 (31 March 2021: ₹ 345.2 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 2022.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2022	31 March 2021
AA	-	20.0
AA -	-	152.1
AAA	156.3	165.0
Not Rated	8.1	8.1
Total	164.4	**345.2**

The Company did not have any debt securities that were past due but not impaired at 31 March 2022 or 31 March 2021. 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.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.36 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 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	931.7	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	-	-	-	-

(₹ in million)

31 March 2021	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liabilities	506.7	804.5	2.8	109.8	129.2	211.3	351.4
Working capital loans from banks	13,328.4	13,328.4	13,328.4	-	-	-	-
Trade payables	9,529.2	9,529.2	9,529.2	-	-	-	-
Other Current financial liabilities	3,226.9	3,226.9	3,226.9	-	-	-	-

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 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 2022, 31 March 2021 in there respective currencies are as below (absolute values):

Particulars	31 March 2022						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Non-current loans	-	-	12,96,553	-	-	-	-
Trade and other receivables	16,80,098	31,32,275	15,57,24,632	1,22,01,130	1,64,365	-	-
Cash and cash equivalents	-	-	32,966	-	-	9	-
	16,80,098	**31,32,275**	**15,70,54,151**	**1,22,01,130**	**1,64,365**	**9**	**-**
Financial liabilities							
Short term borrowings	-	-	16,30,00,000	-	-	-	-
Trade and other payables	17,31,954	1,85,551	2,21,20,453	20,43,015	218	-	7,659
Other Current financial liabilities	-	-	-	-	-	-	-
	17,31,954	**1,85,551**	**18,51,20,453**	**20,43,015**	**218**	**-**	**7,659**
Net foreign currency exposure as at 31 March 2022	**(51,857)**	**29,46,724**	**(2,80,66,302)**	**1,01,58,115**	**1,64,147**	**9**	**(7,659)**

Notes

to the standalone financial statements for the year ended 31 March 2022

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

Particulars	31 March 2021						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Non-current loans	-	-	34,60,242	-	-	-	-
Trade and other receivables	11,29,550	39,59,428	13,96,12,522	65,56,308	49,510	-	-
Cash and cash equivalents	-	-	1,38,231	-	-	11,17,144	-
	11,29,550	**39,59,428**	**14,32,10,995**	**65,56,308**	**49,510**	**11,17,144**	**-**
Financial liabilities							
Short term borrowings	-	-	13,05,00,000	-	-	-	-
Trade and other payables	7,71,122	1,87,745	1,55,04,395	3,35,635	29,548	-	-
Other Current financial liabilities	-	-	-	-	-	-	-
	7,71,122	**1,87,745**	**14,60,04,395**	**3,35,635**	**29,548**	**-**	**-**
Net foreign currency exposure as at 31 March 2021	**3,58,428**	**37,71,683**	**(27,93,400)**	**62,20,673**	**19,962**	**11,17,144**	**-**

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 2022	31 March 2021
EUR	84.22	85.75
GBP	99.46	100.75
USD	75.79	73.11
AUD	56.74	55.70
CAD	60.49	58.03
KES	0.66	0.67
CHF	82.03	77.56

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2022		
10% movement		
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 2022

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

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2021		
10% movement		
EUR	3.1	(3.1)
GBP	38.0	(38.0)
USD	(20.4)	20.4
AUD	34.7	(34.7)
CAD	0.1	(0.1)
KES	0.1	(0.1)
	55.6	**(55.6)**

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 2022	31 March 2021
Fixed-rate instruments		
Financial assets	29,174.0	17,692.8
Financial liabilities	10,583.5	4,294.2
Total	**18,590.5**	**13,398.6**
Variable-rate instruments		
Financial liabilities	12,354.2	9,540.9
Total	**12,354.2**	**9,540.9**

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.

INR	Profit or loss			
	31 March 2022		31 March 2021	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	(2.4)	2.4	(5.9)	5.9
Cash flow sensitivity (net)	**(2.4)**	**2.4**	(5.9)	5.9

Notes

to the standalone financial statements for the year ended 31 March 2022

3.37 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Borrowings	22,455.2	13,328.4
Less : Cash and cash equivalents	818.2	152.2
Net debt	**21,637.0**	**13,176.2**
Total equity	**87,436.6**	**76,257.5**
Net debt to equity ratio	**0.25**	**0.17**

3.38 Payment to auditors (excluding GST)

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor		
Audit fees	23.1	19.8
In other capacity		
Taxation matters	-	0.4
In any other services such as certification, etc.	12.0	8.1
Reimbursement of out of pocket expenses	1.4	1.0
Total	**36.5**	**29.3**

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 ₹ **276.0 million** (Previous Year : ₹ 214.4 million) The Company has spent an amount of ₹ **77.0 Million** (Previous year: ₹ 74.1 Million) towards the CSR obligation of the Company and an amount of ₹ **200.0 Million** (Previous Year: ₹ 142.2 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 ₹ **73.2 million** (Previous Year : ₹ 39.6 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	**59.6**	**-**	**59.6**
		(62.7)	-	(62.7)

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

Notes

to the standalone financial statements for the year ended 31 March 2022

Amount spent during the year on ongoing projects under Section 135(6) of the Act:

(₹ in million)

Balance as on 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as on 31 March 2022	
With the Company	In Separate CSR Unspent Account		From the Company's bank account	From separate CSR Unspent account	With the Company	In Separate CSR Unspent Account
-	-	216.4	17.4	141.2	-	1.0
		(151.7)	*(11.4)*			

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

Subsequent to 31 March 2022, an amount of ₹ **200.0 million** (Previous year: 142.2 million has been transferred to the separate CSR Unspent account on 28 April 2022 (Previous year: 29 April 2021) in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 rules.

3.40 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in FY 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised. The unamortised grant as on 31 March 2022 amounts to ₹ **71.9 million** (Previous year: ₹ 80.9 million), the breakup of which is as below:

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current	62.8	69.3
Current	9.1	11.6
Total	**71.9**	**80.9**

3.41 Non-current assets held for sale

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Plant and equipment	17.1	55.0
Office Equipments	0.2	0.3
Furniture and Fixtures	-	0.2
Total	**17.3**	**55.5**

3.42 Exceptional item

During the previous year, the Company considered indicators of impairment for investments for decline in operational performance or changes in the outlook of future profitability or weaker market conditions, among other potential indicators.

In respect of the overseas investments in Alkem Laboratories Corporation, Philippines, a wholly owned subsidiary of the Company, where indicators of impairment were identified, the Company estimated the recoverable amount based on the value in use of the underlying business. The computation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts for the next year and future projections taking the analysis out into perpetuity. Key assumptions for the value in use computations are those regarding the discount rate, growth rate, exchange rate, market demand, expected changes to selling prices and other direct costs. Changes in selling prices, exchange rates and demand are based on historical experience and expectations of future changes in the market. Beyond the specifically forecasted period, a growth rate of 5% is used to extrapolate the cash flow projections. This rate does not exceed the average long-term growth rate for the relevant market.

The Company estimates discount rates using pre-tax rates that reflect the current market rates for investments of similar risk. The rate for these investments were estimated from the weighted average cost of capital of participants, which operate a portfolio of assets similar to those of the Company's assets. The weighted average pre-tax discount rates used for discounting the cash flows projections was **14.2%**.

The outcome of the test as on 31 March 2021 resulted in the Company recognizing an impairment loss of ₹ 127.8 Million with respect to investment in Alkem Laboratories Corporation, Philippines.

Notes

to the standalone financial statements for the year ended 31 March 2022

3.43 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.

3.44 Sale of brand

During the year ended 31 March 2022, the Company has received net consideration of ₹ **34.0 Million** (Previous Year: ₹ 351.0 Million) towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income.

3.45 Ratios

Sr. No	Ratios	Numerator	Denominator	Mar-22	Mar-21	% Variance	Reason for variance
a)	Current Ratio	Current Assets	Current liabilities	1.66	1.9	-14%	
b)	Debt-equity Ratio	Total Debt	Shareholder's equity	0.3	0.2	47%	Due to increase in OD utilisation during the year
c)	Debt service coverage Ratio	Earnings available for debt service	Debt service	0.90	1.45	-38%	Due to reduction in earnings available for debt service
d)	Return on equity Ratio	Net profit after taxes	Average shareholder's equity	18.8%	24.2%	-22%	
e)	Inventory turnover Ratio	Cost of goods sold or sales	Average inventory	2.04	2.05	0%	
f)	Trade receivables turnover Ratio	Net credit sales	Average accounts receivable	5.24	4.56	15%	
g)	Trade payables turnover Ratio	Net credit purchases	Average trade payables	3.46	3.02	14%	
h)	Net capital turnover Ratio	Net sales	Working capital	3.18	2.60	22%	
i)	Net profit Ratio	Net profit after taxes	Net sales	17.7%	23.8%	-26%	Due to increase in other expenses during the year
j)	Return on capital employed	Earnings before interest and taxes	Capital employed	18.3%	23.7%	-23%	
k)	Return on investment						
	- Quoted			11.2%	13.4%	-17%	
	- Unquoted			5.4%	5.2%	4%	

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

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 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the 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 2022, 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 consolidated 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.

Description of Key Audit Matter
Revenue from operations

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 as 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 performed 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, product recalls, Medicaid allowances and supply penalties. Performing retrospective test to identify any bias with respect to these estimates. • 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 unusual sales trend, 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 consolidated financial statements and our 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 work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and 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

Independent Auditor's Report (Continued)

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on internal financial controls with reference to consolidated 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 18 subsidiaries, whose financial statements/financial information reflect total assets (before consolidation adjustments) of ₹ 16,067 million as at 31 March 2022, total revenues (before consolidation adjustments) of ₹ 16,689 million and net cash flows (before consolidation adjustments) amounting to ₹ 267 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

Independent Auditor's Report (Continued)

the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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 matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information.

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 2022 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 2022 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 consolidated 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 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 2022.

c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.

d) (i) The management has represented that, to the best of its knowledge and belief, 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 persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the

Independent Auditor's Report (Continued)

Holding Company or its subsidiary companies incorporated in India or

- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, incorporated in India from any persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material misstatement.

e) The dividend declared or paid during the year by the Holding Company and its subsidiary companies incorporated in India is in compliance with Section 123 of the Act.

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 which is incorporated in India, 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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXAXD1954

Place: Mumbai
Date: 13 May 2022

Annexure A to the Independent Auditor's Report
on Consolidated Financial Statements

(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, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the below companies incorporated in India and included in the consolidated financial statements.

Name of the entities	CIN	Subsidiary
Indchemie Health Specialities Private Limited	U24230MH1986PTC039692	Subsidiary
Cachet Pharmaceuticals Private Limited	U24230BR1978PTC001328	Subsidiary

According to the information and explanations given to us, in respect of the following company incorporated in India and included in the consolidated financial statements, the CARO report relating to them has not been issued by their auditors till the date of this audit report

Name of the entities	CIN	Subsidiary
Enzene Biosciences Ltd.	U24232PN2006PLC165610	Subsidiary

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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXAXD1954

Place: Mumbai
Date: 13 May 2022

Annexure B to the Independent Auditor's Report

on the consolidated financial statements of Alkem Laboratories Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection 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 Auditors' report (Continued)

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 2 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 qualified with respect to above mentioned matter.

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

Balajirao Pothana
Partner
Membership No. 122632
UDIN: 22122632AIXAXD1954

Place: Mumbai
Date: 13 May 2022

Consolidated Balance Sheet

as at 31 March 2022

(₹ in million)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	22,871.0	22,339.3
(b) **Capital work in progress**	3.1	3,394.8	3,932.8
(c) **Goodwill**	3.36	4,030.9	3,953.9
(d) **Other intangible assets**	3.1	2,115.4	1,636.6
(e) **Financial assets**			
(i) Investments	3.2	2,316.7	1,539.5
(ii) Loans	3.3	80.2	80.2
(iii) Other financial assets	3.4	7,106.7	607.9
(f) **Deferred tax assets (net)**	3.7C	13,092.6	11,079.1
(g) **Non-current tax assets (net)**	3.7D	533.1	171.1
(h) **Other non-current assets**	3.5	796.2	564.0
Total non-current assets		**56,337.6**	**45,904.4**
2 Current assets			
(a) **Inventories**	3.6	30,055.3	23,124.4
(b) **Financial assets**			
(i) Investments	3.2	1,393.1	1,788.3
(ii) Trade receivables	3.8	18,846.0	16,072.1
(iii) Cash and cash equivalents	3.9	2,321.8	1,742.2
(iv) Bank balances other than (iii) above	3.10	23,464.0	18,162.3
(v) Loans	3.3	202.5	187.3
(vi) Other financial assets	3.4	1,731.5	2,606.0
(c) **Other current assets**	3.11	6,322.8	5,550.1
		84,337.0	**69,232.7**
(d) **Non-current assets held for sale**	3.44	17.3	55.5
Total current assets		**84,354.3**	**69,288.2**
TOTAL ASSETS		**140,691.9**	**115,192.6**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	86,139.9	73,528.2
Equity attributable to owners of the Company		**86,379.0**	**73,767.3**
(c) **Non-controlling interest**	3.37	2,094.3	1,812.8
Total Equity		**88,473.3**	**75,580.1**
2 Liabilities			
2a Non-current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	93.8	279.3
(ia) Lease liabilities		664.7	697.1
(b) **Provisions**	3.14	3,327.5	2,507.3
(c) **Other non-current liabilities**	3.15	79.2	88.3
Total non-current liabilities		**4,165.2**	**3,572.0**
2b Current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	25,707.4	16,727.9
(ia) Lease liabilities		216.0	215.5
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	3.16	924.2	1,189.6
Total outstanding dues of creditors other than micro and small enterprises	3.16	10,809.6	9,504.5
(iii) Other financial liabilities	3.17	5,993.8	4,653.9
(b) **Other current liabilities**	3.18	1,503.2	1,193.4
(c) **Provisions**	3.14	2,736.0	2,366.4
(d) **Current tax liabilities (net)**	3.7D	163.2	189.3
Total current liabilities		**48,053.4**	**36,040.5**
Total liabilities		**52,218.6**	**39,612.5**
TOTAL EQUITY AND LIABILITIES		**140,691.9**	**115,192.6**
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

Balajirao Pothana
Partner
Membership No. 122632

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

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Mumbai
13 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in million)

Particulars	Note no.	For the year ended 31 March 2022	For the year ended 31 March 2021
1 Income			
(a) Revenue from operations	3.19	106,341.9	88,650.1
(b) Other income	3.20	1,626.5	2,332.1
Total income		**107,968.4**	**90,982.2**
2 Expenses			
(a) Cost of materials consumed	3.21	32,260.6	23,945.4
(b) Purchases of stock-in-trade		14,897.1	14,377.6
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	(5,354.8)	(3,338.4)
(d) Employee benefits expense	3.23	19,627.1	16,210.3
(e) Finance costs	3.24	523.7	589.2
(f) Depreciation and amortisation expense	3.1	3,039.6	2,745.8
(g) Other expenses	3.25	24,382.7	18,031.3
Total expenses		**89,376.0**	**72,561.2**
3 Profit before exceptional items and tax (1) - (2)		**18,592.4**	**18,421.0**
4 Exceptional items	3.2	(149.6)	-
5 Profit before tax (3) + (4)		**18,442.8**	**18,421.0**
6 Tax expense	3.7A		
(a) Current tax		3,619.8	3,965.3
(b) Deferred tax charge/(credit) (net)		(1,980.2)	(1,722.0)
Total tax expenses (a + b)		**1,639.6**	**2,243.3**
7 Profit for the year (5) - (6)		**16,803.2**	**16,177.7**
8 Profit attributable to Non-Controlling Interest	3.37	347.0	327.5
9 Profit attributable to Owners of the Company (7) - (8)		16,456.2	15,850.2
10 Other Comprehensive Income			
(a) (i) Items that will not be reclassified subsequently to profit or loss	3.28	(90.9)	(89.2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	33.2	29.9
(b) (i) Items that will be reclassified to profit or loss		399.1	(283.7)
(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		**341.4**	**(343.0)**
11 Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest	3.37	(4.1)	(3.4)
12 Other Comprehensive Income/(Loss) attributable to Owners of the Company (10) - (11)		345.5	(339.6)
13 Total Comprehensive Income for the year (7) + (10)		**17,144.6**	**15,834.7**
14 Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (8) + (11)	3.37	342.9	324.1
15 Total Comprehensive Income/(Loss) attributable to Owners of the Company (13) - (14)		16,801.7	15,510.6
16 Earnings per share (in ₹): Face value of ₹ 2 each			
Basic and diluted earnings per share	3.33	137.63	132.57
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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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
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M.K. Singh
Executive Director
DIN. 00881412

Sarvesh Singh
Executive Director
DIN. 01278229

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(a) Equity share capital

(₹ in million)

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

Balance as at 1 April 2020	Change in equity share capital during the year	Restated balance as at 1 April 2020	Change in equity share capital during the year	Balance as at 31 March 2021
239.1	-	239.1	-	239.1

(b) Other Equity

(₹ in million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to owners of the parent	Total other equity attribut-able to non-controlling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit plans			
Balance as at 1 April 2020	5.2	13.6	19,872.3	41,165.1	653.1	(341.7)	61,367.6	1,483.0	62,850.6
Total comprehensive income for the year ended 31 March 2021									
Profit for the year	-	-	-	15,850.2	-	-	15,850.2	327.5	16,177.7
Other comprehensive income for the year (net of tax)	-	-	-	-	(280.3)	(59.3)	(339.6)	(3.4)	(343.0)
Total comprehensive income for the year	**-**	**-**	**-**	**15,850.2**	**(280.3)**	**(59.3)**	**15,510.6**	**324.1**	**15,834.7**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	(3,347.8)	-	-	(3,347.8)	-	(3,347.8)
Employee stock option exercised	-	(3.3)	-	-	-	-	(3.3)	5.7	2.4
Employee compensation expense for the year **(Refer Note 3.42)**	-	1.1	-	-	-	-	1.1	-	1.1
Transfer to general reserve from employee stock option outstanding account	-	(0.2)	0.2	-	-	-	-	-	-
Balance as at 31 March 2021	**5.2**	**11.2**	**19,872.5**	**53,667.5**	**372.8**	**(401.0)**	**73,528.2**	**1,812.8**	**75,341.0**
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**

(₹ in million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to owners of the parent	Total other equity attribut-able to non-controlling interest	Total other equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of defined benefit plans			
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)
Employee compensation expense for the year **(Refer Note 3.42)**	-	-	-	-	-	-	-	-	-
Transfer to general reserve from employee stock option outstanding account	-	-	-	-	-	-	-	-	-
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**	**88,234.4**

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.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(₹ in million)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A.	**Cash Flow from Operating Activities:**		
	Profit before Tax	18,442.8	18,421.0
	Adjustments for:		
	Depreciation and amortisation expense	3,039.6	2,745.8
	Liabilities no longer required written back	(160.1)	-
	Profit on sale of investments	(33.8)	(102.6)
	Unrealised (gain) / loss on fair valuation of investments (net)	69.0	(266.9)
	Profit on sale of property plant and equipment (net)	14.3	(37.0)
	Employee stock compensation expenses	-	1.1
	Recovery of Bad debts	-	(114.9)
	Unrealised foreign currency (gain) / loss on revaluation (net)	(177.0)	9.7
	Dividend Income	(1.9)	(0.2)
	Profit on sale of brand (net)	-	(351.0)
	Impairment loss on property, plant and equipment	11.2	-
	Interest Income	(1,226.8)	(901.2)
	Interest expenses	523.7	589.2
	Allowances for doubtful debts	27.8	82.8
	Rent income	-	(8.4)
	Subtotal of Adjustments	**2,086.0**	**1,646.4**
	Operating profit before working capital changes	20,528.8	20,067.4
	Adjustments for changes in working capital:		
	(Increase) in trade receivables	(2,217.5)	(257.6)
	(Increase) / Decrease in loans, other financial assets and other assets	(435.8)	(926.5)
	(Increase) in inventories	(6,731.4)	(4,977.0)
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	3,344.9	2,124.2
	Increase in provisions	590.2	625.3
	Subtotal of adjustments	**(5,449.6)**	**(3,411.6)**
	Cash generated from operations	15,079.2	16,655.8
	Less: Income taxes paid (net of refund)	(3,969.0)	(4,006.8)
	Net Cash generated from operating activities	**11,110.2**	**12,649.0**
B	**Cash Flow from Investing Activities:**		
	Purchases of property, plant and equipment	(3,388.8)	(1,949.1)
	Sale of property, plant and equipment	109.0	104.6
	(Purchase of) / Proceeds from sale of investments (net)	(409.3)	(348.3)
	Profit on sale of brand (net)	-	351.0
	Investment made in bank deposits having maturity of more than 3 months (net)	(11,641.8)	(8,937.9)
	Dividend received	1.9	0.2
	Interest received	977.7	785.7
	Rent received	-	8.4
	Net cash (used in) investing activities	**(14,351.3)**	**(9,985.4)**

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(₹ in million)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	Cash Flow from Financing Activities:		
	Repayment of non-current borrowings (net)	(192.9)	(387.4)
	Proceeds from current borrowings (net)	8,820.7	1,784.2
	Dividends paid	(4,219.1)	(3,347.8)
	Repayment of lease liabilities (net)	(211.7)	(230.3)
	Interest and bank charges paid	(401.3)	(536.2)
	Net cash (used in)/generated from financing activities	**3,795.7**	**(2,717.5)**
D	**Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)**	**554.6**	**(53.9)**
E	**Cash & Cash Equivalents as at the beginning of the year**	**1,742.2**	**1,759.4**
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	**25.0**	**36.7**
F	**Cash & Cash Equivalents as at the end of the year (D+E) (Refer Note 3.9)**	**2,321.8**	**1,742.2**

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	Non-current borrowings	Current borrowings
As at 1 April 2020	739.1	15,416.1
Cash flows from borrowing during the year (net)	(387.4)	1,784.2
Non-Cash Items (foreign exchange changes)	(72.4)	(472.4)
As at 31 March 2021 (Refer note 3.13)	**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**

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Balajirao Pothana
Partner
Membership No. 122632

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

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President - Finance &
Chief Financial Officer

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President - Legal &
Company Secretary

Mumbai
13 May 2022

Mumbai
13 May 2022

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022 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 13 May 2022.

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.

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is

Notes
to the consolidated financial statements for the year ended 31 March 2022

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 2022	As at 31 March 2021
Alkem Laboratories Corporation	Philippines	100%	100%
Ascend Laboratories Pty Ltd (formerly known as Alkem Laboratories Pty Ltd)	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Ascend GmbH	Germany	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%
The PharmaNetwork LLC*	USA	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
S & B Pharma Inc ***	USA	100%	100%
Enzene Biosciences Limited	India	99.72%	99.84%
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%	58.8%
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%	-
Alkem Foundation	India	100%	100%

*Ownership interest held through S & B Holding 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
# with effect from 12 June 2020
Ownership interest held through The PharmaNetwork LLC with effect from 8 April 2020
Ownership interest held through Ascend Laboratories SpA

(b) ***Non-controlling interests (NCI)***

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

Notes

to the consolidated financial statements for the year ended 31 March 2022

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment **(see Note 3.36)**. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities are restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.3 Property, plant and equipment ("PPE")

i) Recognition and measurement

a) Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of PPE not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of PPE outstanding at each balance sheet date are disclosed as capital advance under other non-current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

Notes
to the consolidated financial statements for the year ended 31 March 2022

The estimated useful lives of Tangible assets are as under:-

PPE	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma LLC., USA	Subsidiary in Australia	Subsidiary in Philippines, United Kingdom and Kenya	Subsidiary in South Africa	Subsidiaries in Chile	Subsidiary in Kazakhstan	Subsidiary in Germany
Buildings	5-59 years	-	-	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	5 - 7 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years	-
Office equipment	3 - 6 years	5 years	2.5 - 5 years	3 Years	3 Years	3 - 10 years	2.5 - 4 Years	5-10 Years
Vehicles	8 years	5 years	-	3 Years	-	8 years	3 - 6 Years	-

2.4 Intangible Assets:

I. *Recognition and measurement*

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations **(refer note 2.2 (e))**. These assets are not amortised but are tested for impairment annually.

II. *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

III. *Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma LLC., USA	Subsidiary in Australia	Subsidiary in Philippines, Kazakhstan	Subsidiary in Chile, Germany and Kenya	Subsidiary in South Africa
Computer Software	3 - 6 years	3 years	3 years	3 Years	-	-
Trademark and patents	5 years	5 years	-	-	-	5 years
Technology	-	15 years	-	-	-	-
Right of use	Over the period of lease					

Notes

to the consolidated financial statements for the year ended 31 March 2022

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.

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:

Notes

to the consolidated financial statements for the year ended 31 March 2022

- the stated policies and objectives for the portfolio and the operation of those policies in practice.

  These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Equity instruments

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.9 Inventories:

a) Raw materials and packing materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished goods and work–in–progress are valued at lower of cost (on moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Revenue Recognition:

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

   Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

   Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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.

Assets and liabilities arising from right to return:

The Group has contracts with customers which entitles them the unconditional right to return.

Right to return assets:

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

2.11 Foreign currencies

i. ***Foreign exchange transactions:***

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

ii. ***Foreign operations:***

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR by applying the appropriate monthly average rate which best approximates the actual rate of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) ***Post-employment benefits and other long term benefits:***

i) ***Defined contribution plan:***

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Group's contribution towards provident fund are considered to be defined contribution plan for which the Group makes contribution on monthly basis.

ii) ***Defined benefit and other long term benefit plans:***

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) ***Short term employee benefits:***

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.13 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the Company and its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence, it is presented as Deferred Tax Asset.

ii) ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised :

- in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit
- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has

Notes

to the consolidated financial statements for the year ended 31 March 2022

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:

(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

Notes

to the consolidated financial statements for the year ended 31 March 2022

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.

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:

New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of

Notes

to the consolidated financial statements for the year ended 31 March 2022

definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Group.

Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the financial statements of the Group.

Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Group.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Group.

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.

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

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 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:

The Group considers the following factors in the determination of estimates of sales chargebacks:

i) The historical data of chargebacks as a percentage of sales, as well as actual chargeback reports received from primary wholesaler customers are analyzed on a monthly basis.

ii) Volume of all products sold to wholesaler customers and the average chargeback rates for the prior 60 days as compared to the previous months prior 60 day average.

iii) The Group utilizes data on remaining inventories on hand at primary wholesaler customers at the end of each reporting period in the calculation of estimates for analytical reporting and audit purposes.

iv) The sales trends, wholesale acquisition cost (WAC), the contract prices with the retailers, chain stores, managed care organizations (end-users), and wholesaler customer's contract prices.

Such estimated amounts, in addition to certain other allowances, are deducted from the Group's gross sales to determine net revenues. The amount of actual chargebacks claimed could be either higher or lower than the amounts accrued. Changes in estimates, if any, would be recorded in the income statement in the period the change is determined. If the Group materially over or under estimates the amount that will ultimately be charged back to it by its wholesale customers, there could be a material impact on the Group's financial statements. The reasonableness of each reserve is reviewed on a monthly basis.

3.1 Property, Plant and Equipment, Capital work in progress and Other Intangible Assets

(₹ in million)

Particulars	Property plant and equipment								Other Intangible assets					Capital work in progress
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Trade Mark & patents	Technology	Right of use	Total	
As at 1 April 2020	1,223.2	794.2	8,634.8	16,310.0	464.2	401.2	1,158.9	28,986.7	429.3	1,198.4	182.7	1,287.9	3,098.3	
Additions	-	-	209.8	1,167.5	59.4	11.1	153.9	1,601.7	127.3	0.1	-	27.1	154.5	
Adjustments **(Refer note 5 below)**	-	-	-	263.3	10.2	-	3.3	276.8	-	-	-	-	-	
Deletions	-	-	(3.2)	(178.4)	(2.2)	(15.0)	(22.5)	(221.3)	(0.3)	-	-	(89.6)	(89.9)	
Foreign Exchange Differences on account of foreign operations	-	(3.7)	(34.1)	(54.3)	(0.5)	0.7	0.5	(91.4)	(1.2)	(0.1)	(4.5)	25.2	19.4	
As at 31 March 2021	**1,223.2**	**790.5**	**8,807.3**	**17,508.1**	**531.1**	**398.0**	**1,294.1**	**30,552.5**	**555.1**	**1,198.4**	**178.2**	**1,250.6**	**3,182.3**	
Additions	-	21.1	868.5	2,431.9	58.4	60.8	228.0	3,668.7	133.5	4.3	8.2	244.3	390.3	
Adjustments **(Refer note 5 below)**	137.7	(804.5)	-	203.1	15.8	(5.8)	0.8	(452.9)	-	-	-	666.8	666.8	
Deletions	-	-	(47.3)	(177.1)	(0.9)	(32.9)	(33.2)	(291.4)	-	-	-	(21.4)	(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	(1.8)	8.7	
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**	**2,138.5**	**4,226.7**	
Depreciation and Amortisation														
As at 1 April 2020	0.1	37.2	716.0	4,201.9	180.1	151.8	636.9	5,923.8	313.2	439.9	73.2	239.1	1,065.6	
Depreciation/amortisation for the year	-	9.8	267.2	1,652.7	52.9	48.7	209.3	2,240.6	97.6	152.6	14.4	240.6	505.2	
Adjustments **(Refer note 5 below)**	-	-	-	165.0	7.6	-	2.0	174.6	(0.0)	-	-	-	(0.0)	
Deductions	-	-	(1.5)	(68.5)	(1.5)	(10.1)	(18.5)	(100.1)	(0.3)	-	-	(24.8)	(25.3)	
Foreign Exchange Differences on account of foreign operations	-	(0.1)	(3.5)	(19.2)	(0.4)	0.4	(2.9)	(25.7)	(1.1)	(0.2)	(2.0)	3.5	0.2	
As at 31 March 2021	**0.1**	**46.9**	**978.2**	**5,931.9**	**238.7**	**190.8**	**826.8**	**8,213.2**	**409.4**	**592.3**	**85.6**	**458.4**	**1,545.7**	
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	246.2	518.9	
Adjustments **(Refer note 5 below)**	-	(53.8)	-	159.1	15.6	(4.4)	1.2	117.7	-	-	-	53.8	53.8	
Deductions	-	-	(2.8)	(114.4)	(0.6)	(23.8)	(27.0)	(168.6)	-	-	-	(15.6)	(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	2.2	8.5	
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**	**745.0**	**2,111.2**	
Net Book Value														
As at 31 March 2021	1,223.1	743.6	7,829.1	11,576.2	292.4	207.2	467.3	22,339.3	145.7	606.1	92.6	792.2	1,636.6	3,932.8
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**	**1,393.5**	**2,115.4**	**3,394.8**

Refer Note 3.13 on Borrowings, for the details related to charge on Property, plant and equipment of the Group.

1. Addition to Property, Plant and Equipment includes items aggregating ₹**184.7 million** (31 March 2021: ₹68.5 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 ₹**3,394.8 million** (31 March 2021: ₹3,932.8 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **5.9 million** (31 March 2021: ₹22.3 million).
3. **Refer Note 3.27**(1) for contractual commitments with respect to property, plant and equipments.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 book value of ₹2,150 Million - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of US $ 20 million advanced by advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company.

5. During the year ended 31 March 2022 and 31 March 2021, 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 2022	For the year ended 31 March 2021
Depreciation expense	2,520.7	2,240.6
Amortisation expense	518.9	505.2
Total	**3,039.6**	**2,745.8**

Capital work-in-progress ageing schedule for the year ended 31 March 2022 and 31 March 2021 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	1,644.9	711.0	264.3	774.5	3,394.8
	(1,350.8)	*(378.2)*	*(660.8)*	*(1,542.9)*	*(3,932.8)*
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 2022 and 31 March 2021:

(₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Metric Ton Manufacturing - building	293.8	-	-	-	293.8
	-	*(199.3)*	-	-	*(199.3)*
Metric Ton Manufacturing - equipment	284.9	-	-	-	284.9
	-	*(190.3)*	-	-	*(190.3)*
Glatt GFB Pro 120 & GSCI 350 Install	344.3	-	-	-	344.3
	-	*(136.1)*	-	-	*(136.1)*
Warehouse modification	27.1	-	-	-	27.1
	-	-	-	-	-
Clean room creation	17.4	-	-	-	17.4
	-	-	-	-	-
Mettler - 2 Scales, 2 Weigh Terms	-	-	-	-	-
	(0.4)	-	-	-	*(0.4)*

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

3.2 Investments:

A. Non-current investments

(₹ in million)

Particulars	As at 31 March 2022		As at 31 March 2021	
1) In equity shares: [at fair value through profit and loss] Unquoted: (Refer sub note 7 of Note 3.2)		409.9		409.9
2) Investment In venture capital funds: Unquoted [at fair value through profit and loss]		856.0		554.1
3) Non convertible debentures :[at amortised cost]:				
Unquoted	-		20.0	
Quoted	156.3	156.3	56.3	76.3
4) Bonds: Quoted		894.5		499.2
Total		2,316.7		1,539.5

B. Current investments

(₹ in million)

Particulars	As at 31 March 2022		As at 31 March 2021	
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)**		1,073.3		1,288.3
2) Equity shares: Quoted [at fair value through profit and loss]		37.2		14.7
3) Equity shares: Unquoted [at fair value through profit and loss]	153.9		151.9	
Less: Provision for impairment in value of investments **(Refer sub note 6 of Note 3.2)**	(149.6)	4.3	-	151.9
4) Investment In mutual funds: Quoted: [at fair value through profit and loss]		270.2		216.5
5) Preference shares: (Unquoted) : [at amortised cost]		8.1		8.1
6) Non convertible debentures : - Quoted		-		108.8
Total		1,393.1		1,788.3

Notes:

	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	1,358.2	1,358.2	895.6	895.6
2) Aggregate value of Unquoted investments	2,351.6	N.A.	2,432.3	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 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) Pursuant to the Board of Directors approval at its meeting held on 25 May 2021 on the proposed plan for restructuring of the USA business operations by bringing both the subsidiaries namely, S & B Pharma Inc, USA ("S & B") and The PharmaNetwork LLC, USA ("TPNC") under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"), the Company on 4 October 2021 has consummated the transaction whereby TPNC acquired 100% shares of S&B from the Company

Notes

to the consolidated financial statements for the year ended 31 March 2022

in exchange of TPNC's shares. Subsequently, with effect from 5 January 2022, S & B now stands dissolved and all its assets and liabilities are now transferred by TPNC as capital contribution in its wholly owned subsidiary S & B Pharma LLC.

6) During the current year, the Group has 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** has been debited to the Statement of Profit and Loss and disclosed as an exceptional item.

7) During the previous year, the Company has invested ₹**400 million** in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2022, the Company had a 6.45% share of profit/loss and voting rights.

3.3 Loans

(₹ in Million)

		As at 31 March 2022	As at 31 March 2021
A.	**Non-current loans**		
	(Unsecured, considered good unless otherwise stated)		
	Other receivables	80.2	80.2
	Total	**80.2**	**80.2**
B.	**Current loans**		
	Advances to employees	202.5	186.5
	Loans to others	-	0.8
	Total	**202.5**	**187.3**
Break-up of loans			
Loans considered good - Secured		-	-
Loans considered good - Unsecured		282.7	267.5
Loans which have significant increase in credit risk		-	-
Loans - credit impaired		-	-
Total		282.7	267.5
Less: Loss allowance		-	-
Total		**282.7**	**267.5**

3.4 Other financial assets

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
A.	**Other non-current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	In Deposit accounts:		
	Bank deposits with maturity beyond 12 months	6,789.8	400.0
	Interest on deposits, accrued but not due	101.8	2.9
	Other receivables	-	2.4
	Balances with government authorities	174.3	172.4
	Security deposits	40.8	30.2
Total		**7,106.7**	**607.9**

Note:

Bank deposits of ₹**303.9 Million** (31 March 2021: ₹353.7 Million) are under lien with the Banks against Overdraft facility.

Notes

to the consolidated financial statements for the year ended 31 March 2022

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
B.	**Other current financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	Interest on deposits, accrued but not due	566.2	397.6
	Other receivables	70.7	53.9
	Incentive receivable from government	970.0	2,029.6
	Security deposits	124.6	124.9
	Total	**1,731.5**	**2,606.0**

3.5 Other non-current assets

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Capital advances	325.2	309.5
Balances with government authorities	468.8	252.3
Other advances	2.2	2.2
Total	**796.2**	**564.0**

3.6 Inventories

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Raw and packing materials	7,899.7	6,621.4
Goods-in-transit	128.3	25.1
	8,028.0	**6,646.5**
Work-in-progress	1,343.4	1,087.1
Finished goods	13,440.8	9,133.0
Goods-in-transit	2,536.2	2,471.9
	15,977.0	**11,604.9**
Stock-in-trade	4,597.4	3,696.2
Goods-in-transit	109.5	89.7
	4,706.9	**3,785.9**
Total	**30,055.3**	**23,124.4**

Note:

1. The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year is **₹1,212.7 Million** (31 March 2021: ₹1,289.5 Million)
2. **Refer note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022	For the year ended 31 March 2021
Current tax:		
Current year tax	3,619.8	3,965.3
	3,619.8	**3,965.3**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	(1,519.1)	(1,086.7)
Origination and reversal of temporary differences	(461.1)	(635.3)
	(1,980.2)	**(1,722.0)**
Tax expense for the year	**1,639.6**	**2,243.3**

(ii) Amounts recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	(90.9)	33.2	(57.7)	(89.2)	29.9	(59.3)
Total	**(90.9)**	**33.2**	**(57.7)**	**(89.2)**	**29.9**	**(59.3)**

(B) Reconciliation of effective tax rate

(₹ in million)

Particulars	(%)	For the year ended 31 March 2022	(%)	For the year ended 31 March 2021
Profit before tax		18,442.8		18,421.0
Tax using the Company's applicable tax rate	34.9%	6,443.9	34.9%	6,436.3
Tax effect of:				
Additional deduction allowed under Income Tax Act	-28.4%	(5,238.3)	-24.7%	(4,551.9)
Expense not deductible for tax purposes	0.3%	55.7	0.1%	17.0
Utilisation of previously written off MAT Credit #	-0.4%	(67.8)	0.0%	-
Unrecognised deferred tax asset in subsidiaries	1.0%	193.4	1.5%	277.2
Deferred tax assets on brought forward losses not recognised earlier	-5.2%	(956.2)	0.0%	-
Permanent disallowance - prior years	5.3%	978.3	0.0%	-
Permanent disallowance - current year	1.9%	341.5	0.0%	-
Deferred tax reversal during tax holiday period	-0.1%	(17.8)	-0.2%	(43.1)
Others	-0.5%	(93.2)	0.6%	107.8
Total	**8.9%**	**1,639.6**	**12.2%**	**2,243.3**

During the year ended 31 March 2022, the Group has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **67.8 Million** (31 March 2021: ₹Nil) which was written off in the year ended 31 March 2016. The current tax charge for the year ended 31 March 2022 is after utilizing MAT credit of said amount.

Notes

to the consolidated financial statements for the year ended 31 March 2022

(C) Movement in deferred tax assets and liabilities

(₹ in million)

Particulars	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31March 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	-	1,179.1	1,179.1	-
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**	**1,980.2**	**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**	**1,980.2**	**33.2**	**0.1**	**13,092.6**	**13,092.6**	**-**

(₹ in million)

Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2021	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,595.8)	33.5	-	-	(1,562.3)	-	1,562.3
Investments	(78.4)	(99.9)	-	-	(178.3)	-	178.3
Deferred tax assets							
Inventories	459.7	387.6	-	-	847.3	847.3	-
Employee benefits	881.9	123.2	29.9	-	1,035.0	1,035.0	-
Trade receivable	153.7	17.7	-	-	171.4	171.4	-
Deferred government grant	37.7	(4.7)	-	-	33.0	33.0	-
Other items	298.6	189.0	-	1.3	488.9	488.9	-
Tax losses carried forward	65.8	(33.4)	-	-	32.4	32.4	-
MAT credit entitlement	9,102.5	1,109.2	-	-	10,211.7	10,211.7	-
Tax assets (liabilities)	**9,325.7**	**1,722.0**	**29.9**	**1.3**	**11,079.1**	**12,819.7**	**1,740.6**
Offsetting of deferred tax assets and deferred tax liabilities						(1,740.6)	(1,740.6)
Net tax assets	**9,325.7**	**1,722.0**	**29.9**	**1.3**	**11,079.1**	**11,079.1**	**-**

The Group offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

Notes

to the consolidated financial statements for the year ended 31 March 2022

(D) Tax assets and liabilities

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current tax assets (net)	533.1	171.1
Current tax liabilities (net)	163.2	189.3

(E) Unrecognised deferred tax liability

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹ **2,448.0 Million** (31 March 2021: ₹2,704.4 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	31 March 2022		31 March 2021	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	25.5	6.6	21.7	5.6
Tax Losses	4,633.5	1,204.7	7,925.4	2,314.0
Unrecognised MAT credit entitlement	-	743.8	-	811.6
Total	**4,659.0**	**1,955.1**	**7,947.1**	**3,131.2**

Tax Losses carried forward

(₹ in million)

Particulars	Expiry Date (Financial Year)	As at 31 March 2022	Expiry Date (Financial Year)	As at 31 March 2021
Brought forward losses (allowed to carry forward for specified period)	2023-2030	971.6	2022-29	764.7
Brought forward losses (allowed to carry forward for specified period)	NA	-	2033-37	266.0
Brought forward losses and unabsorbed depreciation (allowed to carry forward for infinite period)		233.1		1,283.3
Total				
		1,204.7		**2,314.0**

3.8 Trade receivable

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured)		
Considered good	19,310.4	16,584.3
Credit impaired	-	-
Less: Loss allowance	(464.4)	(512.2)
Total	**18,846.0**	**16,072.1**

Note :

1. **Refer note 3.38** for information about credit risk and market risk of trade receivables.

Notes

to the consolidated financial statements for the year ended 31 March 2022

Trade receivables ageing schedule for the year ended as on 31 March 2022 and 31 March 2021

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*	15,018.4	3,364.3	376.3	71.6	101.9	318.0	19,250.5
		(12,933.7)	*(2,660.0)*	*(405.5)*	*(147.8)*	*(64.8)*	*(292.0)*	*(16,503.8)*
ii)	Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
iii)	Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
iv)	Disputed Trade receivables - considered good	-	12.9	19.7	5.1	14.4	41.5	93.6
		-	*(3.0)*	-	*(26.2)*	*(1.3)*	*(50.0)*	*(80.5)*
v)	Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
vi)	Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
		-	-	-	-	-	-	-

*Includes unbilled revenue amounting to ₹ **33.7 million** (Previous year : Nil) **(Refer note 3.11)**.

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

Relationship with struck off companies:

Name of Struck off company	Nature of Transactions	Transactions during the year ended 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Transactions during the year ended 31 March 2021	Balance o/s. at the end of the year as at 31 March 2021	Relationship with the Struck off company
Sita Pharma Pvt. Ltd.	Receivables	-	*	-	*	Customer
Arlin Trading And Distribution Pvt Ltd	Receivables	-	0.1	-	0.1	Customer

* Less than 1 lakh

3.9 Cash and cash equivalents

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	7.2	5.2
Cheques and drafts on hand	615.7	38.4
Balance with banks:		
In Current accounts	1,661.9	1,601.0
In Exchange Earners' Foreign Currency Account	-	2.2
In unspent CSR Account	1.0	-
In Benevolent fund account	6.0	-
In Deposit accounts:		
Deposit with original maturity within three months	30.0	95.4
Total	**2,321.8**	**1,742.2**

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.10 Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Unpaid dividend account	1.8	1.6
Bank deposits with maturity within 12 months	23,462.2	18,160.7
Total	**23,464.0**	**18,162.3**

Note:

Bank deposits of ₹**14,046.8 Million** (31 March 2021: ₹4,154.2 Million) are under lien with banks against Overdraft facilities availed.

3.11 Other current assets

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	4,923.2	4,541.9
Export incentives receivable	-	347.9
Advance to suppliers:		
Considered good	574.8	192.9
Considered doubtful	133.1	127.6
	707.9	**320.5**
Less: Loss allowance	(133.1)	(127.6)
	574.8	**192.9**
Prepaid expenses	564.4	303.6
Right of return asset	226.7	163.8
Unbilled revenue	33.7	-
Total	**6,322.8**	**5,550.1**

3.12A Equity share capital

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Authorised:		
250,000,000 equity shares of ₹2/- each (31 March 2021: 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 2021: 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 2022		As at 31 March 2021	
	Number of shares	(₹ in Million)	Number of shares	(₹ in Million)
At the commencement and at the end of the year	119,565,000	239.1	119,565,000	239.1

(b) Rights, preferences and restrictions attached to equity shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

Name of the shareholders:	As at 31 March 2022		As at 31 March 2021	
	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 Mr. Dhananjay Kumar Singh	9,518,565	7.96%	7,466,260	6.24%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,662,100	7.24%
Mr. Mritunjay Kumar Singh	7,630,000	6.38%	7,625,000	6.38%
Mrs. Jayanti Sinha	5,138,220	4.30%	7,138,220	5.97%

(d) Aggregate number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Shareholding of promoter

Promoter name	No. of shares as at 31 March 2022	No. of shares as at 31 March 2021	% 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	8,662,100	8,662,100	7.24%	0%
Mritunjay Kumar Singh	7,630,000	7,625,000	6.38%	0%
Legal heir of Late Dhananjay Kumar Singh	9,518,565	7,466,260	7.96%	27%
Jayanti Sinha	5,138,220	7,138,220	4.30%	-28%
Madhurima Singh	908,694	2,974,250	0.76%	-69%
Seema Singh	2,937,740	2,937,740	2.46%	0%
Archana Singh	2,394,050	2,394,050	2.00%	0%
Samprada Singh	-	1,577,190	-	-100%
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	1,195,720	1.01%	1%
Shrey Shree Anant Singh	1,195,650	1,195,650	1.00%	0%
Raj Kumar Singh	538,038	538,038	0.45%	0%
Samprada Singh Huf	-	150,800	-	-100%
Sandeep Singh	112,357	112,357	0.09%	0%
Srinivas Singh	81,100	81,100	0.07%	0%
Sarandhar Singh	79,800	79,800	0.07%	0%
Sarvesh Singh	79,800	79,800	0.07%	0%
Balmiki Prasad Singh	122,111	71,595	0.10%	71%
Satish Kumar Singh	71,934	21,417	0.06%	236%
Inderjit Kaur Arora	7,800	7,800	0.01%	0%
Madhurima Singh (shares held on behalf of Dhananjay and Madhurima Singh Trust)	3,055	-	0.00%	-
Annapurna Singh	1	1	0.00%	0%
Manju Singh	1	1	0.00%	0%
Premlata Singh	1	1	0.00%	0%

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.12B Other equity

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Capital reserve:		
At the commencement of the year	5.2	5.2
Less: Transferred to retained earnings during the year	-	-
At the end of the year	**5.2**	**5.2**
Employee stock options outstanding account:		
At the commencement of the year	11.2	13.6
Add: Employee compensation expenses for the year	-	1.1
Less: Employee stock option exercised	5.2	3.3
Less: Transfer to general reserve	-	0.2
At the end of the year	**6.0**	**11.2**
General reserve:		
At the commencement of the year	19,872.5	19,872.3
Add: Transferred from retained earnings / employee stock option outstanding account	-	0.2
At the end of the year	**19,872.5**	**19,872.5**
Retained earnings:		
At the commencement of the year	53,667.5	41,165.1
Add: Profit for the year	16,456.2	15,850.2
	70,123.7	**57,015.3**
Less: Appropriations:		
Dividend on equity shares	4,184.8	3,347.8
At the end of the year	**65,938.9**	**53,667.5**
Other comprehensive income:		
At the commencement of the year	(28.2)	311.4
Add: Other comprehensive income / (loss) for the year	345.5	(339.6)
At the end of the year	**317.3**	**(28.2)**
Total	**86,139.9**	**73,528.2**

3.13 Borrowings

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
A. Non-current borrowings		
Secured:		
Term loans		
- from banks	-	183.1
- from other parties	0.3	1.6
Unsecured		
Term loans		
- from related parties **(Refer note 3.31)**	86.5	87.9
- from other parties	7.0	6.7
Total	**93.8**	**279.3**

Notes:

The PharmaNetwork, LLC, USA

Term loan from bank includes loan from Citi Bank of **US $ Nil (₹ Nil**); (31 March 2021: US $ 2.5 Million (₹183.1 Million)). The loan matures on 15 August 2022. The interest rate applicable to this loan varies based on LIBOR rate plus 125 basis points. Interest on the loan is paid quarterly. This loan is secured by a standby letter of credit (SBLC) issued by the Company. As of 31 March 2022, TPNC prepaid the loan and there is no outstanding balance.

Notes
to the consolidated financial statements for the year ended 31 March 2022

Cachet Pharmaceuticals Private Limited ('CPPL')

Secured term loan from other parties consists of hire purchase loans from finance companies secured against the respective assets financed by them. The loan carries interest at the range of 8.75% to 10.87%.

Unsecured loan from related parties and others carry interest at the rate of 4.10% p.a and is repayable after a period of four years.

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
B.	**Current borrowings**		
	Secured		
	Loans repayable on demand from banks	13,351.7	6,310.0
	Term loan from banks	1.2	368.3
		13,352.9	6,678.3
	Unsecured		
	Working capital loan from banks	12,354.5	10,049.6
		12,354.5	10,049.6
Total		**25,707.4**	**16,727.9**

Notes:

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹**10,100.7 Million** (31 March 2021: ₹3,278.8 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of Interest ranging between 4.2% to 6.30% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

1. Overdraft from banks ₹**27.1 Million** (31 March 2021: ₹21.1 Million) are secured against fixed deposits placed with respective banks.
2. This facility carries interest in the range of 5.25% to 5.50%.

Cachet Pharmaceuticals Private Limited ('CPPL')

1. Secured term loan from other parties ₹**1.2 Mn** (31 March 2021: 2.1 Mn) consists of hire purchase loans from finance companies secured against the respective assets financed by them.
2. The loan carries interest at the range of 8.75% to 10.87%.

Enzene Biosciences Limited

1. Overdraft from banks ₹**322.7 Million** (31 March 2021: ₹365.7 Million). Overdraft amounting to ₹184.3 Million is secured against the fixed deposits with the bank and overdraft of ₹ 138.5 Million is secured against corporate guarantee given by the Company.
2. Overdraft facilities carry a rate of interest ranging between 4.45% to 6.40% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

1. Loan facilities of **CLP 649.1 Million (₹ 62.4 Million)** (31 March 2021: CLP 1,410.5 Million (₹140.9 Million)) by Banco de Chile are comprised by a fund based facility (overdraft/working capital credits) with a limit of **CLP 4,350.0 Million**. The interest rate is Tab30+0.083% monthly.
2. Loan from Banco de Chile amounting to **CLP 6,000.0 Million (₹ 577.2 Million)** (31 March 2021: CLP 6,000.0 Million (₹599.4 Million)). The purpose of this facility is Working Capital (Interest rate was 0.1333% monthly until 1 August 2021 and 0.25417% monthly from 2 August 2021 onwards).

   For security details **refer subnote 4 of note 3.1.**

Notes

to the consolidated financial statements for the year ended 31 March 2022

The PharmaNetwork, LLC, USA

1. Term loan from bank includes loan from Citi Bank of ₹**Nil (US $ Nil)**; (31 March 2021: ₹366.2 Million (US $ 5.0 Million). The loan matures on 15 August 2022. The interest rate applicable to this loan varies based on LIBOR rate plus 125 basis points. Interest on the loan is paid quarterly. This loan is secured by a standby letter of credit (SBLC) issued by the Company. As of 31 March 2022, TPNC prepaid the loan and there is no outstanding balance.

2. Working Capital loan of ₹ **2,261.5 Mn (USD 30.0 Mn)** (31 March 2021 ₹1,904.1 Mn (USD 26.0 Mn)) from bank includes revolving credit line taken on 3 October 2017 ('closing date') by the Company are secured upto USD 30,000,000 by issue of ABF Revolving Credit Facility by Citi bank NA which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property 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 1.25% plus daily LIBOR. This agreement is in affect until 2 April 2023 at that time payment to be made in full unless renewal is finalized.

Unsecured:

The Company:

1. Working Capital Loan from banks comprises of overdrafts and cash credit in INR of ₹**Nil** (31 March 2021: ₹508.8 Million) and Packing Credit in Foreign Currencies of ₹**12,354.5 Million** (31 March 2021: ₹9,540.8 Million) and are repayable on demand.

2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 0.26% to 1.30%.

3.14 Provisions

(₹ in million)

		As at 31 March 2022	As at 31 March 2021
A.	**Non-current provisions**		
	Provisions for employee benefits		
	- Gratuity **(Refer note 3.28)**	1,552.3	1,196.4
	- Compensated absences	906.1	669.1
	Provision for anticipated sales returns **(Refer note.3.34)**	869.1	641.8
Total		**3,327.5**	**2,507.3**
B.	**Current provisions**		
	Provision for employee benefits:		
	- Gratuity **(Refer note 3.28)**	707.4	713.2
	- Compensated absences	321.5	514.3
	Provision for rebates **(Refer note.3.34)**	386.5	-
	Provision for anticipated sales returns **(Refer note.3.34)**	1,320.6	1,138.9
Total		**2,736.0**	**2,366.4**

3.15 Other non-current liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Deferred income on government grant **(Refer note 3.43)**	79.2	88.3
Total	**79.2**	**88.3**

3.16 Trade payables

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	924.2	1,189.6
Total outstanding dues of creditors other than micro and small enterprises	10,809.6	9,504.5
Total	**11,733.8**	**10,694.1**

Note:-

Due to related parties ₹ **92.9 Million** (31 March 2021: ₹101.6 Million) **(Refer note 3.31)**

Notes

to the consolidated financial statements for the year ended 31 March 2022

Trade payables ageing schedule for the year ended as on 31 March 2022 and 31 March 2021

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	826.1	97.1	0.5	0.1	0.4	924.2
		(999.2)	*(183.5)*	*(3.8)*	*(2.7)*	*(0.4)*	*(1,189.6)*
ii)	Others	7,502.7	3,153.0	1.7	96.0	56.2	10,809.6
		(6,781.9)	*(2,407.4)*	*(78.2)*	*(129.5)*	*(107.5)*	*(9,504.5)*
iii)	Disputed dues - MSME	-	-	-	-	-	-
		-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
		-	-	-	-	-	-

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 ended 31 March 2022	Balance o/s. at the end of the year as at 31 March 2022	Transactions during the year ended 31 March 2021	Balance o/s. at the end of the year as at 31 March 2021	Relationship with the Struck off company
India Glycols Limited	Payables	18.6	2.5	-	-	Vendor
Neelam Hotels Private Limited	Payables	1.2	-		-	Vendor
Perfect Office Systems Private Limited	Payables	1.1	0.1	*	*	Vendor
Phonographic Performance Limited	Payables	-	0.1	-	-	Vendor
Piccadily Holiday Resorts Ltd	Payables	0.6	0.0	*	*	Vendor
Shakun And Company (Services) Pvt Ltd	Payables	*	-	-	-	Vendor
Vagmi Career Consultancy Pvt Ltd	Payables	-	-	*	-	Vendor
Spice Projects Engineering India Private Limited	Payables	*	-	-	-	Vendor

* Less than 1 lakh

3.17 Other financial liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	2.0	0.9
Employee payables	2,433.1	1,923.5
Security deposits	228.5	217.7
Accrual for expenses	3,328.4	2,510.2
Unpaid dividend*	1.8	1.6
Total	**5,993.8**	**4,653.9**

Notes:-

* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013 (31 March 2021: ₹Nil).

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.18 Other current liabilities

(₹ in million)

	As at 31 March 2022	As at 31 March 2021
Due to statutory authorities*	762.1	781.0
Advances from customers	728.7	395.6
Deferred income on government grant **(Refer note 3.43)**	12.4	16.8
Total	**1,503.2**	**1,193.4**

Note:-

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

3.19 Revenue from operations

(₹ in million)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products- (A)	104,539.6	87,113.9
Sale of services- (B)	580.7	170.1
Other operating revenues:		
Technology income	-	153.2
Export incentives	172.6	381.9
Scrap sales	183.3	89.2
Budgetary support benefit under GST	837.2	691.1
Miscellaneous income	28.5	50.7
Total other operating revenue: - (C)	**1,221.6**	**1,366.1**
TOTAL (A) + (B) + (C)	**106,341.9**	**88,650.1**

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 2022	For the year ended 31 March 2021
Revenue from contract with customers as per contracted price	151,526.9	129,741.4
Adjustments made to contract price on account of:		
Less: Sales return	2,747.8	2,137.1
Less: Discounts / Rebates / Chargebacks	43,658.8	40,320.3
Revenue from contract with customers	105,120.3	87,284.0
Other operating revenue	1,221.6	1,366.1
Revenue from operations	106,341.9	88,650.1

b) Disaggregation of revenue from contracts with customers: Refer note 3.30(a)

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.20 Other income

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on		
-Bank deposits	1,140.9	823.3
-Bonds and debentures at amortised cost	85.9	77.9
Foreign currency transactions and translation gain (net)	-	464.9
Liabilities/provisions no longer required written back	160.1	-
Profit on sale of investments at FVTPL (net)	33.8	102.6
Profit on sale of property, plant and equipments (net)	-	66.6
Gain on fair value of investments through profit and loss	80.7	266.9
Profit on sale of brand (net) **(Refer note 3.41)**	34.0	351.0
Recovery of bad debts	-	114.9
Miscellaneous income	91.1	64.0
Total	**1,626.5**	**2,332.1**

3.21 Cost of materials consumed

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed	26,115.5	20,208.9
Packing material consumed	6,145.1	3,736.5
Total	**32,260.6**	**23,945.4**

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

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock:		
Finished goods	11,604.9	8,701.5
Stock-in-trade	3,785.9	3,608.6
Work-in-progress	1,087.1	857.2
	16,477.9	**13,167.3**
Less: Closing 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**
Effect of foreign exchange translation	194.7	(27.8)
Total	**(5,354.8)**	**(3,338.4)**

3.23 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	17,970.0	14,867.5
Contribution to provident and other fund	915.8	753.9
Employees' welfare expenses	741.3	587.8
Employee stock compensation expenses **(Refer note 3.42)**	-	1.1
Total	**19,627.1**	**16,210.3**

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.24 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses on		
-Bank overdraft and others	308.9	398.7
-Defined benefit liabilities	99.5	89.8
Other borrowing cost	115.3	100.7
Total	**523.7**	**589.2**

3.25 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spare parts	885.0	681.1
Power and fuel	1,629.6	1,299.5
Processing charges	567.9	715.1
Contract labour charges	1,116.2	862.2
Rent **(Refer note 3.29)**	64.3	40.8
Rates and taxes	462.8	444.9
Insurance	414.3	346.4
Marketing, advertisement and promotions	5,968.2	3,456.5
Selling and distribution expenses	3,833.4	2,840.9
Legal and professional Fees	1,867.9	1,737.1
Sales commission	688.7	538.9
Travelling and conveyance	2,591.2	1,739.5
Repairs:		
- Buildings	113.4	99.2
- Plant and machineries	571.7	404.5
- Others	318.4	262.8
Loss on sale / write off of property, plant and equipments (net)	14.3	29.6
Commission to directors	10.8	10.8
Donation *	3.3	34.1
Communication and printing expenses	193.6	143.3
Vehicle expenses	210.7	173.5
Clinical and analytical charges	1,063.6	521.3
Allowances for doubtful debts	27.8	82.8
Corporate Social Responsibility (CSR) expenditure	286.7	230.1
Royalty expenses	145.0	197.6
License, registration & technology fees	771.1	575.6
Impairment loss on property, plant and equipments	11.2	-
Foreign currency transactions and translation loss (net)	16.5	6.5
Miscellaneous expenses	535.1	556.7
Total	**24,382.7**	**18,031.3**

* Includes ₹**Nil** (31 March 2021: ₹10 Million) paid to a political party.

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.26 Contingent Liabilities

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Claims against the Group not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ **8.3 Million** (31 March 2021: ₹ 12.6 Million)}	181.8	181.8
(ii)	Sales Tax / Goods and service tax demand disputed in appeal {advances paid in dispute ₹ **69.3 Million** (31 March 2021: ₹ 38.8 Million)}	586.9	298.0
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹ **5.3 Million** (31 March 2021: ₹ 4.0 Million)}	55.2	53.0
(iv)	Income Tax demand disputed in appeal {advances paid dispute in ₹ **128.8 Million** (31 March 2021: ₹ 128.8 Million)}	147.5	668.6
(v)	Other matters: a. In relation to purchase commitments : ₹ **968.1 Million*** (31 March 2021: ₹ 968.1 Million) b. Supply of Goods: ₹ **0.5 Million** (31 March 2021: ₹ 0.5 Million)** c. In relation to CCI: ₹ **746.3 Million** (31 March 2021: ₹ 746.3 Million)	1,714.9	1,714.9
	Total	**2,686.3**	**2,916.3**

Management considers that the above 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.

*Claim from vendor in relation to compliance with contractual purchase commitment.

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

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

3.27 Commitments

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ **67.5 Million** (31 March 2021: ₹ 51.9 Million)	1,166.3	1,451.7
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	388.4	47.0
3	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2021: EUR 0.0625 Million)	5.3	5.4
4	Pending Export Obligation under advance licence / EPCG Scheme	12.7	70.2

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022	For the year ended 31 March 2021
- Contribution to Provident Fund	786.8	623.1
- Contribution to Employee state insurance corporation	34.7	38.2
Total	**821.5**	**661.3**

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 2022 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's and its Indian subsidiaries financial statements as at 31 March 2022:

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current Service Cost	197.3	172.6
	Past Service Cost	176.4	-
	Interest Cost	99.5	89.8
	Actuarial (gain) / loss	89.4	89.2
	Benefits paid	(207.3)	(81.9)
	PVO at the beginning of the year	1,900.3	1,630.6
	PVO at end of the year	2,255.6	1,900.3
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	2,255.6	1,900.3
	Fair Value of planned assets at end of year	-	-
	Funded status	(2,255.6)	(1,900.3)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(2,255.6)	(1,900.3)

Notes

to the consolidated financial statements for the year ended 31 March 2022

(₹ in million)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
III)	**Net cost for the year**		
	Current Service cost	197.3	172.6
	Past Service Cost	176.4	-
	Interest cost	99.5	89.8
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	89.4	89.2
	Net cost	562.6	351.6
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.09% - 7.10%	6.26% - 6.72%
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Salary escalation rate (%)	5% - 10%	5% - 10%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Defined Benefit Obligation at end of the year	2,255.5	1,900.3	1,630.6	1,249.8	1,042.1
Experience (Gain)/Loss Adjustment on plan Liabilities	134.3	88.1	175.3	61.9	46.3
Actuarial (Gain)/Loss due to change in assumption	(44.9)	1.1	105.6	7.5	60.0

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 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(100.7)	112.9	(88.3)	99.2
Future salary growth (1% movement)	107.7	(97.9)	94.6	(86.0)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **3.96 - 10.86 years** (Previous year: 6.06 - 11.10 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. In 31 March 2022, the Company has engaged the services of an independent actuary for the valuation of its retirement benefit obligation. However, the amount of accrual was not actuarially determined in 31 March 2021 and based on management’s assessment, the amount of accrual does not materially differ had it been determined by actuary. For the years ended 31 March 2022 and 2021, ALC post - employment defined benefit obligation amounted to **PHP 2,865,872** (₹ **4.3 Million)** and PHP 1,566,972 (₹2.4 Million), respectively.

Notes
to the consolidated financial statements for the year ended 31 March 2022

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 2022	As at 31 March 2021
Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
Current Service Cost	0.4	0.6
Actuarial (gain) / loss	1.5	-
PVO at the beginning of the year	2.4	1.8
PVO at end of the year	**4.3**	**2.4**

3.29 Leases

Leases as lessee

i. Right of use assets

Right-of-use assets related to leased properties are presented as Intangible assets

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
	Land and Buildings	Land and Buildings
Opening balance	792.2	1,048.8
Amortisation charge for the year	(300.0)	(240.6)
Additions / Adjustments to right of use assets	911.1	27.1
Derecognition of right of use assets	(5.8)	(64.8)
Foreign exchange differences	(4.0)	21.7
Closing balance	**1,393.5**	**792.2**

ii. Lease liability

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Maturity analysis of lease liability - undiscounted contractual cash flows		
Less than one year	290.8	215.5
One to three years	397.2	357.2
More than three years	444.6	339.9
Total undiscounted cash flows	**1,132.6**	**912.6**

iii. Amount recognised in profit or loss

(₹ in million)

Particulars	For the Year ended 31 March 2022	For the Year ended 31 March 2021
General and administrative expenses		
Short-term lease rent expense	64.3	40.8
Amortisation and impairment losses		
Amortisation of right of use lease asset	246.2	240.6
Foreign exchange difference	2.2	3.5
Impairment losses of right of use lease asset	-	-
Finance cost	-	-
Interest expense on lease liability	75.7	69.0
	388.4	**353.9**

Notes

to the consolidated financial statements for the year ended 31 March 2022

iv. Amount recognised in statement of cash flows

(₹ in million)

Particulars	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Cash outflow for short-term leases	64.3	40.8
Principal component of cash outflow for long-term leases	211.7	230.3
Interest component of cash outflow for long-term leases	75.7	69.0
Total cash outflow for leases	**351.6**	**340.1**

3.30 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Executive Chairman of the Company who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The below information analyses the group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

Sr. No.	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a)	**Revenue from Operations:**		
	Country of Domicile - India	75,266.4	58,208.6
	United States of America	23,290.7	24,665.5
	Other Countries	7,784.9	5,776.0
		106,341.9	**88,650.1**
b)	**Non-current assets** (Refer note below)		
	Country of Domicile - India	25,903.0	25,570.2
	United States of America	5,990.3	5,840.0
	Other Countries	518.8	452.4
		32,412.1	**31,862.6**

Note:-

Non-current assets for this purpose consist of Property, Plant and Equipments, Capital work in progress, Intangibles and Goodwill.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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
Mr. Balmiki Prasad Singh	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. A.K.Purwar	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Mr. Rajesh Dubey	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

B. Relatives of Key Managerial Personnel with whom transaction have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of 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	Brother of 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. Samprada Singh, Legal heirs of Late Mr. Dhananjay Kumar Singh

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Details of Transactions with Related Parties

(₹ in million)

Sr. No.	Particulars	Year ended 31 March 2022			
		Key Managerial Personnel	Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	C	
1	Remuneration*	682.0	145.3	-	827.3
		(656.2)	(167.9)	-	(824.1)
2	Consultancy fees paid	-	3.0	-	3.0
		-	(2.5)	-	(2.5)
3	Loans repaid	-	5.4	-	5.4
		-	(2.3)	-	(2.3)
4	Interest expense on loans taken	-	4.4	-	4.4
		-	(3.6)	-	(3.6)
5	Purchase of stock in trade	-	-	661.1	661.1
		-	-	(527.1)	(527.1)
6	Sale of finished goods	-	-	-	-
		-	-	(0.2)	(0.2)
7	Sale of raw and packing materials (March 2022: ₹ 6,822 March 2021: ₹ 47,200)	-	-	0.0	0.0
		-	-	(0.0)	(0.0)
8	Purchase of raw and packing materials	-	-	4.5	4.5
		-	-	(24.0)	(24.0)
9	Services received	-	-	-	-
		-	-	(0.1)	(0.1)
10	Services rendered	-	-	1.4	1.4
		-	-	(2.3)	(2.3)
11	Rental income	-	-	3.8	3.8
		-	-	(3.8)	(3.8)
12	Rent expenses	1.7	2.2	-	3.9
		(1.6)	(2.5)	-	(4.1)
13	Dividend paid	679.6	471.8	1,168.5	2,319.9
		(672.5)	(453.0)	(754.1)	(1,879.6)
14	Loan given	2.0	-	-	2.0
		(1.0)	-	-	(1.0)
15	Repayment of advances given	2.0	-	-	2.0
		(1.0)	-	-	(1.0)
16	Interest income on loans given	0.0	-	-	0.0
		-	-	-	-
17	Reimbursement of expenses to	-	-	-	-
		-	-	(3.6)	(3.6)
18	Reimbursement of expenses from (March 21: ₹ 38,393)	-	-	-	-
		-	-	(0.0)	(0.0)
19	Scrap sale	-	-	0.0	0.0
	(March 22: ₹ 23,600)	-	-	-	-

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

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

*Key managerial personnel remuneration

Key managerial personnel remuneration comprise the following :

(₹ in million)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short term employee benefits	623.9	564.8
Post-employment benefits	49.7	63.9
Other long-term benefits #	(6.7)	15.5
Commission/sitting fees to Independent Directors	15.1	12.0
Total	**682.0**	**656.2**

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	As at 31 March 2022		
		Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	
1	Outstanding payables	-	92.9	92.9
2	Loan payable	86.5	-	86.5

(₹ in million)

Sr. No.	Particulars	As at 31 March 2021		
		Relatives of Key Managerial Personnel	Affiliates	Total
		A	B	
1	Outstanding payables	-	101.6	101.6
2	Loan payable	87.9	-	87.9

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 ₹ **5,674.3 Million** (31 March 2021: ₹ 5,322.1 Million).

3.33 Earnings per share (EPS)

Particulars			For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year attributable to Owners of the Parent	₹in Million	A	16,456.2	15,850.2
Weighted average number of equity shares outstanding	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	₹	(A / B)	137.63	132.57

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022	As at 31 March 2021
Carrying amount at the beginning of the year	1,780.7	1,533.9
Add: Provision made during the year	2,571.1	1,895.7
Less: Amount utilized during the year	2,162.1	1,648.9
Carrying amount at the end of the year	**2,189.7**	**1,780.7**

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 2022	As at 31 March 2021
Carrying amount at the beginning of the year	-	-
Add: Provision made during the year	386.5	-
Less: Amount utilized during the year	-	-
Carrying amount at the end of the year	**386.5**	-

(₹ in million)

Particulars	As at 31 March 2022	As at 31 March 2021
Non current provision	869.1	641.8
Current provision	1,707.1	1,138.9
Total	**2,576.2**	**1,780.7**

3.35 Dividend paid and proposed:

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

Particulars	Dividend Per Equity Share (₹)	For the year ended 31 March 2022 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)
Dividend on equity shares	35.00	4,184.8	28.00	3,347.8
Total		**4,184.8**		**3,347.8**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 13 May 2022 (previous year: in the Board meeting held on 25 May 2021) 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 2022 (₹ in million)	Dividend Per Equity Share (₹)	For the year ended 31 March 2021 (₹ in million)
Final dividend on equity shares	4.00	478.3	5.00	597.8
Total		**478.3**		**597.8**

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

Name of the Entities	As at 31 March 2022	As at 31 March 2021
Goodwill		
The PharmaNetwork LLC, United States of America	2,358.5	2,284.4
Pharmacor Pty Ltd, Australia	178.2	175.3
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	**4,030.9**	**3,953.9**

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 %)	14.0%	25.0%	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, no impairment was identified for any of the CGU and for goodwill acquired separately as at 31 March 2022, 31 March 2021 as the recoverable value of the CGU and goodwill acquired separately exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022

(₹ in million)

	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)**

31 March 2021

(₹ in million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	**41.2%**	**49.0%**	**0.16%**	
Non- current assets	376.0	1,770.9	2,124.2	4,271.1
Current assets	1,287.3	2,877.6	1,088.6	5,253.5
Non-current liabilities	220.2	507.8	37.9	765.9
Current liabilities	931.5	879.4	653.1	2,464.0
Net assets	**511.6**	**3,261.3**	**2,521.8**	**6,294.7**
Net assets attributable to the non-controlling interest	210.8	1,598.0	4.0	1,812.8
Revenue from operations	3,218.4	4,765.7	297.4	8,281.5
Profit after tax	98.0	594.6	(1,022.0)	(329.4)
Other comprehensive income (net of tax)	(4.8)	(2.9)	(1.7)	(9.4)
Total comprehensive income	**93.2**	**591.7**	**(1,023.7)**	**(338.8)**
Profit/(loss) allocated to non-controlling interest	40.4	291.4	(1.6)	330.2
Changes in proportion held by non-controlling interest	-	-	(2.7)	(2.7)
Profit attributable to Non-Controlling Interest (a)	40.4	291.4	(4.3)	327.5
Other comprehensive income allocated to non-controlling interest (b)	(2.0)	(1.4)	(0.0)	(3.4)
Total comprehensive income allocated to non-controlling interest (a + b)	**38.4**	**290.0**	**(4.3)**	**324.1**
Cash flows from operating activities	63.7	700.2	(878.9)	(115.0)
Cash flows from investing activities	21.0	(361.0)	297.0	(43.0)
Cash flows from financing activities	(105.5)	(415.8)	559.7	38.4
Net increase (decrease) in cash and cash equivalents	**(20.8)**	**(76.5)**	**(22.2)**	**(119.6)**

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at 31 March 2022 and 31 March 2021, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.

(₹ in million)

31 March 2022	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**
Financial liabilities								
Non-current borrowings	-	-	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.

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

(₹ in million)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,742.2	1,742.2	-	-	-	-
Other bank balances	-	-	18,162.3	18,162.3	-	-	-	-
Non-current investments*	554.1	-	575.5	1,129.6	-	554.1	-	554.1
Current investments*	1,519.5	-	116.8	1,636.3	231.2	-	1,288.3	1,519.5
Non-current loans	-	-	80.2	80.2	-	-	-	-
Current loans	-	-	187.3	187.3	-	-	-	-
Trade receivables	-	-	16,072.1	16,072.1	-	-	-	-
Other non-current financial assets	-	-	607.9	607.9	-	-	-	-
Other current financial assets	-	-	2,606.0	2,606.0	-	-	-	-
	2,073.6	**-**	**40,150.3**	**42,223.9**	**231.2**	**554.1**	**1,288.3**	**2,073.6**
Financial liabilities								
Non-current borrowings	-	-	279.3	279.3	-	-	-	-
Current borrowings	-	-	16,727.9	16,727.9	-	-	-	-
Trade payables	-	-	10,694.1	10,694.1	-	-	-	-
Lease liabilities	-	-	912.6	912.6	-	-	-	-
Other current financial liabilities	-	-	4,653.9	4,653.9	-	-	-	-
	-	**-**	**33,267.8**	**33,267.8**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

a) Level 1: The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) Level 2: The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) Level 3: The fair value of the remaining financial instrument is determined using discounted cash flow method. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2022 and 31 March 2021 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/(decrease) if: • the sale price were higher/(lower); • the cost of construction were lower/(higher); or • the absorption timelines will decrease/(increase).

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in million)
Opening Balance (1 April 2020)	**1,460.0**
Net change in fair value (unrealised)	-
Repayment	(171.7)
Closing Balance (31 March 2021)	**1,288.3**
Net change in fair value (unrealised)	7.0
Repayment	(222.0)
Closing Balance (31 March 2022)	**1,073.3**

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)

Significant unobservable inputs	31 March 2022		31 March 2021	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	54.7	(54.7)	62.5	(62.5)
Cost of Construction - 5%	(10.3)	10.2	(11.6)	11.5
Absorption Timelines - 1 Year	(126.4)	150.0	(142.4)	166.6

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.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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.

At 31 March 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in million)

Particulars	31 March 2022	31 March 2021
India	5,932.0	5,654.5
US	10,731.7	8,696.3
Other regions	2,182.3	1,721.3
	18,846.0	**16,072.1**

At 31 March 2022 the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables.

Impairment

As per simplified approach, the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever required.

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 2022	31 March 2021
Balance as at the beginning of the year	512.2	424.3
Impairment loss recognised	27.8	82.8
Amounts written back / written off	(75.6)	5.1
Balance as at the end of the year	**464.4**	**512.2**

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.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

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 2022 is ₹ **3,709.8 million** (31 March 2021: ₹ 3,327.8 million)

Debt securities

The Group has an exposure of ₹ **1,058.9 million** as at 31 March 2022 (31 March 2021: ₹ 692.4 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 2022.

Credit Rating of debt securities is given below:

(₹ in million)

Credit Rating	31 March 2022	31 March 2021
A	35.0	5.0
AA	176.3	25.0
AA -	-	152.1
AA +	534.4	288.4
AAA	305.1	213.8
Not Rated	8.1	8.1
Total	**1,058.9**	**692.4**

The Group did not have any debt securities that were past due but not impaired at 31 March 2022, 31 March 2021. 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.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 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**

(₹ in million)

31 March 2021	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Lease liabilities	912.6	1,259.8	2.8	215.5	251.6	327.6	462.3
Non current borrowings	279.3	282.6	-	2.1	184.3	96.2	-
Current borrowings	16,727.9	16,732.0	16,359.6	372.4	-	-	-
Trade Payables	10,694.1	10,694.1	10,694.1	-	-	-	-
Other Current Financial Liabilities	4,653.9	4,653.9	4,347.7	306.2	-	-	-
	33,267.8	**33,622.4**	**31,404.2**	**896.2**	**435.9**	**423.8**	**462.3**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to EUR, GBP, USD, AUD, CAD, CHF and KES. The Group has formulated hedging policy for monitoring its foreign currency exposure.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2022, 31 March 2021 in there respective currencies are as below (absolute values):

Particulars	31 March 2022						
	EUR	GBP	USD	AUD	CAD	CHF	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

Particulars	31 March 2021						
	EUR	GBP	USD	AUD	CAD	CHF	KES
Financial assets							
Trade Receivables	808,845	-	9,505,212	88,236	49,510	-	-
Cash and cash equivalents	-	-	390,173	-	-	-	1,117,144
	808,845	**-**	**9,895,385**	**88,236**	**49,510**	**-**	**1,117,144**
Financial liabilities							
Short Term Borrowings	-	-	130,500,000	-	-	-	-
Trade Payables	696,631	56,829	10,781,621	65,115	29,548	-	-
Other Current financial liabilities	-	-	-	-	-	-	-
	696,631	**56,829**	**141,281,621**	**65,115**	**29,548**	**-**	**-**
Net foreign currency exposure as at 31 March 2021	**112,213**	**(56,829)**	**(131,386,236)**	**23,120**	**19,962**	**-**	**1,117,144**

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 2022	31 March 2021
EUR	84.22	85.75
GBP	99.46	100.75
USD	75.79	73.11
AUD	56.74	55.70
CAD	60.49	58.03
KES	0.66	0.67
CHF	82.03	77.56

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2022		
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**

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2021		
10% movement		
EUR	1.0	(1.0)
GBP	(0.6)	0.6
USD	(960.6)	960.6
AUD	0.1	(0.1)
CAD	0.1	(0.1)
KES	0.1	(0.1)
	(959.9)	**959.9**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

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 2022	31 March 2021
Fixed-rate instruments		
Financial assets	37,236.2	24,300.3
Financial liabilities	12,066.2	5,781.7
Total	**25,170.0**	**18,518.6**
Variable-rate instruments		
Financial liabilities	14,615.7	12,138.1
Total	**14,615.7**	**12,138.1**

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

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.

INR	Profit or loss			
	31 March 2022		31 March 2021	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	(3.6)	(3.6)	(6.9)	(6.9)
Cash flow sensitivity (net)	**(3.6)**	**(3.6)**	(6.9)	(6.9)

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 2022	As at 31 March 2021
Total Borrowings	25,801.2	17,007.2
Less : Cash and cash equivalents	2,321.8	1,742.2
Net debt	**23,479.4**	**15,265.0**
Total equity	**88,473.3**	**75,580.1**
Net debt to equity ratio	**0.27**	**0.20**

Notes

to the consolidated financial statements for the year ended 31 March 2022

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

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 (Pharma Network SpA and Ascend Laboratories S.A. DE C.V.)	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
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		4.1
Total Eliminations	-28%	(24,721)	4%	584.6	4%	13.1	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 2022

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

Name of the enterprises	31 March 2021							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	101%	76,257.5	106%	16,850.8	15%	(49.9)	108%	16,800.9
Subsidiaries								
Indian								
Enzene Biosciences Limited	3%	2,520.3	-6%	(1,022.0)	1%	(1.7)	-7%	(1,023.7)
Cachet Pharmaceuticals Private Limited	1%	511.7	1%	98.0	1%	(4.8)	1%	93.2
Indchemie Health Specialities Private Limited	4%	3,261.6	4%	594.6	1%	(2.9)	4%	591.7
Alkem Foundation	0%	0.2	0%	0.9	0%	-	0%	0.9
Connect 2 Clinic Private Limited	0%	18.2	0%	3.2	0%	-	0%	3.2
Foreign								
Alkem Laboratories Pty Ltd	0%	94.5	0%	6.1	-4%	13.3	0%	19.4
Ascend GmbH	0%	(14.1)	0%	(66.3)	-1%	2.1	0%	(64.2)
Alkem Laboratories Corporation	0%	(92.0)	0%	(40.1)	0%	(1.2)	0%	(41.3)
S & B Holdings B.V	1%	1,047.6	0%	53.2	20%	(66.3)	0%	(13.1)
Pharmacor Pty Ltd	1%	438.6	1%	101.4	-18%	62.4	1%	163.8
The Pharmanetwork LLC & Subsidiary (Ascend Laboratories LLC)	9%	6,972.8	1%	118.4	52%	(175.9)	0%	(57.5)
Ascend Laboratories SDN BHD.	0%	(0.1)	0%	-	0%	-	0%	-
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	0%	278.4	0%	74.5	-7%	25.1	1%	99.6
Alkem Laboratories, Korea Inc	0%	(0.7)	0%	(0.3)	0%	-	0%	(0.3)
Pharmacor Ltd.	0%	46.5	0%	24.1	1%	(2.2)	0%	21.9
S&B Pharma Inc.	4%	3,350.2	-3%	(489.3)	29%	(97.5)	-4%	(586.8)
The PharmaNetwork, LLP	0%	95.4	0%	2.7	-1%	2.1	0%	4.8
Ascend Laboratories (UK) Limited	0%	48.9	0%	5.9	-1%	3.5	0%	9.4
Ascend Laboratories Ltd	0%	1.1	0%	-	0%	0.1	0%	0.1
Ascend Laboratories SAS	0%	4.1	0%	2.4	0%	0.1	0%	2.5
Total Eliminations	-28%	(21,073.4)	-1%	(140.5)	15%	(49.3)	-1%	(189.8)
Non Controlling Interest	2%	1,812.8	-2%	(327.5)	-1%	3.4	-2%	(324.1)
	100%	**75,580.1**	**100%**	**15,850.2**	**100%**	**(339.6)**	**100%**	**15,510.6**

3.41 Sale of brand

During the year ended 31 March 2022, the Company has received net consideration of ₹ **34.0 Million** (Previous Year: ₹ 351.0 Million) towards assignment of a trademark together with associated goodwill, business and commercial rights and the same has been recognised under Other Income.

Notes

to the consolidated financial statements for the year ended 31 March 2022

3.42 Employee Stock option Scheme

Enzene Biosciences Limited (Subsidiary)

As at 31 March 2022, Subsidiary has following share based payment arrangements for employees:

ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").
ESOS 2016 is established with effect from 15 January 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key managerial personnel and senior employees to purchase shares in the subsidiary at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

Date of Grant	03 March 2016
Exercise price per Option	₹ 125.80
Number of Options granted	145,600
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
03 March 2017	1 year from the date of grant	5.0%	5.0%
03 March 2018	2 years from the date of grant	15.0%	15.0%
03 March 2019	3 years from the date of grant	20.0%	20.0%
03 March 2020	4 years from the date of grant	30.0%	30.0%
03 March 2021	5 years from the date of grant	30.0%	30.0%
Total		**100%**	**100%**

Date of Grant	27 January 2017
Exercise price per Option	₹10
Number of Options granted	56,400
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 4 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27 January 2018	1 year from the date of grant	15.0%	15.0%
27 January 2019	2 years from the date of grant	25.0%	25.0%
27 January 2020	3 years from the date of grant	30.0%	30.0%
27 January 2021	4 years from the date of grant	30.0%	30.0%
Total		**100.0%**	**100.0%**

Date of Grant	25 May 2017
Exercise price per Option	₹ 125.80
Number of Options granted	18000
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Notes
to the consolidated financial statements for the year ended 31 March 2022

3.42 Employee Stock option Scheme (Continued)

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
25 May 2018	1 year from the date of grant	5.0%	5.0%
25 May 2019	2 years from the date of grant	15.0%	15.0%
25 May 2020	3 years from the date of grant	20.0%	20.0%
25 May 2021	4 years from the date of grant	30.0%	30.0%
25 May 2022	5 years from the date of grant	30.0%	30.0%
Total		100%	100%

Share based payment expenses for the year

Name of Scheme	For the year ended 31 March 2022	For the year ended 31 March 2021
ESOS 2016	-	1.1
Total Expenses recognised in Employee benefit expenses	-	**1.1**

Reconciliation of outstanding share options

Particulars	No. of Options	
	31 March 2022	31 March 2021
Outstanding at 1 April	106,416	148,308
Granted during the year	-	-
Forfeited during the year	-	(3,600)
Exercised during the year	(53,208)	(32,815)
Expired during the year	-	(5,477)
Outstanding at 31 March	53,208	106,416

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:

	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%

3.43 Government Grant

The Company:

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has subsequently received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

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 ₹ **1.9 million** Government Grant (Revenue in nature) during the year.

Notes

to the consolidated financial statements for the year ended 31 March 2022

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 2022 amount to ₹ **4.5 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. The grant is with respect to Kumrek facility in Sikkim amounting to ₹ **23.4 million** received in FY 2019-20 under the capital investment subsidy scheme of North East Industrial and Investment Promotion Policy (NEIIPP) 2007. The factory has been constructed and in operation since 9 May 2016. This grant recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

The unamortised grant as on 31 March 2022 of the Group amounts to ₹ **91.5 million** (Previous year: ₹ 105.1 million), the breakup of which is as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Non current	79.2	88.3
Current	12.4	16.8
Total	**91.6**	**105.1**

3.44 Non-current assets held for sale:

Particulars	As at 31 March 2022	As at 31 March 2021
Plant and equipment	17.1	55.0
Office Equipments	0.2	0.3
Furniture and Fixtures	-	0.2
Total	**17.3**	**55.5**

3.45 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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

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

Rajesh Dubey
President - Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

Mumbai
13 May 2022

Notice

NOTICE is hereby given that the Forty Eighth (48th) Annual General Meeting (AGM) of the Members of **Alkem Laboratories Limited (the "Company")** will be held on Thursday, 25th August, 2022, at 11.00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 and the Reports of the Board of Directors and Auditors thereon; and

   (b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 and the Report of Auditors thereon.

2. To confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31st March, 2022.

3. To appoint a Director in place of Mr. Balmiki Prasad Singh (DIN: 00739856), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sarvesh Singh (DIN: 01278229), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Act") and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and based on the recommendation of Nomination & Remuneration Committee and Audit Committee along with the relevant provisions of the Articles of Association of the Company, consent of the shareholders of the Company be and is hereby accorded to re-appoint Mr. Sandeep Singh (DIN 01277984) as Managing Director of the Company, liable to retire by rotation for a term of 5 consecutive years with effect from 17th October, 2022 up to 16th October, 2027, at a remuneration of ₹ 71,62,635/- (Rupees Seventy One Lakhs Sixty Two Thousand Six Hundred and Thirty Five only) per month and that he shall also be entitled for the following benefits:

   (i) **Medical Reimbursement:**
   He shall get medical reimbursement for himself and his family subject to a ceiling of ₹ 16,667/- per month.

   (ii) **Leave Travel Allowance:**
   He shall get Leave Travel Allowance for himself and his family once in a year which shall not exceed one month's salary.

   (iii) **Personal Accident Insurance Premium:**
   The Company shall also reimburse the Personal Accident Insurance Premium.

   (iv) **Provident Fund and Family Pension:**
   He shall get benefit of Provident Fund and Family Pension as per the Company's rules.

   (v) **Gratuity:**
   As per rules of the Company.

   (vi) **Encashment of Leave:**
   As per rules of the Company.

   (vii) **Company's Car and Driver:**
   He shall be entitled for two Company cars with two drivers use on actual basis.

   (viii) **Club Fees:**
   He shall be entitled for Entrance and Annual Membership Fees of any one club.

   (ix) **Domestic Help:**
   He shall be entitled for two domestic help personnel.

   (x) **Hospitalisation Mediclaim/ Group Term Policy:**
   He shall be entitled to the Hospitalisation Mediclaim and/or Group Term Policy in both India and USA.

   Other terms

   (a) **Leave**
   As per rules of the Company.

   (b) **Sitting fees**
   He shall not be entitled for sitting fees for attending the Meeting of the Board of Directors of the Company or any Committee thereof.

   (c) He shall be entitled to re-imbursement of expenses incurred in the course of legitimate business purpose of the Company.

RESOLVED FURTHER THAT in addition to the above salary and perquisites, commission up to 0.50% of the net profits of the Company calculated in the manner referred in Section 198 of the Act, shall be payable to Mr. Sandeep Singh subject to such ceiling for each financial year as may be decided by the Board of Directors of the Company from time to time.

RESOLVED FURTHER THAT subject to the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, the Board of Directors of the Company be and are hereby authorized to approve an increment up to a maximum of 20% p.a. of Mr. Sandeep Singh's last drawn remuneration after considering his contribution towards the growth of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Act read with the Rules made thereunder, the total annual salary and commission payable to Mr. Sandeep Singh will be payable by the Company or the Company and its subsidiary, ThePharmaNetwork LLC, USA in such proportion as may be determined by the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to sign, execute, submit and file the relevant forms, documents etc. and to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Act"), 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 the financial year ended 31st March, 2022, be and is hereby ratified.

   RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to sign, execute, submit and file the relevant forms, documents etc. and to do all acts, deeds and things as may be deemed necessary to give effect to this resolution."

Notes:

1. **In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular dated 5th May, 2020 read with General Circulars dated 8th April, 2020, 13th April, 2020, 28th September, 2020, 31st December, 2020, 13th January, 2021, 08th December, 2021 and 05th May, 2022 as amended (collectively referred to as "MCA General Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), MCA General Circulars and subsequent circulars issued by SEBI, the AGM of the Company is being held through VC/OAVM.**

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

3. Members can login and join 30 minutes prior to the scheduled time of Meeting and window for joining shall be kept open till the expiry of 15 minutes after the scheduled time. Members are allowed to participate on first come-first served basis, as participation through video conferencing is limited upto 1000 Members only. However, the participation of Members holding 2% or more, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. are not restricted on first come first served basis.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the 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, 4 and 5, a statement giving additional information on the Directors seeking re-appointment is annexed hereto as required under SEBI Listing Regulations, as amended, read with Secretarial Standard – 2 on General Meetings.

6. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

7. Members are advised to make nomination in respect of their shareholdings in the Company. The Nomination Form can be downloaded from the Company's website www.alkemlabs.com Members holding shares in physical

form should file their nomination with M/s. Link Intime India Private Limited, Company's Registrar and Share Transfer Agent ("LIIPL/ RTA") whilst those Members holding shares in dematerialised mode should file their nomination with their 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, 2022 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, 2022, 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 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 the 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:

   - For shares held in physical form: with the Registrar and Share Transfer Agent of the Company.

   - For shares held in dematerialised form: with the Depository Participants with whom they maintain their demat accounts.

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 (in case of shares held in dematerialised form) or the Registrar and Share Transfer Agent of the Company (in case of shares held in physical form), as the case may be, about:

   - the change in the residential status on return to India for permanent settlement;

   - the particulars of the NRE account with a Bank in India, if not furnished earlier.

13. Members may note that in terms of the provisions of the Income-Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, dividends paid or distributed by a Company on or after 1st April, 2020 shall be taxable in the hands of the Members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the following documents in accordance with the provisions of the 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 the financial year 2021-22 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 the financial year 2021-22 does not exceed ₹ 5,000/-.

   TDS shall not be deducted in cases where a Member provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Form 15G and 15H can be downloaded from the following link https://web.linkintime.co.in/client-downloads.html. Members are requested to click on General Tab, wherein all the forms are available under the head "Form 15G/15H/10F". Please note that all fields are mandatory and Company may at its sole discretion reject any such form that does not fulfil the requirement of law.

   In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

a) **Insurance Companies:** A declaration that they are beneficial owners of shares held;

b) **Mutual Funds:** A declaration that they are governed by the provisions of Section 10(23D) of the 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 Permanent Account Number ("PAN") will be mandatorily required.

Section 206AB of the IT Act - Rate of 10% is subject to provisions of Section 206AB effective 1st 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.

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.

(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, the 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 2021-22);

c) Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;

d) Self-declaration by the Non-Resident Member of having no permanent establishment in India in accordance with the applicable Tax Treaty;

e) Self-declaration by Non-Resident Member of Meeting treaty eligibility requirement and satisfying beneficial ownership requirement 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 above details and documents as mentioned above not later than Friday, 05th August, 2022.

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, 05th August, 2022 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, 05th August, 2022.

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. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form w.e.f. 01st April, 2019, except in case of request received for transmission or transposition of securities. In view of this, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or LIIPL, Company's Registrar and Share Transfer Agent for assistance in this regard.

19. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agent.

20. In compliance with the aforesaid MCA General Circulars and SEBI Circular dated 12th May, 2020, 15th January, 2021 and 13th May, 2022, Notice of the AGM along with the Annual Report 2021-22 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, 19th August, 2022 to receive this Notice of AGM along with the Annual Report 2021-22 by completing the process for registration of e-mail address as under:

    (a) **Registration of email ID for shareholders holding physical shares:**

    The Members of the Company holding Equity Shares of the Company in physical form and who have not registered their e-mail addresses may get their e-mail addresses registered with LIIPL , by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail / Bank Registration heading and follow the registration process as guided therein. Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e mail id and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB) .

    On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

    (b) **For Permanent Registration for Demat shareholders:**

    It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

    (c) **For Temporary Registration for Demat shareholders:**

    The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Link Intime India Pvt Ltd by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number and email ID.

21. Members may note that the Notice and Annual Report 2021-22 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.

22. 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.

23. The Register 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 in electronic mode during AGM. Members can inspect the same by sending an email to investors@alkem.com.

24. 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 Listing Regulations, the Company is providing facilities for remote e-voting (refer instructions at point no. 25) and voting during the AGM by electronic means (refer instructions at point no. 28) to all Members in proportion to their shareholding as on the cut-off date i.e 18th August, 2022 (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).

25. **The instructions for shareholders for remote e-voting are as under:**

    (i) The voting period begins on Monday, 22nd August, 2022 at 9.00 a.m. and ends on Wednesday, 24th August, 2022 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18th August, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 24th August, 2022. 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, 2022.

    (ii) Shareholders who have already voted prior to the Meeting date would not be entitled to vote at the Meeting venue.

    (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated 09th December, 2020, under Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09th December, 2020** on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual Meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual Meeting & voting during the Meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/ LINKINTIME, so that the user can visit the e-voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/ EasiRegistration 4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where 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 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting & voting during the Meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual Meeting & voting during the Meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 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) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for Alkem Laboratories Limited on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xv) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. The authorization in respect of Representative(s) of the Corporation shall be received by the scrutiniser /Company before close of e-voting.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email address viz; investors@alkem.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

26. **Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

(i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to our Registrar and Share Transfer Agent at rnt.helpdesk@linkintime.co.in.

(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.

27. **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, 2022 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 19st August, 2022 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.

28. **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

29. 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, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call at toll free no. 1800 22 55 33.

30. **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, 13 May, 2022

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

The shareholders of the Company, through Postal Ballot, on 6th January, 2018 had approved the appointment of Mr. Sandeep Singh as Managing Director of the Company for a term of five (5) years w.e.f. 17th October, 2017 upto 16th October, 2022 at a remuneration of ₹ 39,50,000/- (Rupees Thirty Nine Lakhs Fifty Thousand only) per month and other perquisites and further authorised the Board of Directors of the Company to approve the increment in remuneration to be paid to Mr. Sandeep Singh, from time to time, not exceeding 20% p.a. of his last drawn annual remuneration after considering his contribution towards the growth and performance of the Company.

Thereafter, the Shareholders of the Company, through Postal Ballot on 27th December, 2020 approved the increase in remuneration of Mr. Sandeep Singh, Managing Director of the Company with effect from 01st April, 2020 for his remaining term upto 16th October, 2022, by including the payment of commission up to a maximum of 0.50% of the net profits of the Company to be calculated in accordance with Section 198 of the Act as may be decided by the Board of Directors for each financial year, in addition to his existing remuneration, benefits and perquisites.

Mr. Sandeep Singh articulates the Company's vision and long term strategy with a view to create shareholders value. He is responsible for domestic as well as international operations of the Company and his consistent leadership qualities have helped the Company to grow manifold in domestic as well as international markets. He is also a Vice Chairman of ThePharmaNetwork LLC, USA, a step down subsidiary of the Company ("TPN") formed under the laws of New Jersey and engaged in the business of distribution and marketing of pharmaceutical products, generic drugs and finished dosage formulations in the United States. Considering Mr. Sandeep Singh's involvement with TPN, it is proposed that the total annual salary and commission payable to Mr. Sandeep Singh will be paid by the Company or by the Company and TPN in such proportion as may be determined by the Board of Directors of the Company.

Considering his contribution towards the growth of the Company and based on the recommendation of Nomination & Remuneration Committee and Audit Committee, the Board of Directors at its Meeting held on 13th May, 2022 subject to the approval of shareholders of the Company approved the re-appointment of Mr. Sandeep Singh (DIN: 01277984) as Managing Director of the Company, liable to retire by rotation, for a period of five (5) consecutive years w.ef. 17th October, 2022 upto 16th October, 2027 on such terms and conditions as mentioned in the Resolution set out under item no. 5.

The Board recommends the Ordinary Resolution set out in the Notice for approval of the Shareholders. Disclosure as required under Secretarial Standard-2 on General Meetings is given as an Annexure to this Explanatory Statement.

Except Mr. Sarvesh Singh and Mr. Sandeep Singh and their respective relatives, none of the other Promoters, Directors, Key Managerial Personnel and their respective relatives is concerned or interested in the proposed Ordinary Resolution.

ITEM NO. 6

The Board of Directors at its Meeting held on 25th May, 2021, on recommendation of the Audit Committee, approved the appointment of Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2022 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 at Item No. 6 of the Notice for ratification of remuneration payable to Cost Auditor for the financial year 2021-22.

None of the Directors / Key Managerial Personnel of the Company and / or their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Ordinary Resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

For and on behalf of the Board

Basudeo N. Singh
Executive Chairman
DIN: 00760310
Mumbai, 13 May, 2022

ANNEXURE TO ITEM NOS. 3, 4 AND 5 OF THE NOTICE

Profile of Directors seeking re-appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI Listing Regulations, read with Secretarial Standard – 2 on General Meetings)

Name of Director	Mr. Balmiki Prasad Singh	Mr. Sarvesh Singh	Mr. Sandeep Singh
DIN	00739856	01278229	01277984
Date of Birth	26th December, 1954	27th August, 1981	23rd July, 1982
Age (in years)	67	40	39
Qualifications	Intermediate in Commerce	Bachelor of Arts (2nd Year)	Bachelor's degree in Commerce
Experience	Over 33 years	Over 10 years	Over 18 years
Expertise in specific functional areas	Finance, Pharmaceutical-Generics and Supply Chain Management.	Finance, Sales and Marketing in the Pharmaceutical Industry	Pharmaceutical (Domestic and International), Finance, Regulatory Compliance & Governance and Risk Management.
Brief Profile	Mr. Balmiki Prasad Singh joined the Board in the year 1988. Before getting inducted on the Board, he had served the organization in various capacities. He has over 33 years of experience in the Indian pharmaceutical industry. He heads the Generics and OTC business of the Company.	Mr. Sarvesh Singh has been associated with the Company since 2011 and has over 10 years of experience in sales and marketing in the pharmaceutical industry. Mr. Sarvesh Singh heads the Pentacare and Prizma divisions of the organization's domestic market and has been inducted on the Board in 2019.	Mr. Sandeep Singh joined the Board in the year 2013; currently, he is serving the organisation 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 organisation. In the year 2016, he was presented with the 'Emerging Pharma Leader of 2016 Award' by the Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India. In the year 2021, he was featured by 'ET AND SPNCER STUART 40 under 40'.
Date of Appointment on the Board	Original Appointment: 25th October, 1988 Appointment at current designation: 01st April, 2010	Original Appointment: 11th November, 2019	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 06th January, 2018 through Postal Ballot.	On such terms and conditions as mentioned in the resolution passed on 04th April, 2020 through Postal Ballot.	On such terms and conditions as proposed in the resolution no. 5 of the Notice.
Remuneration last drawn	₹ 63.6 Million for FY 2021-22	₹ 40.0 Million for FY 2021-22	₹ 111.9 Million for FY 2021-22 (including commission)
Number of shares held in the Company as on 31st March, 2022	1,22,111 Equity Shares of ₹2/- each	79,800 Equity Shares of ₹2/- each	1,12,357 Equity Shares of ₹2/- each
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	Nil	Nil	1. Enzene Biosciences Limited 2. Connect 2 Clinic Private Limited
Chairmanship/Membership of Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	Nil	Nil	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit Committee of Enzene Biosciences Limited
Relationship between Directors inter se	-	Brother of Mr. Sandeep Singh, Managing Director	Brother of Mr. Sarvesh Singh, Executive Director
Number of Board Meetings attended during the year 2021-22 (Out of total 8 Board Meetings held)	3	8	8

ALKEM

Registered Office:

Alkem House, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, Maharashtra, India.

CIN: L00305MH1973PLC174201
Telephone: +91 22 3982 9999
Fax: +91 22 2495 2955

Website: www.alkemlabs.com

Concept, Content & Design
WYATT Prism
COMMUNICATIONS
(info@wyatt.co.in)