ALKEM

ALKEM LABORATORIES LIMITED

READY TO SCALE THE NEXT FRONTIER OF GROWTH

ANNUAL REPORT
2018-19

CONTENTS

Key Figures - FY 2018-19

₹ **73,572** mn
Revenue From Operations

₹ **11,148** mn
EBITDA

₹ **7,605** mn
PAT

₹ **63.61**
EPS

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

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr. Samprada Singh
Chairman Emeritus

Mr. Basudeo N. Singh
Executive Chairman

Mr. Sandeep Singh
Managing Director

Mr. Dhananjay Kumar Singh
Joint Managing Director

Mr. Balmiki Prasad Singh
Executive Director

Mr. Mritunjay Kumar Singh
Executive Director

Mr. Akhouri Maheshwar Prasad
Independent Director

Mr. Ranjal Laxmana Shenoy
Independent Director

Mr. Arun Kumar Purwar
Independent Director

Ms. Sangeeta Singh
Independent Director

Ms. Sudha Ravi
Independent Director

Dr. Dheeraj Sharma
Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Rajesh Dubey
President & Chief Financial Officer

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

AUDITORS

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

BANKERS

Citibank N. A.
HDFC Bank Limited
HSBC Bank Limited
Kotak Mahindra Bank Limited
The Saraswat Co-op Bank Limited
State Bank of India
YES Bank Limited
DBS Bank Limited
BNP Paribas
Bank of Tokyo
Mizuho Bank Limited

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

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

PLANT LOCATIONS

1. Unit I & II, Daman, India
2. Mandva, Gujarat, India
3. Ankleshwar, Gujarat, India
4. Unit I & II, Baddi, Himachal Pradesh, India
5. Kumrek, East Sikkim, India
6. 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. Cachet Pharmaceuticals Private Limited, South Sikkim, India

MAJOR RESEARCH CENTRES

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

ALKEM IS READY TO **SCALE THE NEXT FRONTIER OF GROWTH**

IT WAS A LANDMARK YEAR FOR THE COMPANY AS IT CROSSED THE REVENUE MILESTONE OF US$ 1 BILLION. THE INTENSE FOCUS ON BUILDING MARKET-LEADING BRANDS, INVESTING IN STATE-OF-THE-ART MANUFACTURING AND R&D FACILITIES, ENSURING CONTINUAL ADHERENCE TO QUALITY AND COMPLIANCE, SETTING UP ROBUST SUPPLY CHAIN AND DISTRIBUTION NETWORK, PENETRATING DEEPER INTO KEY FOCUS MARKETS AND DRIVING EFFICIENCIES AND PRODUCTIVITY ENABLED IT TO ACHIEVE THIS SIGNIFICANT MILESTONE.

WHILE ALKEM HAS FIRMLY ESTABLISHED ITSELF AMONG THE LEADING PHARMACEUTICAL COMPANIES IN INDIA, THE DETERMINATION AND DRIVE TO OUTPERFORM ITSELF REMAINS AS HIGH AS EVER. THE COMPANY IS READY TO CONQUER NEW PEAKS OF PERFORMANCE, AND WITH PLENTY OF GROWTH LEVERS IN PLACE, IT MOVES AHEAD WITH CONFIDENCE AND CONVICTION TO SCALE THESE NEW GROWTH FRONTIERS.

In the domestic market, Alkem is amongst the prominent players in the acute therapy segments of anti-infective, gastro-intestinal, pain/analgesics and vitamins/minerals/nutrients. The Company looks to further consolidate its position in these therapy segments through market leading brands, comprehensive product portfolio, extensive marketing and supply chain reach and an experience of over 40 years. In the fast-growing chronic therapy segments of neuro/CNS, cardiology, anti-diabetes and dermatology, the Company is taking rapid strides to emerge as one of the faster growing companies in the country. The Company looks to outperform in the chronic segments on the back of new product launches including in-licensed products, effective sales and marketing strategies, improved sales force productivity and building strong brands.

In the US market, the Company has developed a healthy pipeline of products with over 120 ANDA filings of which more than half are yet to be commercialised. Continuous investments in R&D, adherence to quality and compliance and timely product approvals will be pivotal in taking growth to the next level, not only in the US market but also in other international markets.

Investments in biosimilars and its in-house manufacturing is another tactical lever for growth. The Company is also upbeat about unlocking greater efficiencies and optimising cost through the development of digital tools and improved processes across all the businesses.

ALL IN ALL, THE CAPABILITIES AND CAPACITIES ARE IN PLACE, BE IT PRODUCT OFFERINGS, MANUFACTURING, R&D, SUPPLY CHAIN, TECHNOLOGY OR CONTROL SYSTEMS. AT THE CORE OF THE COMPANY'S ABILITY TO REALISE AN EVEN STRONGER TOMORROW, IS THE UNSHAKEABLE COMPETITIVE DESIRE OF ITS TALENTED TEAM TO OUTPERFORM AND A WORK CULTURE THAT IS ALIGNED WITH ORGANISATIONAL GOALS. THESE STRATEGIC LEVERS WILL BOLSTER THE SUCCESSFUL PROGRESSION TO THE NEXT LEVEL.

ALKEM

ALKEM AT A GLANCE

ALKEM LABORATORIES IS A LEADING INDIAN PHARMACEUTICAL COMPANY WITH GLOBAL OPERATIONS, ENGAGED IN THE DEVELOPMENT, MANUFACTURE AND SALE OF PHARMACEUTICAL AND NUTRACEUTICAL PRODUCTS. THE COMPANY HAS CONSISTENTLY FEATURED AMONGST THE TOP TEN PHARMACEUTICAL COMPANIES IN INDIA FOR OVER A DECADE.

What it does

The Company produces high-quality branded generics, generic drugs, active pharmaceutical ingredients and nutraceuticals, which it markets in India and internationally. It has a comprehensive portfolio of over 800 brands covering all the major therapeutic segments.

How it operates

The Company has a robust infrastructure comprising 21 manufacturing facilities and 5 R&D centres located across India and the US. A well-established pan-India sales and distribution network, strong brand building and marketing capabilities and an experienced management underpin its operations.

Where it operates

The Company has a strong foothold in the domestic market and a growing presence in more than 50 international markets, with the US being its key overseas market.

Where it stands*

6th Largest
Pharmaceutical Company in India in terms of market share

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

No. 3
Gastro-intestinal and analgesics Company in India

As per IQVIA MAT March '19 data

Iconic brand portfolio in Domestic market *

Top 2
The Company's top 10 brands feature amongst the top 2 ranked brands in India in their respective molecule category

8
Brands with annual sales of more than ₹ 1 billion

4
Brands feature amongst the top 50 pharmaceutical brands in India

14
Brands feature amongst the top 300 pharmaceutical brands in India

As per IQVIA MAT March '19 data

Fast-growing International business

US$ 300+ Mn
Of revenues from international business

127
Cumulative Abbreviated New Drug Applications (ANDAs) filings with the US FDA**

70
ANDA approvals***
from the US FDA

50+ Countries
Global presence

*** includes 1 NDA, as on 31st March, 2019*

**** includes 11 tentative approvals and 1 NDA, as on 31st March, 2019*

Advantage Alkem

21
Manufacturing facilities across India & the US

6
USFDA approved manufacturing facilities

5
Global R&D centres

>14,500
Alkemites working across the globe

500+
Scientists

9,000+
Field force in India

7,000+
Stockists in India

40+
Sales depots and warehouses in India

Manufacturing and R&D facilities

Manufacturing Facilities & Capabilities in India

Location	No. of Facilities	Manufacturing Capabilities
Baddi	4	Formulations - Tablets, Injectables, Dry Syrup
Sikkim	8	Formulations - Tablets, Injectables, Dry Syrup
Daman	5	Formulations - Capsules, Tablets, Injectables, Dry Syrup
Mandva	1	Active Pharmaceutical Ingredients (APIs)
Ankleshwar	1	Active Pharmaceutical Ingredients (APIs)

R&D Facilities in India

Location	No. of Facilities
Taloja	1
Pune	1
Mandva	1

Manufacturing Facilities & Capabilities in the US

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

R&D Facilities in the US

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

Map not to scale. For illustrative purposes only.

Key Markets

India

Revenue ₹ **49,642 Mn**

Contribution to revenue 67.5%

US

Revenue ₹ **18,979 Mn**

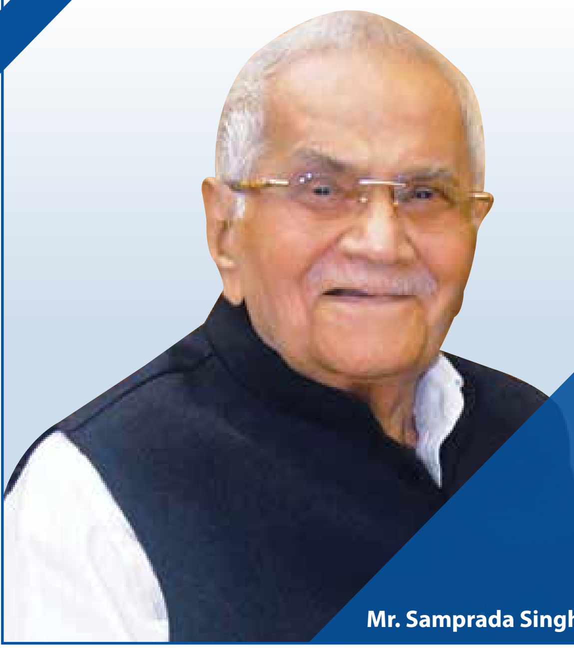
Contribution to revenue 25.8%

Other International Markets

Revenue ₹ **4,950 Mn**

Contribution to revenue 6.7%

MESSAGE FROM THE FOUNDERS' DESK



THIS YEAR OUR REVENUES HAVE CROSSED THE US$ 1 BILLION MARK, GIVING US A STRONG PLATFORM TO FURTHER SCALE UP GROWTH IN THE COMING YEARS

Mr. Samprada Singh, *Chairman Emeritus*

We have built a formidable global pharmaceutical company that has a well-entrenched presence across India and the US, and sales and distribution network in over 50 countries worldwide

Dear Shareholders,

We are delighted to share our thoughts with you, on the completion of the 45th year of our business. It has been a long and fulfilling journey, replete with achievements.

During this journey, we have built a formidable global pharmaceutical company that has 800+ brands, 21 manufacturing plants, a well-entrenched presence across India and the US, and sales and distribution network in over 50 countries worldwide. This year our revenues have crossed the US$ 1 billion mark, giving us a strong platform to further scale up growth in the coming years.

We have come this far thanks to our vision, work culture, the pursuit of quality, and our dedicated workforce. It has always been our endeavour to deliver highly efficacious and quality drugs at affordable prices. These traits will be our foundation to take our growth story forward.

The pharmaceutical market of today is radically different from what it was when we began our journey. Both our key markets of India and the US has undergone significant changes in terms of regulatory landscape, competitive pressures and therapeutic mix. We have done relatively well in these evolving markets, credit of which goes to our resilient brands, our processes and most importantly our people.

"OUR VISION, WORK CULTURE, THE PURSUIT OF QUALITY, AND OUR DEDICATED WORKFORCE WILL BE OUR FOUNDATION FOR THE GREAT LEAP FORWARD"

Mr. Basudeo N. Singh, *Executive Chairman*

Briefly touching upon the year gone by, our India business faced multiple headwinds including the ban on certain Fixed Dose Combinations (FDCs), a relatively weak anti-infective season and a slow growth in our trade generic business due to tightening of credit terms set by us. However, on the positive side, our chronic business continued to grow significantly ahead of the market growth rate, leading to improvements in our market share and ranking in therapy segments of neuro and CNS, antidiabetics and even cardiac and dermatology. So, overall, while our India business has had a lot of challenges; there were opportunities of growth as well.

Our International Business mainly led by the US business delivered a robust performance on the back of new product launches and market share gains in our existing products. Medicine spending in the US is expected to grow at a steady clip and the region is also expected to witness a large number of products going off-patent over the next five years. Given this, we see a good headroom for growth in the US market. However, with the growing number of players entering into the generic business and the trend of raising grants of ANDA approvals, the prospect of increased price-based competition cannot be ruled out. Our Company is well placed in this growing market with more than 120 ANDAs filed with the USFDA, CGMP compliant manufacturing facilities and own front end to distribute and market our products. During the year, our R&D investment touched ₹ 4.6 billion, a growth of about 27% over last year.

With great satisfaction, I would like to share that, Alkem has also contributed substantially to the growth of communities we are part of. Health and education continues as our CSR priorities. Building of amenities and facilities to deliver better access to education and healthcare remains a key lever for bringing about a positive impact in the society.

We would like to offer sincere thanks to all our shareholders, partners and employees for being part of our growth story and contributing towards the fulfilment of our vision. Our growth is a testimony to the fact that with teamwork, motivation and sustained efforts, everything is possible.

Warm regards,

Mr. Samprada Singh
Chairman Emeritus

Mr. Basudeo N. Singh
Executive Chairman

MESSAGE FROM THE MD'S DESK

> "OVER THE PAST FEW YEARS, WE HAVE MADE SIGNIFICANT INVESTMENTS IN OUR PEOPLE, PROCESSES AND CAPABILITIES TO SEIZE THE EMERGING OPPORTUNITIES. I AM CONFIDENT THAT WE ARE NOW BETTER PREPARED TO SCALE THE NEW FRONTIERS OF GROWTH"

Mr. Sandeep Singh, *Managing Director*

Dear Shareholders,

The financial year 2019 has been a landmark year for the Company, as we cross an important milestone of US$ 1 billion in revenues. At this juncture, I would like to appreciate the hard work and commitment of more than 14,000 Alkemites, without whom we could not have reached so far. I would also like to extend my gratitude towards our shareholders, partners and the medical fraternity for trusting our capabilities and supporting us in our work.

Even as we cross this milestone, we are preparing ourselves for a long journey ahead. Our commitment and determination to scale even greater heights is now stronger than ever.

As I highlighted in my previous message, the global pharmaceutical industry is undergoing a transformation. To stay relevant and drive sustainable growth in this changing landscape, companies are overhauling their strategies, products and processes. Over the past few years, we too have made significant investments in our people, processes and capabilities to seize the emerging opportunities. I am confident that we are now better prepared to scale the new frontiers of growth.

The year in retrospect

The financial year 2019 has been a mixed year for the Company. While our International business, mainly led by the US business, delivered a robust year-on-year revenue growth of 31.2%, our India business faced challenges on account of FDC ban on select products, relatively weak anti-infective season and muted growth in our trade generic business due to tightening of credit terms by the Company. Our EBITDA margin dipped by 60 basis points compared to the previous year on account of higher API prices, increase in R&D cost and change in revenue mix. However, on the working capital front, we showed good improvement over the previous year, and that translated into better operating cash flows during the year.

As per the secondary sales data reported by IQVIA, for the twelve months ending March 2019, we continue to feature among the top 10 pharmaceutical companies in India. During the year, we outperformed the India Pharmaceutical Market (IPM) with a growth of 14.3% compared to IPM growth of 10.5%. This outperformance was broad-based, with the Company growing ahead of the therapy growth rate in almost all the major therapy areas. We maintained our leading positions in our established therapy areas of anti-infectives, gastro-intestinal, pain management and vitamins & nutrients. In the chronic segments, we grew significantly ahead of the market growth rate, thereby improving our market share and market rankings in therapy areas of neuro/CNS, anti-diabetes, cardiac and derma. Our market-leading brands, comprehensive product portfolio, extensive marketing, supply chain distribution network and an experience management have been the key drivers for this outperformance. Also, over the past two years, we have expanded our field force in India by adding more than 2,000 medical reps, as we look to further strengthen our reach across the India pharma market and increase focus on our key brands. Improving their productivity would be one of the key areas for our future strategy.

In our efforts towards launching novel molecules in India to serve unmet patient needs, we presented two such molecules in India in the month of May 2019 - Arbekacin in the anti-infective segment and Evogliptin in the anti-diabetes segment. These two novel molecules can play a vital role in improving the rate and ease of patient recovery.

Our International business registered a strong revenue growth during FY 2018-19. This was mainly led by our US business, which grew by 38.9% over the previous year. While there was some help from the depreciating rupee versus the US dollar, the large part of the growth came on the back of new product launches and scaling up of existing products. Apart from the US business, among the Other International business, many of our key markets, such as Australia, Chile, Philippines, Middle East and East Africa, delivered healthy growth during the year.

Investments in Research and Development

Research and Development is one of our key pillars of growth. In FY 2018-19, we invested ₹ 4.62 billion or 6.3% of our revenues in R&D, compared to 5.7% in FY 2017-18. We filed 23 ANDAs during the year and received 21 approvals, which includes 6 tentative approvals. This is the highest number of filings and approvals received by the Company in a year. We now have a fairly strong product pipeline of 127 ANDAs (as on 31st March, 2019) already filed with the USFDA, with over half of them yet to be commercialised. Timely new product approvals and commercialisation would be the key growth driver in the US market.

The Company has also made investments in the biosimilar segment through its subsidiary Enzene Biosciences – a biotech-focussed company located in Pune (Maharashtra, India). Enzene has biosimilar products in preclinical and clinical development stage that it looks to launch over the medium-to-long term in India and key international markets.

Update on regulatory inspections

On the regulatory front, we had a mixed year. Four USFDA inspections between August 2018 and January 2019 at our manufacturing facilities at Baddi, Daman and California and at our bioequivalence centre at Taloja were closed successfully without any observations. However, in the USFDA inspections at St. Louis and Baddi facilities in January 2019 and May 2019, respectively, we received few observations to which we have replied within the stipulated timelines. The facility at St. Louis has been classified as an Official Action Initiated (OAI) and we are working towards resolving the observations. We remain committed to delivering high quality drugs and adhering to regulatory compliance, and for that, we are continuously investing in automation, digitalisation, strengthening controls and training our people, so that they comply with the current GMP (good manufacturing practices) regulations.

Our strategic priorities

In order to sustain our future growth, we have taken several steps over the past three years. We have significantly invested in our manufacturing facilities and R&D centres to augment their capacities and capabilities. We have increased our rate of ANDA filings to bolster our product pipeline. We have also set up new manufacturing facilities that are tax-efficient as they avail fiscal benefits. We have added more people to our field force in India to expand our reach. In addition, we have invested in training our people to make them future-ready. We are confident that these investments will help us deliver sustainable growth in the future.

Going forward, a key focus area for the Company would be cost containment with a view to improving profitability. We have been constantly working on measures to improve efficiency and optimise costs across all processes. This will give us a greater competitive advantage in a "cost-conscious" market.

Another important focus area is digitalisation of our processes. Our organisational responsiveness is dependent on our internal processes and streamlining and digitalising these processes will increase sustainability. We are rebuilding all our processes around the key pillar of digitalisation, which will also help us increase the level of transparency within the organisation.

Looking ahead to scaling new frontiers

We remain buoyant about our future growth prospects and believe that the investments we have made in the various growth engines will help us capitalise on opportunities. Amid the volatile and continuously changing business landscape, we remain committed to creating value for our stakeholders, our partners, the medical fraternity and the society. With the hard work, dedication and commitment of our dynamic team, we look ahead to scaling new frontiers of growth.

When the team works, all of us win!

Warm Regards,

Mr. Sandeep Singh
Managing Director

BOARD PROFILE

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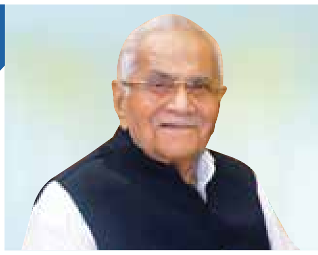
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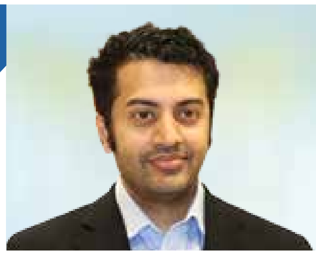
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1. Mr. Samprada Singh

Chairman Emeritus

Mr. Samprada Singh is one of the co-founders of the Company and an industry veteran with over 43 years of experience in Indian pharmaceutical industry. He has received various prestigious awards such as the 'Life Time Achievement Award' by Pharma Business and Technology in 2000, the 'Lifetime Achievement Award' at the Pharmaceutical Leadership Summit 2009, 'Asian Grid Leadership Lifetime Achievement Award 2006', the 'Life Time Contribution Award' by the Express Pharma Excellence Awards in 2004 and 'Lifetime Achievement Award' at the 2nd Annual AWACS Awards in Marketing Excellence, 2015. He was also bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016, the Bihar Pride Achiever 2017 Award at Rising Bihar 2017 summit and the Global Asian of the Year 2017 by Indian Singapore Business & Social Forum 2018.

2. Mr. Basudeo N. Singh

Executive Chairman

Mr. Basudeo N. Singh has almost four decades of experience in the Indian pharma sector and is also the co-founder of the Company. He was the President of the Indian Drug Manufacturer's Association for the period 2007-09. He has received Business Leader of the Year 2014 award at the 7th Annual Pharmaceutical Leadership Summit and Pharma Leaders Business Leadership Awards 2014. He was bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016 and the Chief Mentor of the Year award by Indian Drug Manufacturer's Association.

3. Mr. Sandeep Singh

Managing Director

Mr. Sandeep Singh joined the Board in 2013 and at present is the Managing Director of the Company. He has an experience of over ten years in the pharmaceutical industry. Mr. Sandeep Singh is responsible for both domestic as well as international operations of the Company. He was honoured with the Emerging Pharma Leader of 2016 award by Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India.

4. Mr. Dhananjay Kumar Singh

Joint Managing Director

Mr. Dhananjay Kumar Singh joined the Board in the year 1988 and at present is the Joint Managing Director of the Company. He has over 30 years of experience in the Indian pharmaceutical industry. Mr. Dhananjay Kumar Singh heads the Bergen, Arise, Forgen and Pharma divisions of the Company's domestic business. He also heads the Distribution & Logistics, Purchases, Commercials, Human Resource, Legal, Secretarial & Compliance departments of the Company.

5. Mr. Balmiki Prasad Singh

Executive Director

Mr. Balmiki Prasad Singh joined the Board in 1988. Prior to being appointed as a member of the Board, he was employed with the Company in various other capacities. He has over 30 years of experience in the Indian pharmaceutical industry. He heads the Generics and OTC business of the Company.

6. Mr. Mritunjay Kumar Singh

Executive Director

Mr. Mritunjay Kumar Singh joined the Board in 1988 and he has been associated with the management of the Company over a period of 24 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh heads Alpha, Ace, Cytomed and Hospicare divisions of the Company's domestic business. Additionally, he looks after the Formulations Facility, Marketing and Sales, Business Development & Strategy and Production Planning for the domestic business of the Company.

7. Mr. Akhouri Maheshwar Prasad

Independent Director

Mr. Akhouri Maheshwar Prasad joined the Board in 2015. Mr. Prasad has served the Government of India in the Indian Revenue Service for 37 years. He has held several key positions in the Government including Special Secretary to GoI and Director General, Central Economic Intelligence Bureau, Member of the Central Board of Excise and Customs, Chief Commissioner, Central Excise and Customs, Maharashtra.

8. Mr. Ranjal Laxmana Shenoy

Independent Director

Mr. Ranjal Laxmana Shenoy joined the Board in 2015. Mr. Shenoy has over 40 years of working experience with companies in different industrial segments, including the position of Whole Time Director – Finance and Legal and Company Secretary, in Merck Limited, India, (formerly known as E. Merck (India) Limited).

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He is a qualified Chartered Accountant, Cost Accountant and Company Secretary. Mr. Shenoy also holds a Bachelor's degree in Law from the University of Mysore and a Masters' degree in Law from Mumbai University. He is also an Associate Member of the Indian Institute of Bankers (C.A.IIB).

9. Mr. Arun Kumar Purwar

Independent Director

Mr. Arun Kumar Purwar joined the Board in 2015. Mr. Purwar in the past has served as the Chairman of State Bank of India from November 2002 to May 2006. Mr. Purwar was the Chairman of Indian Bank Association during 2005-06. He has received various prestigious awards such as the 'CEO of the Year' Award from the Institute of Technology and Management in 2004, 'Outstanding Achiever of the year' award from the Indian Banks' Association in 2004 and 'Finance Man of the Year' award by the Bombay Management Association in 2006. He is a Director in various leading companies in Power, Telecom, Steel, Tyres and Financial services sector.

10. Ms. Sangeeta K. Singh

Independent Director

Ms. Sangeeta Singh joined the Board in 2015. She is an Independent Director on several renowned company Boards and has over 35 years of experience in Human Resources, Communications and Operations. She was Partner & Head of Human Resources for KPMG India. She has a Masters degree in Behavioural Psychology and a certification in Strategic Human Resource Management from Harvard Business School.

11. Ms. Sudha Ravi

Independent Director

Ms. Sudha Ravi joined the Board in 2015. She is presently working with Ajay Piramal Group company - Piramal Capital & Housing Finance Ltd. (PCHFL). Joining the Group in 2011, Ms. Ravi, as the CEO, set up a Non-Banking Finance Company (NBFC) - Piramal Finance Ltd. (PFL) which merged into PCHFL in March 2018. Since October 2014, she is additionally in-charge of India Venture Advisors Pvt. Ltd. – a healthcare and life sciences focused private equity fund sponsored by the Piramal Group and PHL Fininvest (PHLFIN), a systematically important NBFC.

Prior to joining Piramal Group, Ms. Ravi was with State Bank of India (SBI) for over 30 years, having joined SBI as a direct recruit Probationary Officer in 1978. In her extensive service in SBI, she has worked in varied functional areas at SBI including International, Corporate, Retail and Rural banking which has given her a wide-ranging perspective on the financial sector and business strategy. She has held key positions like General Manager, Enterprise Risk Management facilitating alignment of risk with strategy at the Bank-wide level and as Chief Representative, Washington DC, US. She has received recognition(s)/plaques presented by the Indian Associations in US for outstanding contribution in the sphere of banking for the community in Washington DC.

Ms. Ravi has keen interest in Special Education with focus on education for autistic children.

12. Dr. Dheeraj Sharma

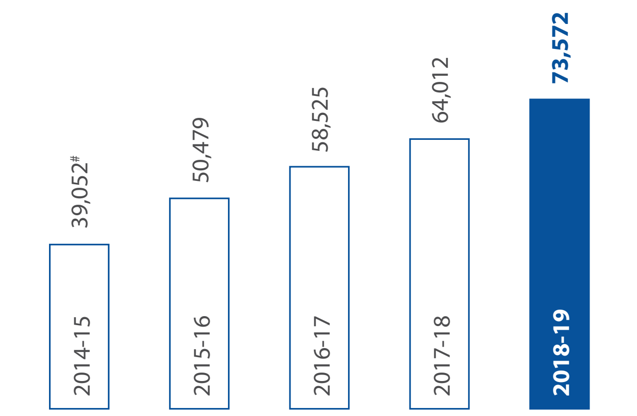
Independent Director

Dr. Dheeraj Sharma joined the Board in May 2017. He holds a doctoral degree with a major in marketing and a double minor in psychology and quantitative analysis from Louisiana Tech University. His primary research interests are 'relationships' in the business domain. He is a Director at Indian Institute of Management – Rohtak and a Professor (on lien) at Indian Institute of Management – Ahmedabad. He has also 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, Govt. of Gujarat, Govt. of Punjab and Govt. of Delhi.

ALKEM

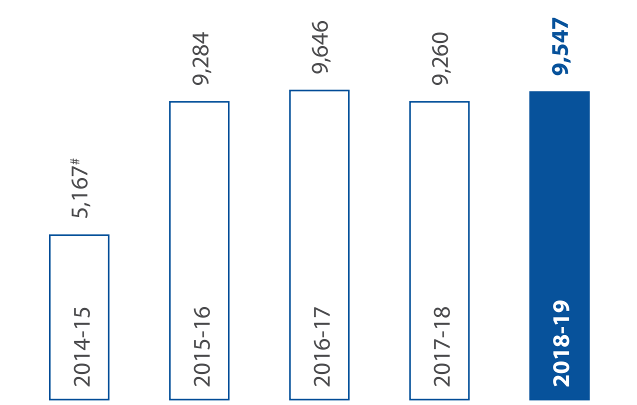
KEY FINANCIAL HIGHLIGHTS

REVENUE FROM OPERATIONS (₹ in MN)



- In FY 2018-19, growth in the India business was impacted on account of FDC ban on select products, relatively weak anti-infective season and slower growth in the trade generic business
- International business led by the US business, registered strong growth in FY 2018-19 on the back of new product launches, gaining market share in existing products and favourable currency exchange rate movements
- As per IQVIA MAT March 2019 data, the Company's secondary sales growth in India continues to outperform the Indian Pharma Market

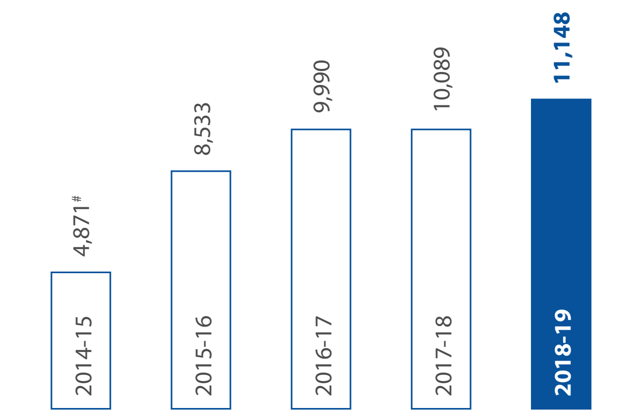
PROFIT BEFORE TAX (₹ in MN)



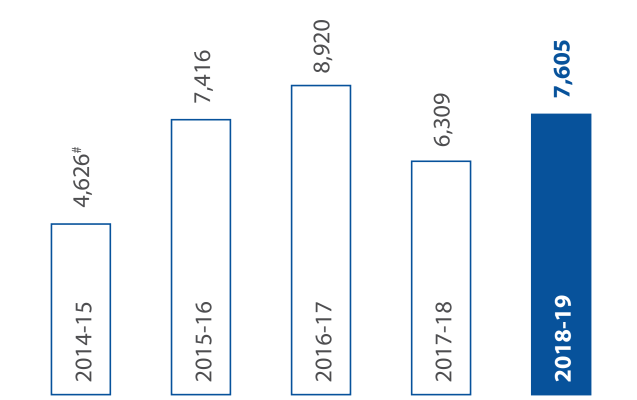
- Gross margin of the Company declined by 280 bps in FY 2018-19 compared to FY 2017-18 due to increase in API prices and change in revenue mix – higher contribution from the International business
- In FY 2018-19, the Company increased its investments in R&D by 26.7% to 6.3% of revenue from operations compared to 5.7% in FY 2017-18.
- The Company also undertook several cost optimisation initiatives which helped it partially offset the impact of higher API prices and R&D expenses
- The Company has also invested about ₹ 1.9 billion in capex over the last 3 financial years which has resulted in higher deprecation cost and lower interest income

 # FY 2014-15 numbers are restated numbers; rest are in accordance to IND AS

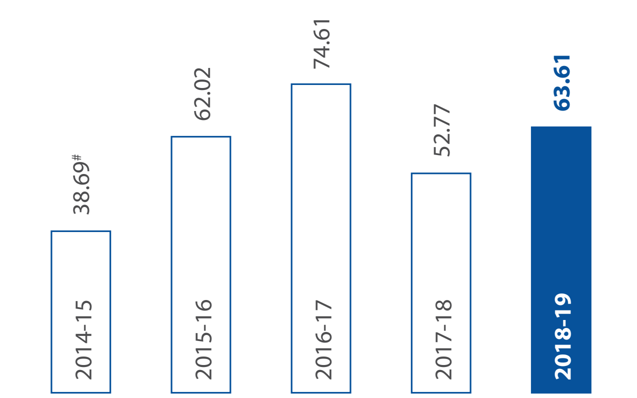
EBITDA (₹ in MN)



PROFIT AFTER TAX (₹ in MN)

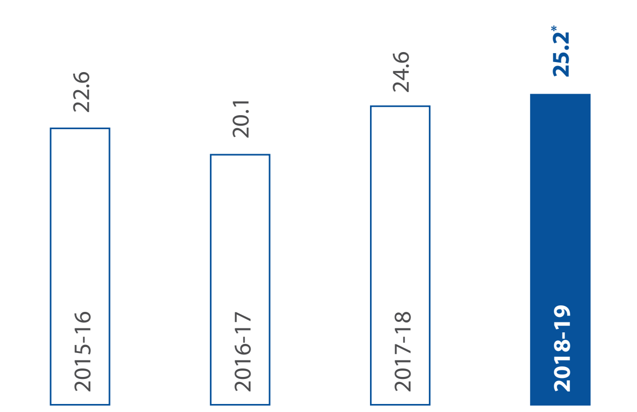


EARNINGS PER SHARE (₹)



- In FY 2018-19, the Company's Profit After Tax (PAT) grew by 20.5% compared to FY 2017-18
- The tax rate in FY 2018-19 was 19.0% compared to 31.1% in FY 2017-18 due to higher contribution to PAT coming from manufacturing facilities which are entitled to fiscal benefits

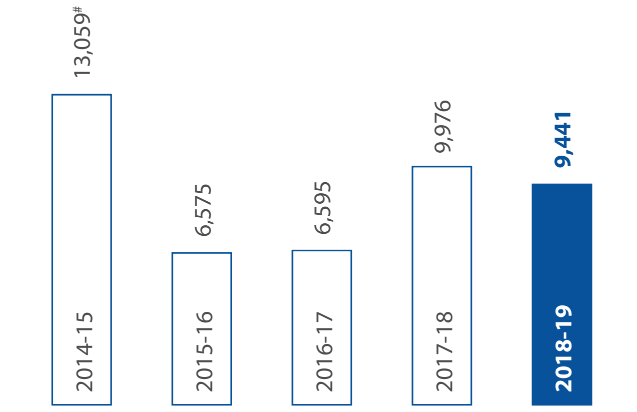
DIVIDEND PAYOUT (%)



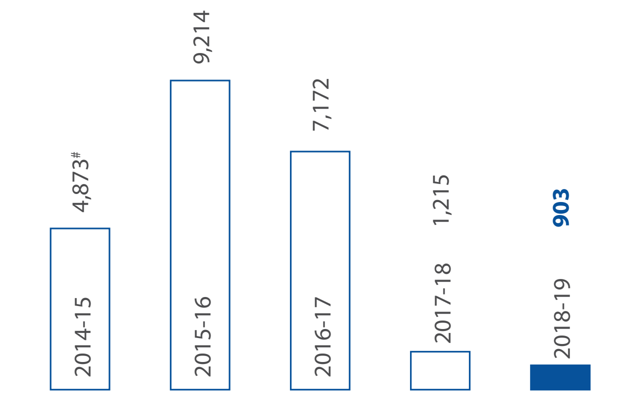
- The Company has consistently maintained dividend payout in excess of 20% with FY 2018-19 dividend payout at 25.2%

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

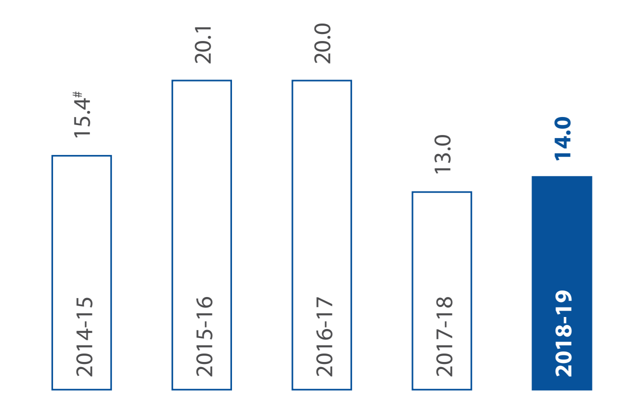
GROSS DEBT (₹ in MN)



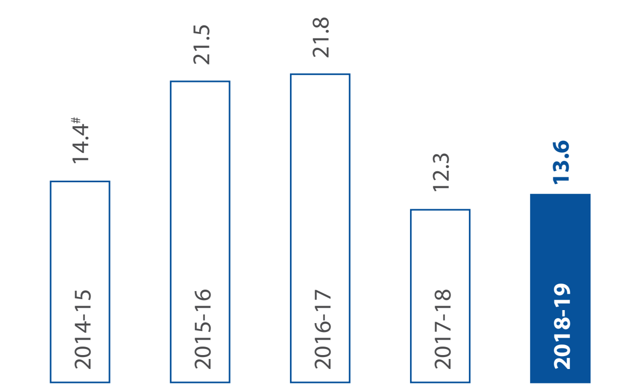
NET CASH (₹ in MN)



RETURN ON NET WORTH (%)



RETURN ON CAPITAL EMPLOYED (POST TAX) (%)



- Through FY 2016-17 to FY 2018-19, the Company has made significant investments towards new manufacturing facilities, upgradation and de-bottlenecking of the existing facilities and R&D centres. These investments in infrastructure and capabilities will support Company's growth in the future

 # FY 2014-15 numbers are restated numbers; rest are in accordance to IND AS

REACHING NEW FRONTIERS
IN THE DOMESTIC MARKET

ALKEM IS A LEADING PLAYER IN THE DOMESTIC PHARMACEUTICAL MARKET. THE COMPANY IS RANKED AMONGST THE TOP FIVE COMPANIES IN THE ACUTE THERAPY AREAS OF ANTI-INFECTIVES, GASTRO-INTESTINAL, PAIN/ANALGESIC AND VITAMINS/MINERALS/NUTRIENTS. WHILE THE ACUTE THERAPEUTIC SEGMENT IS THE COMPANY'S TRADITIONAL AREA OF STRENGTH, IN RECENT YEARS THE COMPANY HAS ALSO TAKEN IMPRESSIVE STRIDES IN THE FAST-EXPANDING CHRONIC THERAPEUTIC AREAS OF ANTI-DIABETES, CARDIAC, NEUROLOGY/ CENTRAL NERVOUS SYSTEM (CNS) AND DERMATOLOGY. COMPANY'S TOP BRANDS FEATURES AMONGST THE TOP TWO RANKED BRANDS IN THEIR RESPECTIVE MOLECULE CATEGORY.

What will take the Company to the next level?

- Market leading brands
- Effective sales and marketing strategies
- Comprehensive product portfolio
- Strong supply chain and distribution network
- Extensive pan-India presence with 9,000+ field force
- An experienced management

Filling therapy gaps in the acute segments

The Company has increased its focus on introducing new products to meet identified therapy gaps across its established therapeutic segments. This will be an important driver of future growth.

In the anti-infective segment, Alkem has been ranked the No. 1 company for over 15 years. Within this segment, despite the comprehensive product portfolio, the Company identified therapy gaps and took pro-active measures to fill in the same. The Company recently launched Arbekacin in India – a novel molecule to treat serious mRSA infections.

In the gastro-intestinal segment, the Company offers products to treat disorders like hyperacidity, gastric ulcers, nausea, vomiting, diarrhoea, GERD and worm infestation. The Company has now entered the areas of probiotics, prokinetics, laxatives and digestive enzymes. The differentiated product offerings in these new therapy areas will enable it to seize new opportunities for growth.

The future in the vitamins, minerals and nutrients segment also looks bright with several new products lined up for launch. The Company is looking to plug therapy gaps with evidence-based nutraceuticals in the areas of pregnancy, bone-health, gastro-segment, among others.

Awarathon – drive to spread awareness about Alzheimer's and Dementia

The Company will continue to consolidate its existing offerings in the pain/analgesic segment through brand building initiatives. Most of the popular brands are in the high-growth segment and still have ample headroom to grow further.

Focussing on the fast-growing chronic segment

The chronic segment is poised to be an important driver of industry growth with cardiology and diabetology being amongst the fastest-growing therapy areas in the country. The focussed investments made by the Company in the chronic segments in the past four-five years makes it confident of capitalising on the unfolding opportunities.

The Company has set up specialised divisions for cardiology, diabetology, urology, CNS and dermatology to strengthen its ability to create the right brands within each of these segments. Therapy gaps have been identified to be filled with differentiated offerings. The Company has already exclusively launched Evogliptin (an innovative DPP4 inhibitor for effective control of glucose) which has received an encouraging response. The introduction of more such niche products, while enabling the Company to scale growth, will also strengthen its reputation of being a significant player in this segment.

Enhancing reach of chronic products

A key strategy for driving market penetration in the chronic segment will be launching chronic products through the mass market products divisions. The Company's acute division field force enjoys a strong relationship with General Physicians and Consulting Physicians. In Tier III and Tier IV cities, these physicians are approached extensively by patients for the treatment of chronic diseases. By leveraging its stable relationships with the medical fraternity, the Company is focussed towards enhancing the reach of its chronic products.

Targeting biosimilars

Biosimilars are very similar, though not identical, to FDA-approved biological products in terms of safety and effectiveness. Health-care experts are optimistic that the use of biosimilars will reduce the cost of biologics and eventually lead to better patients' access to these life-saving drugs for diseases such as cancer, rheumatoid arthritis and multiple sclerosis. The Company is focussed on providing biosimilars in key areas like oncology, rheumatology and diabetes. While some of the biosimilars are in early stages of development, a few have reached advanced clinical stages. The Company is also setting up a biosimilar manufacturing facility in Pune, India. The introduction of biosimilars will be an important future growth driver for the Company.

Novel molecules launched by the Company

Robust sales and distribution team

The Company operates in attractive markets with significant growth opportunities. In India, with a field force of over 9,000 people, the Company has its feet-on-the-street to ensure improved reach of all its products. Further, this significantly large field force enables each medical representative to focus on fewer products vis-à-vis several, leading to better results. The Company also has more than 7,000 stockists and 40 sales depots and warehouses to successfully meet pan-India demand.

Driving better efficiencies

The Company is continually improving its operating processes to work in a better and faster way. It is also leveraging the digital paradigm to stay ahead of the curve and build efficiencies. Investments made in e-documentation systems has helped to drive greater transparency and improve compliance. A sales force effectiveness (SFE) team has been set up to enhance the productivity of the sales force. Sales data, target, details of medical practitioners and other such relevant data are now automated and shared digitally. This facilitates greater collaboration with the sales force and enables the Company to better and more cost-effectively meet the needs of doctors and patients.

REACHING NEW FRONTIERS
IN OVERSEAS MARKETS

IN A CONSIDERABLY SHORT SPAN OF TIME, THE COMPANY HAS MADE SIGNIFICANT INROADS IN THE US PHARMACEUTICAL MARKET, WHICH IS THE WORLD'S LARGEST PHARMACEUTICAL MARKET. IN FACT, TODAY, THE US IS THE SECOND-LARGEST MARKET FOR ALKEM. THE COMPANY IS ALSO PRESENT IN ABOUT 50 OTHER INTERNATIONAL MARKETS OTHER THAN THE US. PRODUCTS IN THESE MARKETS ARE SOLD DIRECTLY OR INDIRECTLY THROUGH ACTIVE ENGAGEMENT WITH OTHER COMPANIES. THE COMPANY'S KEY MARKETS INCLUDE AUSTRALIA, CHILE, PHILIPPINES, KAZAKHSTAN, EUROPE AND EAST AFRICA.

What will take the Company to the next level?

- Healthy pipeline of 127 ANDA filings with more than 50% yet to be commercialised
- Five R&D centres with 500+ scientists and judicious investment in R&D
- Own front-end in the US to market products
- Continuous adherence to quality and compliance
- Investment in manufacturing facilities
- Improved understanding of markets

Manufacturing capacity for future growth

Alkem has 21 manufacturing facilities located across India and the US to serve its key markets. Six of these are US FDA approved to cater to the US markets. Over the last three years, the Company has invested significantly in these facilities to build sufficient capacities to support the foreseeable demand for formulations and APIs over the next few years. Besides, successful debottlenecking projects have been carried out at the facilities, which have bolstered production, while reducing production costs. These strategic investments in manufacturing capacities has created a competitive advantage and will be fundamental in enabling the Company to capture significant market opportunities.

R&D Centre at Taloja, India

Robust product filings and pending commercialisation

Research and Development (R&D) is one of the main pillars of growth for the Company. The Company has five R&D centres across India and the US and a team of over 500 qualified and experienced professionals. In the last five years, the Company has invested over ₹ 15 billion in R&D to develop new products for its key markets.

In the recent years, the Company has stepped up its product filings with the US regulator, as it seeks to expand in the world's largest drug market. In FY 2018-19, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approvals) – highest ever filings and approvals in a year for the Company. As on 31st March 2019, the Company has cumulatively filed 127 ANDAs with the US FDA including 1 NDA of which over half of them are yet to be approved and commercialised. Timely product approvals and launches would be an important driver of growth in the international markets, including the US.

High compliance focus

The Company invests in operating manufacturing facilities to standards that are consistent with regulatory requirements. The facilities are inspected and audited as per cGMP guidelines laid down by leading regulatory authorities including the US FDA, World Health Organisation (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). It has a successful track record of US FDA clearances, reflecting its strong commitment to compliance. Additionally, the Company has been able to achieve a high degree of automation of its plant operations and digitisation of its processes. This reduces the possibility of adverse observations by the regulatory authorities, leading to a seamless supply of products.

Strong relationships with industry partners

Strong relationships with distributors, suppliers and health authorities across all of its international markets and successful collaborations with industry peers put Alkem at a favourable position to achieve its growth objectives. Also, several years of experience in the US and other international markets has been instrumental in enabling the Company to drive disruption-free supply of its raw materials and final products. The Company continues to track opportunities for product in-licensing and out-licensing in several emerging markets to leverage its product portfolio as well as sales and marketing infrastructure.

Focus on key select markets

While the Company has presence in over 50 international markets apart from the US, it is looking to intensify focus on select markets like Australia, Chile, Philippines, Kazakhstan, East Africa and Europe. This will enable it to drive scale and hence achieve better profitability. The Company's extensive basket of products, which it has developed for India and the US, will be leveraged in these international markets. The Company also has its own field force (on ground presence) in some of these select markets. Creating strong local presence and offering differentiated products will help the Company to grow in these focussed markets.

R&D Operations at Taloja (India) facility

ENGAGING AND DEVELOPING TALENT FOR **REACHING NEW FRONTIERS**

ALKEM FIRMLY BELIEVES THAT THE HUMAN CAPITAL BUILT BY IT OVER THE YEARS IS ITS MOST VALUABLE ASSET. AS THE COMPANY BRACES ITSELF TO DRIVE THE ORGANISATION'S GROWTH TO THE NEXT LEVEL, A TALENTED AND DETERMINED WORKFORCE, STRONG LEADERSHIP, INNOVATION-LED CULTURE AND COMMITMENT TO COLLABORATION AND INCLUSION WILL BE ESSENTIAL TO ACHIEVE ITS STRATEGIC PRIORITIES. TO SUPPORT THIS, THE COMPANY CONTINUES TO ENHANCE ITS LEADERSHIP CAPABILITIES, UPSKILL THE EMPLOYEES TO MAKE THEM FUTURE-READY AND DEVELOP A HIGHLY ENGAGED WORKFORCE.

In line with the Company's objective of deepening its presence in international markets while consolidating domestically, enhancing productivity and building strategic partnerships and alliances, the HR function enmeshed global practices with local insights. During the year, the Company also aligned its core people practices with key trends such as going digital, capability building, fostering inclusion and creating a productive workforce, which saw a major impetus across the business.

Going digital

With the new-age workforce becoming more digital-savvy, the Company made proactive investments towards digitising its HR and IT processes and introducing more employee-friendly applications. The primary focus has been to embrace the emerging technologies in tune with its plans to further expand globally. As a key digital intervention, the Company organised two live webinars addressed by the Executive Chairman and Managing Director. More than 6,000 employees attended these two sessions. Its digital learning platform, ALKEPEDIA, saw an impressive adoption rate of 80% amongst sales employees and is increasingly being used as an employee engagement platform as well. During the year, Who's the Next Edison, a forum for recognising new ideas, was extended to key global locations and saw an influx of 160 ideas. ALKEPEDIA and Who's the Next Edison were also recognised externally for their widespread response by UBS Forums.

Capability building

Alkem understands the need for strengthening capability building given its rapid pace of growth. Towards this, the Learning and Development vertical broadened its scope to include manufacturing, R&D and corporate functions. Existing modules like Capsule Induction Programme and Basic

Applaud Awards 2018 – Appreciation for marketing teams

Training Programme for sales were revamped significantly. Additionally, with an objective of building capability of brand managers, Marketing Planning in Action workshops were also conducted. During the year, several programmes were held to build leadership capability at all levels starting with ALEAP (Alkem's Leadership Excellence and Advancement Program). It was a first-of-its-kind senior leadership programme aimed at developing next-generation leaders over a 9-month duration. This enterprise-wide initiative included multiple modules and pedagogies and was designed in conjunction with ISB, Hyderabad. 27 senior leaders graduated successfully through ALEAP. Besides, 'Discover the Leader Within' programme was launched for mid-level managers followed by revamping of the 'First time Manager' programme designed for newly promoted managers.

Fostering inclusion and connect

Alkem continuously endeavours to foster inclusion and strengthen employee connect within the organisation. ASMITA is the townhall meeting conducted by the Company to set the tone for annual business objectives, provide a platform for employees to interact with the senior management and recognise the loyalty of tenured employees. Major townhalls were organised across Daman, Ankleshwar, Baddi and Taloja and were themed around Quality, Productivity and Connect. Digikem was another important initiative where digital boards were installed in key locations to disseminate important leadership messages and announcements across the organisation. Other major employee connect programmes included celebration of International Women's Day, Children's Day and Yoga Day across diverse locations. Alkem also participated in an employee engagement survey called 'Employee Pulse' based on 15 unique themes to strengthen employee connect across its prime global locations.

Creating a productive workforce

During the year, the Company implemented PACE (Performance Acceleration and Cost Excellence), an initiative aimed at recognising productivity acceleration and cost excellence in the manufacturing operations of Alkem. As a result of this initiative, approximately 400 workmen moved to semi-skilled and skilled level. Additionally, more than 50 employees were rewarded for generating and implementing productivity enhancement ideas. Significant restructuring intervention was also undertaken in R&D under which ADL and Formulation departments were dissolved. The new structure revolves around end-to-end project management and integrates Formulation and ADL departments with complete responsibility.

ASMITA - townhall meeting at Taloja (India)

Senior Management of Alkem

EMPOWERING
COMMUNITIES

ALKEM BELIEVES IN BEING A RESPONSIBLE CORPORATE ENTITY AND ENDEAVOURS TO CREATE SOCIAL, ECONOMIC AND ENVIRONMENTAL EQUALITY WITH ITS SUSTAINED CSR POLICIES AND INITIATIVES. HEALTH, EDUCATION, ENVIRONMENT AND RURAL DEVELOPMENT FORM THE MOST IMPORTANT CSR FOCUS AREAS OF THE COMPANY.

Health

Under health, widening access to quality and affordable primary and secondary care services for the deprived population, conducting need-based health camps and procuring medical equipments for improved health care services are the primary objectives of the Company.

Eye-Care Programme

During the year, Alkem organised eye care camps in Bihar for the benefit of economically deprived sections of the community. The camps were held in collaboration with Bihar Voluntary Health Association, a reputed NGO. Due to insufficient care and lack of affordability, the villagers, particularly elders, developed cataract. The programme involved examining patients at the local village sites and moving the identified cataract patients to the district hospitals for undergoing surgeries. These efforts of the Company was much appreciated and lauded by the local communities.

Medical camp

Key highlights of Eye-Care camp

821	210	140
Patients examined	Patients identified with Cataract	Surgeries performed

Patients at the Eye-Care camp

Eye-Care camp

Other initiatives in the area of health included installation of medical equipments at Gyalshing Hospital in Sikkim and KEM Hospital in Mumbai.

Medical equipment at Gyalshing Hospital, Sikkim

Education

The Company aims to enhance the quality of education and ensure access to the Indian education system to all sections of society. Towards this objective, Alkem organises merit-based scholarships as well as supports NGOs to promote quality education.

Alkem Foundation Scholarship Programme

Alkem Foundation, a renowned social organisation, has decided to launch the Alkem Foundation Scholarship Programme. The programme aims to support medical aspirants to pursue their careers in medicine and motivate them to contribute to the healthcare ecosystem. Greater access to higher education and a robust medical ecosystem are the broad objectives of this project. This initiative is envisaged to be undertaken in partnership with the Tata Institute of Social Sciences (TISS). 100 students are expected to benefit out of this programme.

Promotion of girl child education in Daman and renovation of school at Mandva, Gujarat were among the other significant initiatives under education.

Promoting girl child education

Renovation of school at Mandva, Gujarat

Promoting girl child education in Daman

ALKEM

EMPOWERING COMMUNITIES

Community Health Programme

Alkem Community Health Programme focussed on creating health and nutrition awareness among women, children and adolescent girls in 14 villages of Raigad district of Maharashtra. The Company reached out to approximately 800 households through this initiative.

Key Interventions:

- Special health awareness, vaccination and breastfeeding sessions with women, Anganwadi and ASHA workers of the community
- Cleanliness and WASH (Water, Sanitation and Hygiene) programmes for children at schools
- Distribution of MAMTA seed kits to inspire communities to adopt backyard kitchen garden for nutritional benefit

Women and adolescent training programme

MAMTA seed kit and kitchen garden for nutrition

Health awareness camp

AWARDS & ACCOLADES

Best Innovative CSR Project at CSR Summit & Awards 2018

Best Use of Technology in Sales Hiring by Global Eminence Digital Awards sponsored by AQUILAA

Best Employee Engagement Practice and Best L&D Strategy Titles at the HR Summit 2018 for digital practices of Who's the Next Edison and ALKEPEDIA, respectively

Brand "Clavam" receiving Brand of the Year 2018 Award at AWACS AWARDS FOR MARKETING EXCELLENCE

Business Excellence Award 2018 for Best Range of ICU Products, Pharma and Health Care Summit organised by CIMS (Current Index of Medical Specialties)

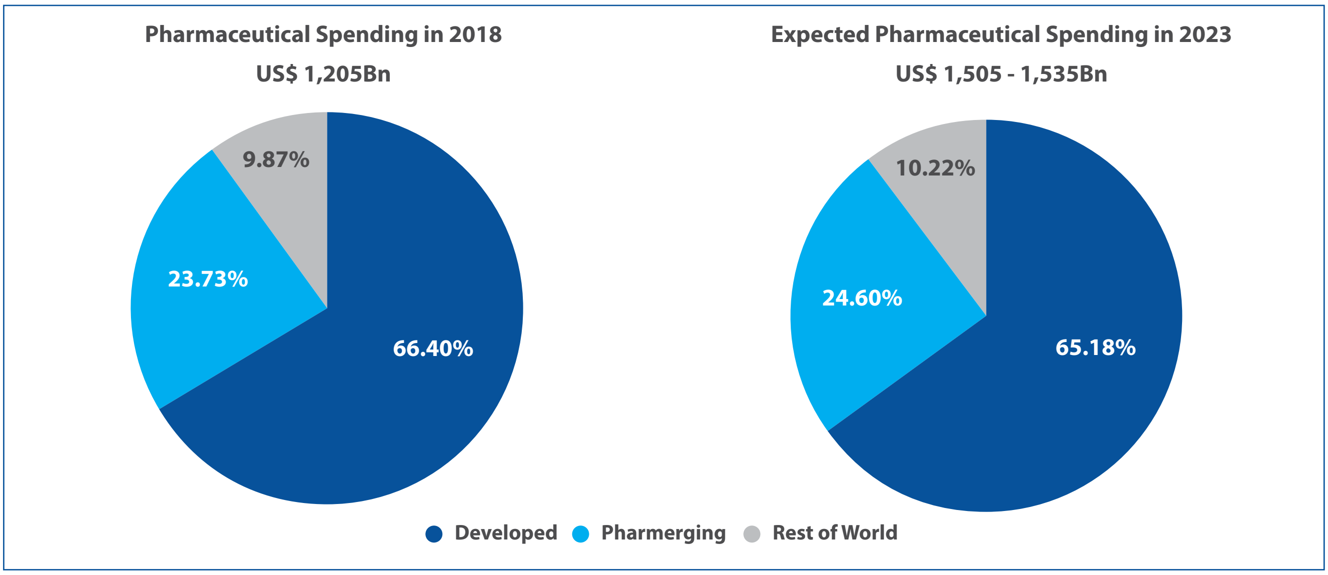
Express Pharma Excellence Award at Pharma CXO Summit 2019 - Given on the basis of exports turnover and exports growth rate

MANAGEMENT DISCUSSION **AND ANALYSIS**

THE GLOBAL PHARMACEUTICAL INDUSTRY

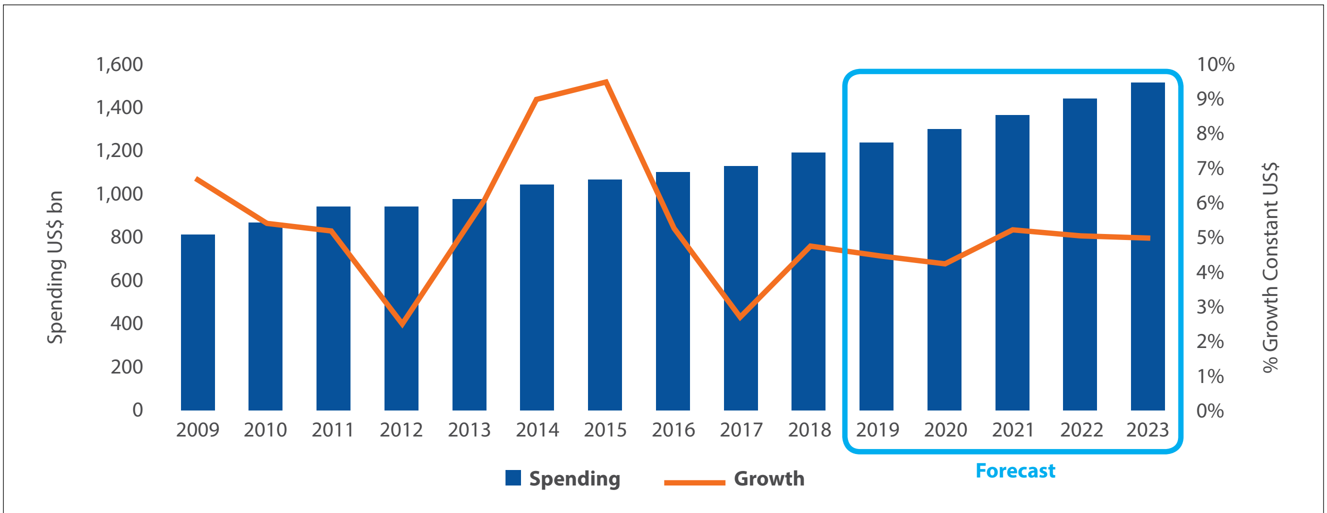
The global pharmaceutical industry is one of the largest industries in the world valued at about US$1.2 trillion in 2018. The industry is expected to grow at 3-6% compound annual growth rate (CAGR) over the next five years to cross US$1.5 trillion by 2023. This growth would be driven by increased size of the global ageing population, continued uptake and launch of novel therapies serving unmet medical needs, rise in middle-class population, changes in lifestyles and food habits and improved access to healthcare in emerging economies. The developed markets comprising of the US, top 5 European markets (EU5), Japan, Canada, South Korea and Australia constitute about two-thirds of the global pharmaceutical market and is expected to grow at 3-6% CAGR over the next five years largely driven by introduction of new products and growth in branded/specialty products. The pharmerging markets comprising of emerging markets like China, Brazil, India, Russia and others, constitute about one-fourth of the global pharmaceutical market is expected to grow at 5-8% CAGR over the next five years driven by volume growth in off-patented drugs, sustained economic growth, higher disposable income and improved access to quality healthcare. Amongst the pharmerging markets, India pharmaceutical market is expected to grow at 8-11% CAGR over the next five years, the fastest amongst the BRIC nations, to reach US$28-32 billion by 2023.

Global Pharmaceutical Spending by Region



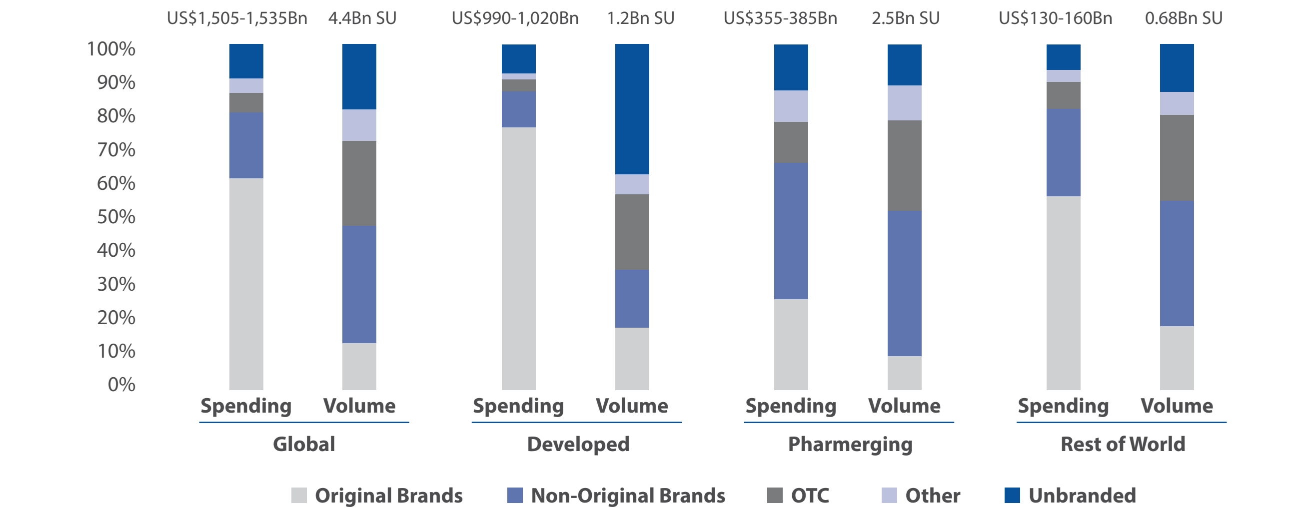
Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Global Medicine Spending and Growth 2009-23



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Global Medicine Spending and Volume by Region and Type, 2023



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Key Growth Drivers of Pharmaceutical Spending

1 FAVOURABLE DEMOGRAPHICS

688 million people or 11.6% of global population to be in the age group of 65 years and above by 2022. (Source: Deloitte Report 2019: Global healthcare outlook)

Effect: The global demographic trend towards an older population increases vulnerability to ageing-associated diseases thereby driving pharmaceutical sales.

2 LARGE GLOBAL POPULATION

World population is forecast to surpass 9 billion by 2050. (Source: UN Report)

Effect: The huge population size will increase the demand for pharmaceutical products.

3 GROWING MIDDLE-CLASS

By 2020, more than half of the world's population will belong to middle-class segment.

Effect: Rising disposable incomes means increased affordability, leading to higher demand for improved healthcare solutions.

4 NEW MEDICINES

Yearly average of 54 new active substance (NAS) are expected to be launched from 2019-23, up from 46 in the past five years.

Effect: New medicines and specialty products launched to address serious and unmet medical needs are expected to be a key driver of growth.

5 LIFESTYLE-RELATED DISEASES

Rapid urbanisation, sedentary lifestyles, unhealthy diets and rising levels of stress are fuelling an increase in chronic and non-communicable diseases.

Effect: The increased incidence of lifestyle diseases serves as a growth opportunity for better and specialised healthcare solutions.

6 IMPROVED HEALTHCARE INFRASTRUCTURE

Pharmerging markets are witnessing higher penetration of health insurance, increased government healthcare expenditure and implementation of supportive policies.

Effect: Favourable trends in healthcare facilities will boost the pharmaceutical industry in these markets.

Region-wise Pharmaceutical Spending and Growth

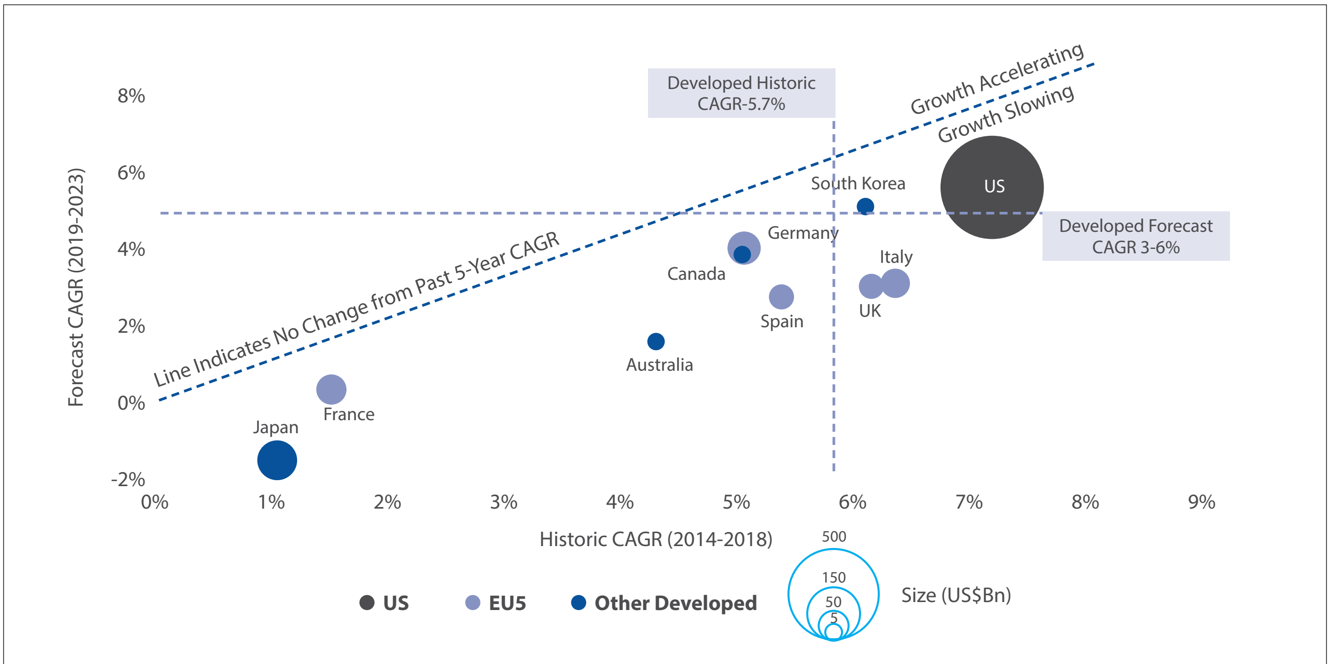
	2018 SPENDING US$BN	2014-18 CAGR CONSTANT US$	2023 SPENDING US$BN	2019-23 CAGR CONSTANT US$
Global	**1,204.8**	**6.3%**	**1,505-1,535**	**3-6%**
Developed	**800.0**	**5.7%**	**900-1,020**	**3-6%**
U.S.	484 .9	7.2%	625-655	4-7%
EU 5	177.5	4.7%	200-230	1-4%
Germany	53.5	5.0%	65-69	3-6%
France	36.8	1.5%	37-41	(-1)-2%
Italy	34.4	6.3%	40-44	2-5%
U.K.	28.4	6.2%	33-37	2-5%
Spain	24.6	5.4%	27-31	1-4%
Japan	86.4	1.0%	89-93	(-3)-0%
Canada	22.2	5.0%	27-31	2-5%
South Korea	15.8	4.7%	19-23	4-7%
Australia	13.1	4.3%	13-17	0-3%
Pharmerging	**285.9**	**9.3%**	**355-385**	**5-8%**
China	132.3	7.6%	140-170	3-6%
Tier 2	67.7	10.7%	91-95	7-10%
Brazil	31.8	10.8%	39-43	5-8%
India	20.4	11.2%	28-32	8-11%
Russia	15.5	9.9%	21-25	7-10%
Tier 3	85.9	11.3%	105-135	7-10%
Rest of World	**118.9**	**3.2%**	**130-160**	**2-5%**

Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018
Notes: Spending in US$ Bn, CAGR - Compound Annual Growth Rate using Constant US$ with Q2 2018 exchange rates.

Developed Markets

Over the last four years through FY 2014-18, the developed markets have grown at 5.7% CAGR. While growth is expected to slow down to 3-6% CAGR over the period FY 2019-23, these countries will continue to cumulatively account for the largest amount of pharmaceutical spending. The launch of specialty products and orphan drugs (i.e. drugs intended to treat rare diseases) will drive spending in this region. In fact, it is estimated that nearly two-thirds of launches over the next five years in these markets will be in the specialty class. This continued shift towards specialty products is expected to take its share in total medicines spending to nearly 50% by 2023 in majority of the developed markets. In value terms, specialty spends in these markets is expected to reach US$475-505 billion by 2023, up from US$336 billion in 2018.

Developed Markets Historic and Forecast Spending Growth by Country



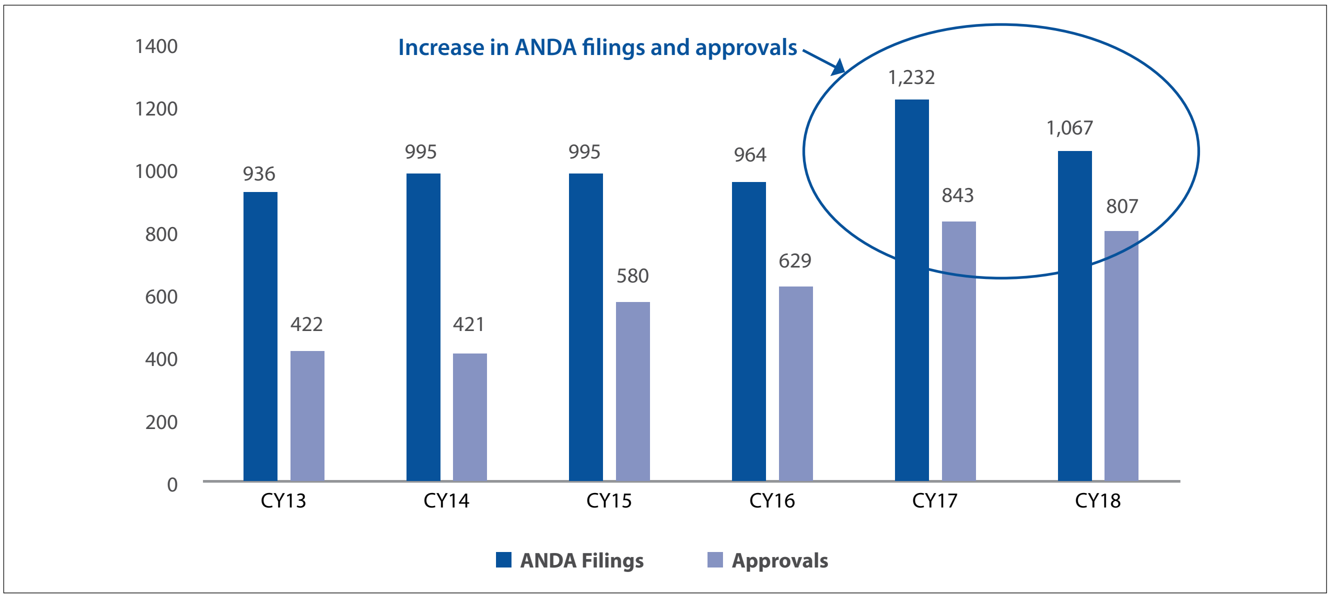
Source : IQVIA Market prognosis Sep 2018; IQVIA Institute, Dec 2018

The United States

The US pharmaceutical market is the world's largest pharmaceutical market with medicine spending exceeding US$480 billion in 2018. It is also the largest importer of drugs in the world and hence the growth and dynamics of the US market has a considerable bearing on the overall growth of the industry.

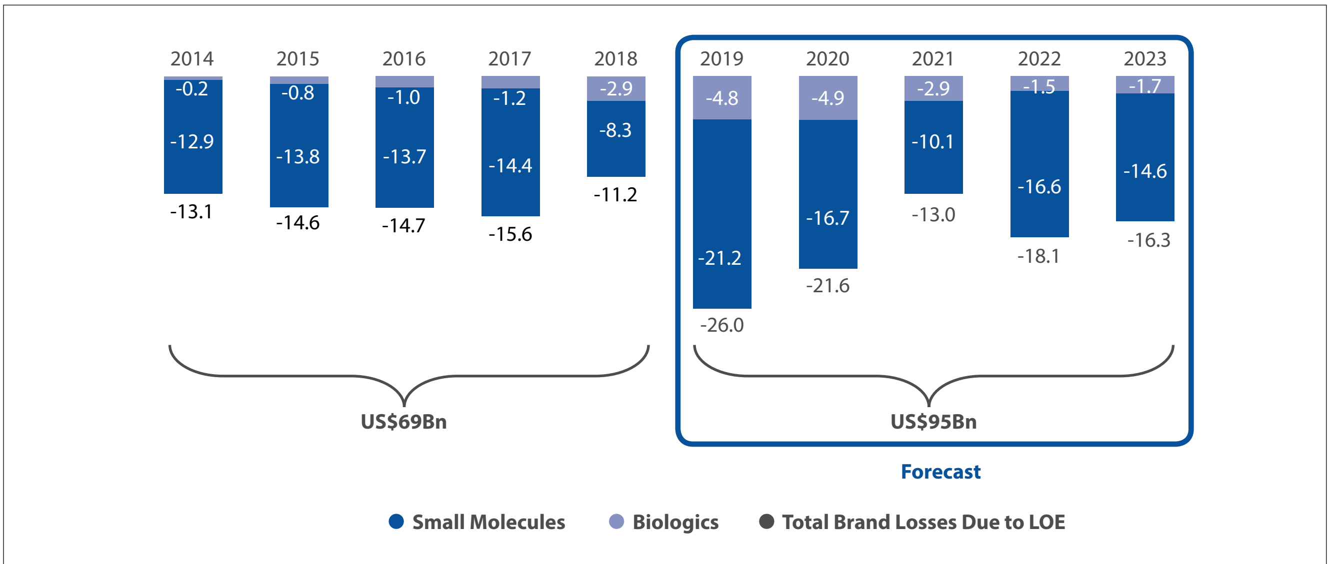
Over the period FY 2014-18, the US pharmaceutical market has grown at 7.2% CAGR, the fastest amongst the developed markets. However, in the recent past, increased scrutiny by the government and the public on the price increases, higher number of ANDA approvals by the US FDA and channel consolidation has led to deflationary price trends. As a result, the US market is expected to grow at a tad lower pace of 4-7% CAGR over the next five years to reach over US$600 billion on an invoice basis by 2023. This growth would be largely driven by new products and brand pricing. Additionally, over the next five years, branded medicines with sales worth US$95 billion would be losing exclusivity in the US, including 18 of the current top-20 branded drugs. This patent expiry provides significant market opportunity for generic manufacturers. Generics are estimated to make up to 90% of the US prescriptions, up from 72% in 2008. Biosimilars will also emerge as a new market potential as biologics worth nearly US$ 16 billion lose exclusivity over the next five years.

ANDA Filings and Approvals



Source : USFDA website

US Impact of Brand Losses of Exclusivity 2014-23, US$Bn



Source : IQVIA Market prognosis Oct 2018; IQVIA Institute Dec 2018

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Europe and Japan

The EU5 markets are expected to grow at 1-4% CAGR through 2019-23, albeit lower than 4.7% CAGR in the past five years, to reach US$200-230 billion. The lower growth is because of cost-containment measures and lower growth from new products. Germany is the largest market in this region with US$53.5 billion in medicine spending and expected to grow the fastest at 3-6% CAGR through 2019-23. UK and Italy together accounted for more than US$50 billion in medicine spending and are expected to grow at 2-5% CAGR over the period 2019-23.

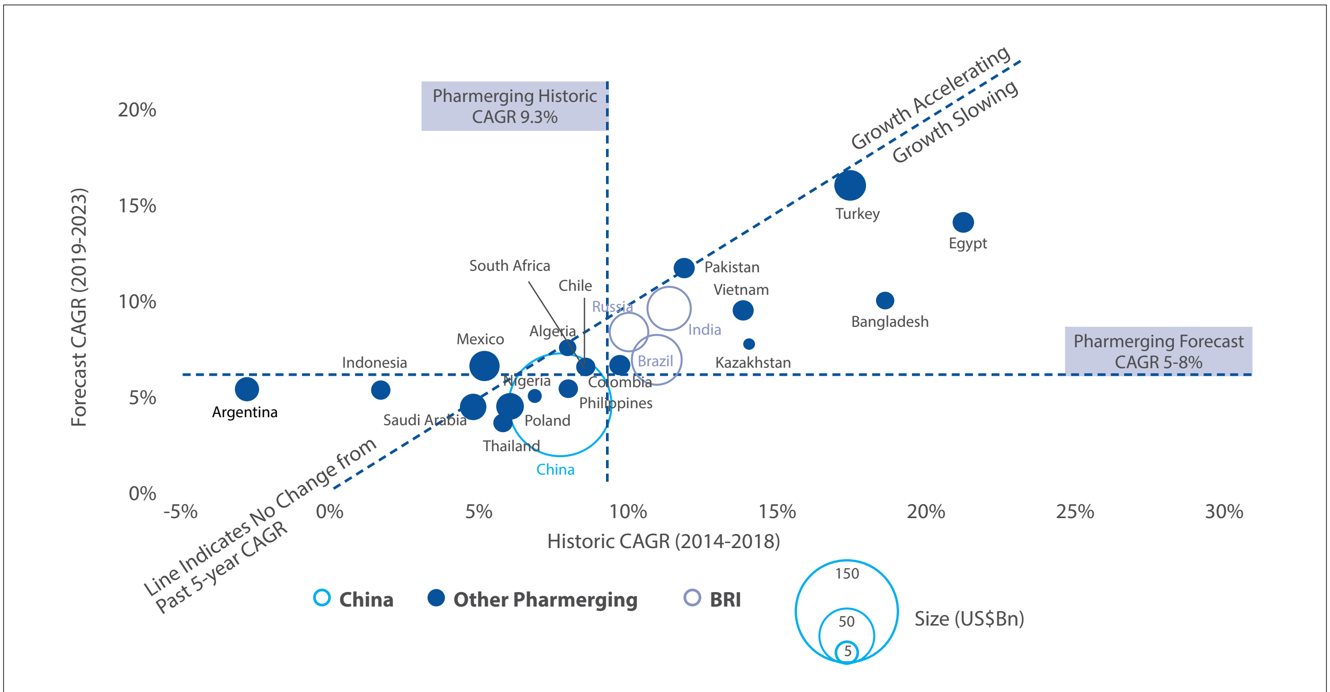
The Japanese pharmaceutical is expected to be the slowest growing market amongst the developed markets with expected growth rate of -3% to 0% over the next five years mainly on the account of biennial price cut system.

Pharmerging Markets

As per the IQVAI Institute Report, the Pharmerging markets is valued at US$286 billion in 2018 and constitutes about one-fourth of the global pharmaceutical markets. While the pharmerging markets grew at 9.3% CAGR through 2014 to 2018, it is expected to grow at 5-8% CAGR through 2019 to 2023 as economic growth and past healthcare expansions are likely to contribute less to the growth. However, it would still grow faster than the developed markets on account of rising income levels, increased drug affordability with the launch of low-priced generics, higher incidence of chronic diseases due to shift in lifestyles, growing health awareness, increased government healthcare expenditure and deeper insurance penetration. Along with generics, increased uptake of newer medicines is also being witnessed in some markets with the patients' ability to spend on healthcare improving with economic growth.

China is the biggest emerging pharmaceutical market and the second-largest pharmaceutical market globally. It is expected to reach US$140-170 billion by 2023, albeit at a slower CAGR of 3-6% as against 7.6% CAGR over 2014-18. Apart from China, India and Brazil are also projected to account for a large share of medicine spending within the pharmerging markets.

Pharmerging Markets Historic and Forecast Spending Growth by Country



Source : IQVIA Market prognosis Sep 2018; IQVIA Institute Dec 2018
Notes: BRI-Brazil, Russia, India; Argentina is plotted in U.S. dollars

Indian Pharmaceutical Industry

Domestic Consumption

Over the past three decades, India's pharmaceutical industry has grown impressively driven by the domestic market as well as its relevance in the global industry. As per the IQVAI Institute Report, the domestic pharma industry reached a size of US$20.4 billion in 2018 and is expected to grow at a CAGR of 8-11% over the period 2019-23 to reach US$28-32 billion by 2023. Further, among the BRIC nations, India is expected to record the fastest growth.

While in the recent past, demonetisation and the roll out of Goods and Services Tax (GST) slowed down domestic growth, the outlook remains positive. The strong growth forecast is driven by a combination of factors: growing income levels with steady economic growth, rising prevalence of chronic diseases due to sedentary lifestyles, improvements in healthcare infrastructure, greater penetration of health insurance coverage and higher life expectancy. Some of the other growth drivers include new launches by innovator companies, online sales of pharmaceutical products and new government schemes in the healthcare sector.

Some of the major initiatives taken by the Government during the year to promote the Indian healthcare industry include:

PMJAY: In September 2018, 'Ayushman Bharat' (Pradhan Mantri Jan Aarogya Yojana-PMJAY) or the National Health Mission Scheme was launched by the Government. The largest Government-funded healthcare programme, PMJAY provides health insurance cover up to ₹5 lakh per family, covering 500 million citizens who are most poor and vulnerable. Major focus of the PMJAY is on tertiary care and includes treatment for cancer, heart, respiratory and kidney diseases. The PMJAY scheme has an outlay of ₹64 billion.

Budgetary Measures: For FY 2019-20, ₹613.98 billion was earmarked as budgetary allocation for the health sector. This is the highest in the last two financial years and a 16% increase over FY 2018-19 allocation. Over ₹ 2.5 billion have been allocated for setting up Ayushman Bharat Health and Wellness Centres under the National Urban Health Mission, while ₹13.5 billion have been set aside for the Health and Wellness Centres under the National Rural Health Mission. Under the programme, nearly 1.5 lakh sub-centres and primary health centres will be transformed as health and wellness centres by 2022. These centres will be equipped to provide treatment for diabetes, cancer and other illnesses.

The increased expenditure on healthcare is expected to benefit the people and the pharmaceutical industry. Further, the thrust on tertiary care and chronic therapy areas augurs well for specialty medicine manufacturers.

Exports

India is the largest provider of generic medicines globally (20 - 22% of global export volume). It supplies over 50% of global demand for various vaccines and 40% of generic demand in the US. Around 55% of the total pharmaceutical exports from India are to the developed and regulated markets, speaking volumes about the quality, efficacy and pricing of the Indian drugs.

As per Pharmexcil Annual Report, pharmaceutical exports from India stood at US$ 17.3 billion for the financial year 2018 or almost 3% higher than the previous fiscal. The growth is commendable as it was achieved against the demanding backdrop of increasing competition in the generics space, price erosion due to competition intensification and channel consolidation, and heightened regulatory environment, particularly in its key market, the US.

The US is the largest exports market for the Indian pharmaceutical companies, accounting for over 30% of the total pharmaceutical exports. Out of total 5,350 ANDA approvals granted by the US FDA between 2009 and 2018, Indian companies have secured 34.4% of these approvals. India also has the most number of US FDA approved manufacturing facilities outside of the US. While in the recent past, the growth rate of pharmaceutical exports to the US has come off on account of higher competition and channel consolidation, the Indian manufacturers are increasingly tapping emerging markets to offset this.

Regionwise India's Pharma Exports during April-March
US$ million

Region	FY17	FY18	GR (%)	Contribution (%)
North America	5,770	5,346	-7.35	30.95
Africa	3,241	3,347	4.14	19.37
EU	2,523	2,750	9.02	15.92
ASEAN	1,083	1,181	9.07	6.84
LAC	993	1,135	14.33	6.57
Middle East	808	869	7.6	5.03
South Asia	722	764	5.81	4.42
CIS	632	733	16.02	4.24
Asia (Excluding Middle East)	565	627	10.83	3.63
Oceania	297	320	7.71	1.85
Other European Countries	130	151	16.34	0.87
Other America	48	52	10.13	0.3
Others	1	0	-97.77	0
Grand Total	**16,785**	**17,276**	**2.92**	**100**

Source: Pharmexcil Annual Report

COMPANY OVERVIEW

Established in 1973, Alkem Laboratories is India's leading generic pharmaceutical company with global operations. The Company is engaged in the development, manufacture and sale of high-quality pharmaceutical and nutraceutical products, which are marketed in India and over 50 countries internationally. Supported by an extensive portfolio of over 800 brands, robust sales and distribution network and an experienced management team, the Company has been consistently ranked amongst the top ten pharmaceutical companies in India for over 15 years. The Company has emerged as one of the leading companies in India in the acute therapy areas of anti-infective, gastro-intestinal, pain management and vitamins/minerals/nutrients. Moreover, the Company has also been steadily scaling its presence in the chronic therapy areas like neuro/CNS, cardiac, anti-diabetes and dermatology.

Besides India, the Company also has presence in more than 50 international markets, with the US being the key market. The Company's product portfolio is further strengthened through its 21 state-of-the-art manufacturing facilities across India and the US. The manufacturing facilities have been audited by the leading regulators across the world like the US FDA, World Health Organisation (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). The Company also has 5 world-class R&D facilities located in India and the US with about 500 scientists.

Key Strengths

- Experienced management with over 40 years of industry experience
- Amongst the top 5 pharmaceutical companies in India in acute therapy areas
- Broad portfolio of over 800 brands in India
- Extensive doctor coverage in India with field force of over 9,000 people
- Over 1,500 product filings in international markets
- 21 manufacturing facilities across India and the US
- About 500 scientists working across 5 R&D centres in India and the US

Alkem has consistently been ranked amongst the top ten pharmaceutical companies in India for over 15 years

Financial Highlights of the Year

Revenues from Key Markets

Business Segment	Revenues in 2018-19 (₹ mn)	Contribution to total revenues	YoY growth in 2018-19
Domestic Business	49,642	67.5%	8.4%
US Business	18,979	25.8%	38.9%
Other International Market Business	4,950	6.7%	8.4%
Total	**73,572**	**100%**	**14.9%**

Key Profit and Loss Statement Highlights

Particulars (₹ mn)	FY19	FY18	YoY Change	Comments
Revenue from Operations	73,572	64,012	14.9%	Domestic business grew by 8.4%, while the International business grew by 31.2%
Gross Profit	44,122	40,184	9.8%	Significant increase in API prices along with change in revenue mix – higher contribution from International business, resulted in lower gross margin
Gross Profit margin	60.0%	62.8%		
EBITDA	11,148	10,089	10.5%	Lower gross margin and higher R&D investments led to dip in EBITDA margin
EBITDA margin	15.2%	15.8%		
PBT	9,547	9,260	3.1%	Higher depreciation and amortisation expenses due to significant capex investments over the last 3 years
PBT margin	13.0%	14.5%		
PAT (After Minority Interest)	7,605	6,309	20.5%	Tax rate in FY 2018-19 was 19.0% compared to 31.1% in FY 2017-18 due to higher contribution to PAT coming from manufacturing facilities which are entitled to fiscal benefits
PAT margin	10.3%	9.9%		

Key Ratios

Ratio	Formula used	FY19	FY18	Comments
Debtors Turnover*	Sale of products/Trade receivables	5.82	5.84	No Significant change
Inventory Turnover	COGS/Inventory	1.96	1.65	The Company is in the process of optimising its inventory levels through various initiatives
Interest Coverage Ratio	EBIT/Finance Cost	16.87	15.65	The Company lowered its net-debt during the year by optimising its working capital
Debt to Equity Ratio	Net Debt/Total Equity	0.12	0.17	
Current Ratio	Current Assets/Current Liabilities	1.92	1.68	
Return on Net Worth	PAT/Net Worth (attributable to owners of the Company)	14.0%	13.0%	Lower effective tax rate led to higher PAT margin during the year

** Sale of products is excluding GST whereas trade receivables includes GST*

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DOMESTIC BUSINESS

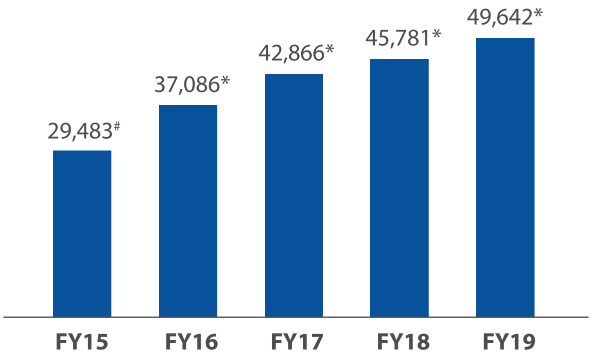
Key Highlights

₹ 49,642 million	67.5%	8.4%	No. 6*	4*
Revenue from Domestic Business	Revenue Contribution	y-o-y growth in the Domestic Business	Rank in the Indian Pharma Market	No. of brands in IPM Top 50

** As per IQVIA MAT March'19 data*

During the financial year 2019, the Company's domestic business registered operating revenue of ₹ 49,642 million compared to ₹ 45,781 million in the previous financial year, recording a growth of 8.4%. Growth during the year was impacted due to ban on selected FDC drugs and relatively slower growth in the acute therapeutic segments of anti-infectives and gastro-intestinal which contributes more than half to the Company's domestic sales. The Company maintained its rank amongst the top ten pharmaceutical companies in India with leading position in the acute segments of anti-infective, gastro-intestinal, pain & analgesic and vitamins/minerals/nutrients (VMS). In the chronic therapeutic segments of neurology, dermatology, anti-diabetes and cardiology, the Company grew ahead of the market growth rate thereby not only gaining market share but also improving its market ranking.

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



**Numbers in accordance to IND AS*

 # Restated numbers

In terms of secondary sales performance reported by IQVIA (MAT March 2019), the Company outperformed the IPM with a year-on-year growth of 14.3% compared to IPM growth of 10.5%. In most of the major therapy areas, the Company grew ahead of the market. In its established therapy segments of anti-infectives, gastro intestinal and VMS, the Company significantly outperformed the market growth, thereby consolidating its position amongst the top companies in these therapeutic segments. The Company continues to rank as the number one anti-infectives company in India for over 15 years and also features amongst the top 5 pharma companies in the therapy areas of gastro intestinal, pain & analgesic and VMS. This performance has been achieved on the back of Company's market leading brands, comprehensive product portfolio, introduction of new products to fill portfolio gaps, large field force, robust supply chain and distribution network and an experience management.

Operations at Sikkim (India) facility

Alkem's Performance in Key Therapeutic Segments

Therapy Area	Company's Rank	Change in Rank	Therapy Sales Contribution	Market Share	Company's Growth	Industry Growth
Anti-infectives	1	Unchanged	40%	12.0%	13.7%	6.6%
Gastro Intestinal	3	Unchanged	19%	6.5%	17.9%	7.9%
Pain / Analgesics	3	Unchanged	12%	5.4%	7.7%	9.0%
Vitamins / Minerals / Nutrients	4	Unchanged	8%	3.9%	15.4%	12.0%
Neuro / CNS	7	1	4%	2.5%	13.7%	10.3%
Derma	17	1	3%	1.6%	13.0%	13.1%
Anti-Diabetic	22	3	3%	1.0%	34.2%	14.9%
Cardiac	26	2	3%	0.8%	29.2%	12.0%
Alkem	**6**	**Unchanged**		**3.6%**	**14.3%**	**10.5%**

Source: IQVIA MAT March 2019

In the fast-growing chronic segments, the Company continued to build upon its growing presence by delivering market beating performance in therapy areas of neurology, dermatology, anti-diabetes and cardiology. As per IQVIA data, the Company now features amongst the top 7 Neuro/CNS companies in India and ranks amongst the leading companies in the Alzheimer's segment. The Company also gained market share and improved its rankings in the areas of dermatology, cardiology and anti-diabetes. This has been achieved through healthy growth in key brands, well-planned marketing and promotion initiatives, expansion in field force and new product launches.

Formulation manufacturing facility at Baddi, India

Performance of Company's Top 10 Brands

Sr. No.	Brand	Molecule Category	Therapy Area**	Brand Sales (₹ mn)*	Rank in Molecule Category*	Market Share*
1	Clavam	Amoxicillin + Clavulanic Acid	AI	3,609	2	15.6%
2	Pan	Pantaprozale	GI	2,832	1	30.2%
3	Pan-D	Pantaprazole + Domperidome	GI	2,666	1	28.3%
4	Taxim-O	Cefixime	AI	1,978	2	21.3%
5	Taxim	Cefotaxime	AI	1,384	1	77.1%
6	Xone	Ceftriaxone	AI	1,316	2	14.4%
7	A To Z NS	Multivitamins	VMS	1,300	2	9.2%
8	Gemcal	Calcitriol Combinations	Pain / Analgesics	1,057	1	14.1%
9	Pipzo	Piperacillin + Tazobactam	AI	924	1	17.5%
10	Ondem	Ondansetron	GI	890	1	27.7%

**Source: IQVIA MAT March 2019*

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

Outlook for Domestic Business

India pharmaceutical market continues to be one of the most attractive pharmaceutical markets in the world with expected growth rate almost double that of the global pharmaceutical market. The growth rates in the recent years were impacted due to implementation of GST, price regulations and ban on select FDC products. However, factors like rising incidences of lifestyle diseases, higher disposable income, improved access to healthcare facilities and increasing penetration of medical insurance will continue to drive growth in the near-to-medium term.

The Company would look to leverage its strong brand building capabilities, robust sales and distribution network, extensive product portfolio and its experience of over 40 years in India pharma market to deliver outperformance in the market. The Company would look to strengthen its presence in the chronic therapy segments of neuro/CNS, dermatology, cardiology and anti-diabetes, while at the same time maintain its leading position in acute therapy segments of anti-infectives, gastro intestinal, pain & analgesic and VMS. Improving the productivity of the recently added medical reps would also be one of the focus areas going forward.

However, changes in the regulatory landscape would be the key thing to watch out for in this evolving market. Also as a significant part of the Company's India sales comes from the anti-infectives segment, a relatively weaker growth in this segment would have a bearing on the Company's overall growth in the domestic business.

Operations at Baddi (India) facility

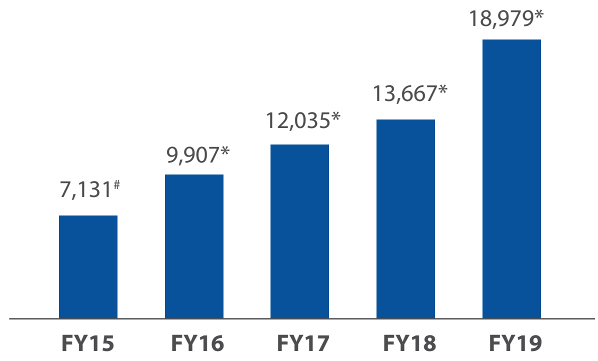
US BUSINESS

Key Highlights

₹ 18,979 million	25.8%	38.9%	127	70
Revenue from US Business	Revenue Contribution	y-o-y growth in the US Business	Cumulative ANDAs filed	Cumulative ANDAs approved (including tentative approvals)

After India, the US pharmaceutical market is the second largest market for the Company, contributing 25.8% to its total operating revenue. During the financial year 2019, the US business registered operating revenue of ₹ 18,979 million compared to ₹ 13,667 million in the previous financial year, recording a year-on-year growth of 38.9%. The strong growth during the financial year was mainly on account of market share gains in the existing products as well as contributions from the new product launches. Favourable exchange rate movement also helped the reported year-on-year growth during the year.

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

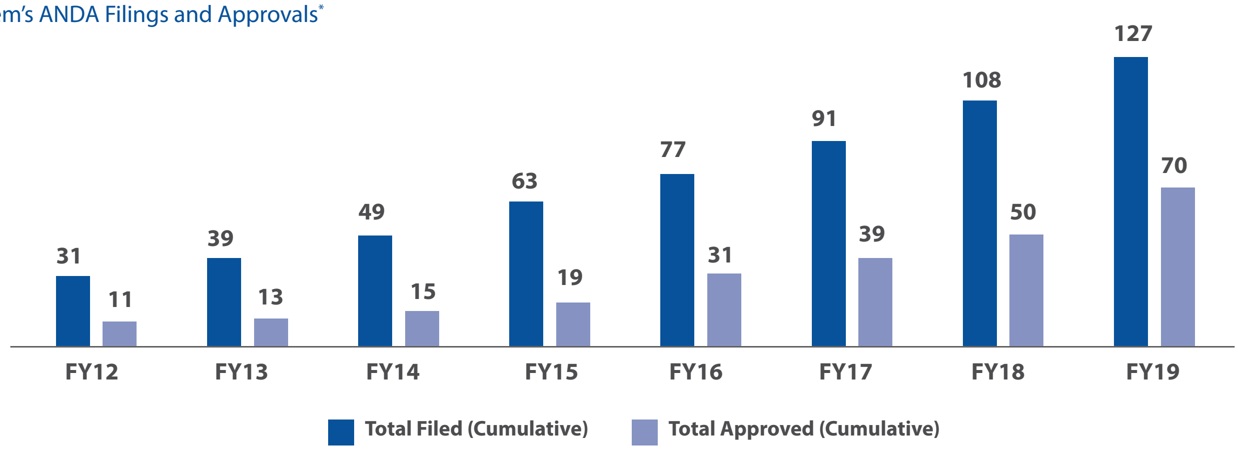


*Numbers in accordance to IND AS

Restated numbers

During the year, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approvals). This is the highest number of filings and approvals received by the Company in a financial year. With this, the Company has cumulatively filed 127 ANDAs including one new drug application (NDA) with the US FDA. Of these, it has received approvals for 69 ANDAs (including 11 tentative approvals) and 1 NDA.

Alkem's ANDA Filings and Approvals*



*Including tentative approvals and 1 NDA

Update on the US FDA Inspections

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

- August 2018 – US FDA inspected Company's formulation manufacturing facility at Baddi. At the end of the inspection, no Form 483 was issued
- August 2018 – US FDA inspected Company's API manufacturing facility at California. At the end of the inspection, no Form 483 was issued
- November 2018 – US FDA inspected Company's bioequivalence facility located at Taloja. At the end of the inspection, no Form 483 was issued
- January 2019 – US FDA inspected Company's formulation manufacturing facility at Daman. At the end of the inspection, no Form 483 was issued

- January-February 2019 – US FDA inspected Company's formulation manufacturing facility at St. Louis. At the end of the inspection, the Company received Form 483 containing eight observations. Subsequently, the Company received a letter from the US FDA in May 2019, classifying the facility as Official Action Indicated (OAI)

Apart from the above inspections conducted by the US FDA during the financial year 2019, in May 2019, the US FDA also conducted an inspection at the Company's manufacturing facility at Baddi. At the end of the inspection, Form 483 was issued with four observations. The Company has submitted comprehensive correction and prevention action plans to the US FDA for its St. Louis and Baddi facilities within the stipulated timelines. The Company is committed to deliver high quality products and adhere to regulatory compliance. It continues to invests in its systems, processes and people to keep up with the evolving GMP norms.

USFDA Inspection at the Company's Manufacturing Facilities

Facility	Scope	Last inspection	Status post last inspection
Baddi (India)	Formulation	May-19	Received Form 483 with 4 observations
St. Louis (US)	Formulation	January – February 2019	Received Form 483 with 8 observations. Plant classified as OAI*
Daman (India)	Formulation	Jan-19	Successfully closed without any observations
California (US)	API	Aug-18	Successfully closed without any observations
Ankleshwar (India)	API	Dec-16	EIR# received in March 2017, thereby successfully closing the inspection
Mandva (India)	API	Sep-15	EIR# received in March 2016, thereby successfully closing the inspection

**OAI – Official Action Indicated*

 # EIR – Establishment Inspection Report

Outlook for the US Business

The Company is confident of sustained growth in the US, its key market, despite its challenges. In the US, some of the biggest obstacles are price deflation due to customer consolidation, tougher competition and continually changing and tightening regulatory controls. The Company is creating a robust pipeline of filings and approvals with over 120 ANDA filings so far to meet these challenges. The Company has created its own front-end and supply chain supported by cGMP compliant manufacturing facilities, helping it capture an increasing share in the world's largest pharma market. In-licensing opportunities, strategic alliances and partnerships, quicker ANDA filings through a strong focus on R&D, will enable the Company to boost its capabilities and product portfolio and result in more opportunities for growth in the US pharmaceutical market.

Operations at Daman (India) facility

OTHER INTERNATIONAL MARKET BUSINESS

Key Highlights

₹ **4,950 million**
Revenue from Other International Markets

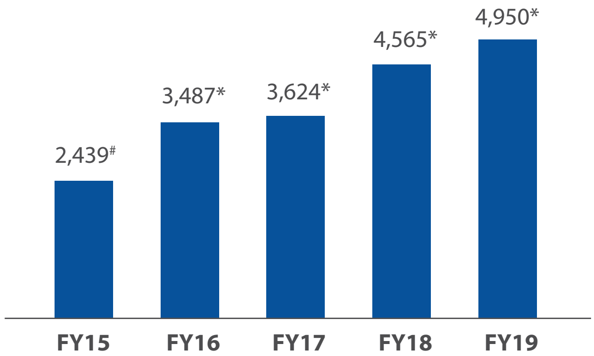
6.7%
Revenue Contribution

8.4%
y-o-y growth in Other International Markets

50+
Countries Global Presence

Apart from India and the US, the Company has presence in about 50 international markets spread across Australia, Chile, Philippines, Kazakhstan, Europe, Middle East and East Africa. During the financial year 2019, the Company's total operating revenues from Other International Markets business grew by 8.4% to ₹ 4,950 million compared to ₹ 4,565 million in the previous financial year. Growth was driven by new product launches (including in-licensed products) and improving market share in existing products. The key markets of Australia, Philippines and Chile registered healthy growth during the year which was complimented by steady growth in Middle East and African markets.

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



*Numbers in accordance to IND AS

Restated numbers

Outlook for Other International Markets Business

The Company is positive of increasing its market share through long-term growth opportunities in its existing products, acquisition of new customers and introduction of new products. The Company is strengthening its position and expanding growth in international markets by focusing on select markets and growing its operations by creating a strong local presence and offering differentiated products. Another possible growth opportunity is expansion via strategic acquisitions and partnership agreements for product out-licensing and in-licensing. Volatile currency exchange rates and constantly changing regulatory requirements are the key challenges in the international markets.

Alkem's International Business Team

Research and Development

A fundamental part of the Company's strategy is to invest in its Research & Development to strengthen its product portfolio and hence the future growth. Thus, the Company spent ₹ 4,622 million or 6.3% of its revenues on R&D during the financial year 2019 compared to 5.7% invested in the previous year. The Company's R&D team comprises about 500 scientists working across its 5 R&D centres located in India and the US to develop products for its key focussed markets.

Equipped with the state-of-the-art infrastructure, the Company's R&D centres have been successfully audited and approved by leading international regulatory authorities. It also has a 120-bed clinical research organisation facility for conducting bioequivalence and bioavailability studies on healthy volunteers to prove the effectiveness of developed formulations.

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

The Company has a robust Intellectual Property (IP) rights team responsible for patent filing, patent prosecution, design filing, infringement analysis and patent litigations for the global markets. Its regulatory affairs team oversees the product filings and approvals in India and key international markets.

R&D operations at Taloja (India) facility

Quality Assurance

Quality assurance is a very crucial aspect in every stage of the business at Alkem. The Company has a robust quality management system in place to ensure every product it develops, manufactures and distributes complies with the regulatory standards and practices. This underpins the Company's sustained commitment to create a strong quality conscious culture and maintain the safety and efficacy of its medicines.

The Company has highly skilled and experienced professionals for quality control to ensure strict adherence to quality systems and procedures. Its personnel have vast experience in working with leading agencies worldwide. Moreover, products are released for distribution only after meeting the quality specifications. Additionally, Alkem's manufacturing facilities are subject to rigorous and continuously evolving regulatory standards and practices.

The quality standards of the Company are in line with global best practices. The partners of Alkem also ensure adherence to national and international regulatory and business standards. All of its manufacturing units are inspected and audited as per cGMP guidelines enshrined by leading regulatory authorities, including the US FDA, WHO, MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). Alkem strives to enhance quality management systems with improvements in control systems, advancement in technology, strengthening of operating procedures and training of its people.

Human Resource

The Company is powered by its human capital. Their skills and expertise are central to driving innovation, executing strategies, delivering results and securing Alkem's reputation and growth. Building a learning organisation that attracts, retains and develops a talented workforce is at the heart of the Company's human resource efforts.

The focus of the Company has always been on maintaining high levels of employee engagement and motivation. This is achieved by providing meaningful opportunities for learning and growth for its people. Each year, the Company continues to invest in its people development with a tailored set of programmes and employee benefit schemes. During the year, the Company launched various programmes like ALEAP, Discover the Leader Within and First time Manager with an objective of building capabilities of its employees.

The Company made proactive investments towards digitising its HR and IT processes and introducing employee-friendly applications. Fostering inclusion and strengthening the employee connect with the organisation has also been one of the focus areas for the Company. In this regard, the Company provided several platforms for its employees to interact with the senior management.

Also during the year, the Company implemented PACE (Performance Acceleration and Cost Excellence) initiative in its manufacturing operations. As a result of this initiative, approximately 400 workmen moved from semi-skilled to skilled level.

Risk Management

Understanding and proactively managing the principal risks remains one of Alkem's priorities. The management is responsible for the Company's risk management activities and reviewing its effectiveness. As the Company operates in a dynamic environment, it is exposed to a variety of risks which may have a significant impact on the business if not properly assessed and controlled. The Company has a comprehensive risk management policy for the identification, evaluation, mitigation and monitoring of both internal and external risks and strengthening the governance framework to achieve key business objectives.

Company's manufacturing facilities in Sikkim (India)

Principal Risks	Impact	Mitigation
Competition Risk	Alkem's products face fierce competition from multiple pharma players, which may lead to shrinking revenues and impact its competitive advantage.	- Enhanced investments in R&D to develop differentiated products - Monitoring and evaluation of current market conditions by the Business Development Team to ensure early launch of newer molecules
Quality Risk	The occurrence of quality issues, manufacturing defects and adverse audit findings by regulatory agencies may impair Alkem's reputation and expose it to liabilities, fines or penalties.	- Ensuring that the manufacturing facilities comply with the cGMP guidelines enforced by leading regulatory agencies - Stringent quality control units and processes in place at each of the manufacturing facilities - Periodic checking of equipment and instruments to minimise product quality issues - Ensure release of only high-quality products for distribution
Pricing Risk	Adverse pricing regulation by National Pharmaceutical Pricing Authority (NPPA) on prices of key products may reduce the Company's revenues and margins.	- Enhancing operational efficiencies - Focus on diversified portfolio and volume growth

Principal Risks	Impact	Mitigation
R&D Risk	Development of any pharmaceutical product is a risky, complicated and lengthy process. R&D investments particularly are prone to several risks. Failure to deliver cost-effective products and delays in projects could affect Alkem's revenues and profit.	- Budgeted investment in R&D in line with the business plans and objectives - Focus on cost optimisation of existing products and continued search for new product candidates in R&D - Establishment of rigorous processes and R&D methodologies to ensure successful commercialisation of final products
Manufacturing Facility	Majority of Alkem's products for the domestic market are manufactured at its facilities in Sikkim. Disturbance in the production or supply due to natural calamities or shutdown of operations may adversely impact the Company's business.	- To mitigate the risk, the Company has backup plans to shift production to alternate manufacturing locations and contract manufacturers
Regulatory Risk	An evolving regulatory landscape and delay in required approvals for its facilities may pose challenges for the Company's business operations.	- Strong compliance culture - Strict policies and review systems in place to ensure adherence to all applicable laws - Consistent track record of cGMP compliant manufacturing facilities in accordance with the guidelines laid down by foremost regulators across the world
Information Technology Risk	Loss/theft of sensitive data due to lack of awareness among employees and failure to maintain information security could impact the Company's brand, data confidentiality and financial performance.	- Deployment of Microsoft Active Directory to enforce Information Security Policy - Ensure prevention of data leakages through frequent VAPT and IT audits and sustained investment in tools
People Risk	Inability to attract and retain quality personnel may lead to risk of business continuity and growth.	- Strategic tie-up with various reputed institutions to offer specialised pharmaceutical courses - Upgrade and sharpen the skillsets of employees on a regular basis - Enhance employee motivation with numerous performance-based incentives and practices

Internal Control & System

The Company is committed to maintaining the highest standards of ethics and transparency. The Company has a well-defined and adequate internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. It has documented policies and procedures to ensure the integrity and reliability of the internal control systems. The internal controls provide reasonable assurance on the efficient conduct of the Company's business, protection of assets and compliance with the applicable laws and regulations. The Company's Code of Conduct lays down a set of principles to regulate the action and behaviour of its employees. To create a sustainable and responsible business, the Company has implemented a Whistle Blower Policy for ensuring honest, fair and ethical practices across the organisation.

The Company has an independent internal audit function responsible for evaluating and monitoring the effectiveness of internal controls and processes. Risk-based audits and review of financial, operational and compliance controls are conducted by the internal audit department. The critical areas which require expert attention are reviewed in partnership with external professionals. The Audit Committee reviews the annual audit plan, key audit findings and preventive actions taken to mitigate the critical issues.

Cautionary Statement

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

DIRECTORS' REPORT

to the Members

Dear Members,

Alkem Laboratories Limited

Your Directors are pleased to present their 45th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2019. 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, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Income from Operations	57,140.9	52,810.1	73,571.9	64,011.7
Other Income	675.8	1,009.1	877.0	1,154.2
Total Revenue	57,816.7	53,819.2	74,448.9	65,165.9
Profit before Interest, Depreciation and Tax	11,132.9	10,743.1	12,024.7	11,243.4
Less: Interest	282.6	323.7	546.3	553.3
Less: Depreciation	1,410.7	1,076.5	1,931.8	1,430.3
Profit before tax	9,439.6	9,342.9	9,546.6	9,259.8
Less: Provision for Taxation (net)	1,441.2	2,184.5	1,810.2	2,875.6
Profit after tax and before Non-controlling Interest	7,998.4	7,158.4	7,736.4	6,384.2
Less: Non-controlling Interest	-	-	131.3	74.8
Profit for the year	7,998.4	7,158.4	7,605.1	6,309.4
Other comprehensive income	(41.8)	(72.7)	310.0	(189.6)
Other Comprehensive income attributable to Non-Controlling Interest	-	-	(1.1)	1.1
Total comprehensive income attributable to owners of the Company	7,956.6	7,085.7	7,916.2	6,118.7
Balance of other equity attributable to owners of the Company / Parent - opening balance	48,614.5	43,687.4	48,398.6	44,437.3
Less: Interim Dividend	1,793.5	1,793.5	1,793.5	1,793.5
Less: Dividend Distribution Tax	364.6	365.1	372.8	370.2
Employee Stock Option exercised	-	-	-	(0.2)
Employee Compensation Expenses	-	-	5.8	6.5
Balance of other equity attributable to owners of the Company / Parent - closing balance	54,413.0	48,614.5	54,154.3	48,398.6

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2019, the Company's total revenue including other income was ₹ 57,816.7 Million on standalone basis as against ₹ 53,819.2 Million achieved in the previous year, registering a growth of 7.4%.

The export turnover of the Company during the financial year 2018-19 was ₹ 12,159.5 Million as against ₹ 9,942.4 Million achieved in the previous year registering a growth of 22.3%.

During the financial year ended 31st March, 2019, the Company and its subsidiaries achieved total revenue including other income of ₹ 74,448.9 Million on consolidated basis, as against a turnover of ₹ 65,165.9 Million achieved in the previous year, registering a growth of 14.2%.

During the financial year ended 31st March, 2019, Standalone Profit before interest, depreciation and tax increased by 3.6% at ₹ 11,132.9 Million as against ₹ 10,743.1 Million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 6.9% at ₹ 12,024.7 Million as against ₹ 11,243.4 Million in the previous year. As a result, Standalone Profit before tax grew by 1.0% over the previous year to ₹ 9,439.6 Million and Consolidated Profit before tax was ₹ 9,546.6 Million, which grew by 3.1% over the previous year.

The Standalone net profit after tax for the financial year ended 31st March, 2019 increased by 11.7% to ₹ 7,998.4 Million over the previous year while the Consolidated net profit after tax increased by 20.5% over the previous year to ₹ 7,605.1 Million.

DIVIDEND

During the financial year 2018-19, Board of Directors on 8th February, 2019 declared and paid an interim dividend at ₹ 8/- (Rupees Eight only) per equity share of ₹ 2/- (Rupees Two only) each, being 400% of paid up share capital. In addition, your Directors are pleased to recommend payment of ₹ 8/- (Rupees Eight only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2018-19, for the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total dividend (interim and final dividend) for the financial year 2018-19 will be ₹ 16/- (Rupees Sixteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 13/- (Rupees Thirteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

In compliance with the requirement of Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), the Company has formulated its Dividend Distribution Policy, which is available on the Company's website at https://www.alkemlabs.com/admin/Photos/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 2018-19.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2019 was ₹ 239.1 Million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company, under any Scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/ members under Section 73 of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are outstanding as on 31st March, 2019.

SUBSIDIARIES

As on 31st March, 2019, the Company had 20 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of the Act.

Details of companies which have become or ceased to be subsidiary, associates and joint ventures of the Company, during the year under review:

Name	Details of Change	Date of Change
Alkem Laboratories (NIG) Limited	Liquidation of the wholly owned subsidiary in Nigeria	6th May, 2018

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

The Audited Financial Statements of the subsidiaries are available on the Company's website at www.alkemlabs.com and are available for inspection by the Members at the Registered Office of the Company during business hours on all working days as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

A detailed report on the Corporate Governance systems and practices of the Company is provided as a separate section along with a certificate from the Statutory Auditors conforming the Company's compliance with the conditions of Corporate Governance, forming part of this Report.

BUSINESS RESPONSIBILITY REPORT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are as per the Company's Corporate Social Responsibility (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 2018-19, 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 2018-19 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

There had been no change on the Board and Key Managerial Personnel of the Company / no new appointments during the year under review.

The Board of Directors of the Company in its meeting held on 30th May, 2019 has:

(i) approved the re-appointment of Mr. Samprada Singh as Chairman Emeritus and Non-Executive Director of the Company for a period of five (5) consecutive years with effect from 1st April, 2020 upto 31st March, 2025, subject to approval of Members at the ensuing AGM;

(ii) approved the re-appointment of Mr. Basudeo N. Singh as Executive Chairman of the Company for a period of one (1) year effective from 1st April, 2019 upto 31st March, 2020, subject to approval of Members at the ensuing AGM;

(iii) approved the appointment of Mr. Basudeo N. Singh as Non-Executive Director designated as Chairman of the Company for a period of five (5) consecutive years effective from 1st April, 2020 upto 31st March, 2025, subject to approval of Members at the ensuing AGM; and

(iv) approved the re-appointment of Mr. Ranjal Laxmana Shenoy with effect from 16th March, 2020 upto 15th March, 2025, Mr. Arun Kumar Purwar with effect from 13th July, 2020 upto 12th July, 2025, Ms. Sangeeta Singh with effect from 13th July, 2020 upto 12th July, 2025 and Ms. Sudha Ravi with effect from 13th July, 2020 upto 12th July, 2025 for the second term of five (5) consecutive years pursuant to expiry of their current term as Independent Directors of the Company, subject to approval of Members at the ensuing AGM.

Resignations/Retirements

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

Directors liable to Retirement by Rotation

Mr. Sandeep Singh (DIN 01277984) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible he has offered himself for re-appointment. Appropriate resolution for his re-appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his re-appointment for your approval.

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

Key Managerial Personnel

Mr. Sandeep Singh, Managing Director, Mr. Rajesh Dubey, President Finance and Chief Financial Officer and Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as on 31st March, 2019, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

The Independent Directors hold office for a fixed term of five (5) 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 Listing 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 Listing 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.

The terms and conditions of appointment of the Independent Directors are posted on Company's website.

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 programmes conducted during the financial year under review are explained in the Corporate Governance Report. The same are also available on the Company's website at https://www.alkemlabs.com/corporate-governance.

Annual Evaluation of Board's Performance

Pursuant to the provisions of the Act and the SEBI LODR Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

The Independent Directors, at a separate meeting held on 19th March, 2019, evaluated performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairpersons of the Company.

Remuneration Policy

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at https://www.alkemlabs.com/admin/Photos/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 to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the Members at the Registered Office of the Company during the business hours on all working days up to the date of AGM and also shall be provided to any Member on a written request to obtain a copy of the same to the Company Secretary.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 (Five) times during the financial year 2018-19. The details of the Board Meetings and the attendance of Directors there at are provided in the Corporate Governance Report, which forms part of this Report.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Akhouri Maheshwar Prasad (inducted as Member w.e.f. 2nd November, 2018), Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi and Ms. Sangeeta Singh 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

The Nomination and Remuneration Committee comprises of Mr. Arun Kumar Purwar, Chairman and Mr. Basudeo N. Singh, Mr. Akhouri Maheshwar Prasad and Ms. Sangeeta Singh 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

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Balmiki Prasad Singh, Mr. Mritunjay Kumar Singh (inducted as member w.e.f. 30th May, 2018) and Mr. Arun Kumar Purwar (inducted as member w.e.f. 8th February, 2019) as Members. Mr. Sandeep Singh was a member of this Committee upto 30th May, 2018. The brief terms of reference of the Corporate Social Responsibility Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Mritunjay Kumar Singh (inducted as member w.e.f. 30th May, 2018) and Mr. Akhouri Maheshwar Prasad as Members. Mr. Sandeep Singh was a member of this Committee upto 30th May, 2018. The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Risk Management Committee

The Risk Management Committee comprises of Mr. Dhananjay Kumar Singh, Chairman and Mr. Mritunjay Kumar Singh, Mr. Sandeep Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members. The brief terms of reference of the Risk Management Committee 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 organisation faces, along with assessment of risks, their management and mitigation procedures. A detailed analysis of the business risks and opportunities is given under Management Discussion and Analysis.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, 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, 2019 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 Auditors

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 appointed pursuant to the resolution passed by the Members at the Fortieth (40th) AGM held on 18th August, 2014 for a term of five (5) consecutive years to hold office until the conclusion of the AGM held in the year 2019 and being eligible, they have offered themselves for re-appointment.

The Directors recommend the re-appointment of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for a second term of five (5) years from the conclusion of Forty-Fifth (45th) AGM of the Company until the conclusion of the Fiftieth (50th) AGM at such terms and conditions including remuneration as may be approved by the Board of Directors of the Company. Appropriate resolution for their re-appointment has been included in the Notice of AGM for seeking approval of Members.

The Auditors' Report for financial year ended 31st March, 2019, does not contain any qualification, reservation or adverse remark.

Cost Auditor

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

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 30th May, 2018, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2018-19 to conduct the audit of the cost records of the Company. The Company had also received certificate from the Cost Auditor certifying his independence and arm's length relationship with 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 Auditors

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 2018-19. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Act and the Rules made thereunder, extract of the Annual Return in Form MGT-9 is annexed to this Report as Annexure G. Further, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company at https://www.alkemlabs.com/annual-returns

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2018-19 by the Company, were at arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

During the financial year 2018-19, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy_on_Related_Party_Transactions.pdf

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

Internal Complaints Committees have been set up at the head office of the Company as well as at all the Company's plants and R&D Centers to redress complaints received on sexual harassment. During the financial year 2018-19, the Company had received one complaint with allegations of sexual harassment and the same was investigated and resolved.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During the financial year 2018-19, there was no change in the nature of business of the Company.

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

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

Significant and Material Orders:

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

Reporting of Frauds by Auditors:

There were no frauds reported by Auditors under Section 143(12) of the Act.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

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

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 30th May, 2019

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

OBJECTIVE

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

PHILOSOPHY

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

DEFINITIONS

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

PARAMETERS FOR DECLARATION OF DIVIDEND

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

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

External Factors

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

Circumstances under which the shareholders may or may not expect Dividend

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

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

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

Modification of the Policy

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

Disclosure

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

ANNEXURE B

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

(₹ in Million)

Sr. NO	Name of Subsidary	Date since when subsidiary was acquired / incorporated (became 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 Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Extent of Shareholding (in %)
1	Pharmacor Pty Limited	30.06.2009	N.A.	AU$	49.1881	88.1	71.3	846.9	687.5	-	1,326.5	65.6	9.6	56.1	-	100.00%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	377.9	2,021.3	1,641.6	0.1	3,381.1	(78.1)	(25.1)	(52.9)	-	58.80%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.1018	281.0	68.8	1,517.8	1,168.0	-	1,108.2	(31.0)	(5.0)	(26.0)	-	100.00%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	251.2	1,795.9	2,515.4	468.3	-	3.2	(657.2)	-	(657.2)	-	99.98%
5	Ascend Gmbh (Formerly Known As Alkem Pharma Gmbh)$	10.11.2008	N.A.	EURO	77.7522	1.7	(50.9)	11.7	60.8	-	-	(46.9)	-	(46.9)	-	100.00%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	2,383.7	3,378.8	992.6	1.1	3,927.7	456.7	132.2	324.5	2000%	51.00%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	TENGE	0.1826	157.6	(43.7)	203.2	89.3	-	214.3	(21.6)	(0.3)	(21.3)	-	100.00%
8	Alkem Laboratories Korea Inc$	07.08.2012	N.A.	WON	0.0609	0.1	(0.0)	0.1	0.0	-	-	(0.0)	-	(0.0)	-	100.00%
9	Ascends Laboratories SDN BHD$	13.12.2010	N.A.	RM	16.9720	0.0	(0.1)	1.3	1.4	-	-	(0.1)	-	(0.1)	-	100.00%
10	S & B Holdings B.V.	17.06.2009	N.A.	EURO	77.7522	2,897.2	(1,483.7)	2,477.1	1,063.6	2,053.5	-	(83.8)	157.8	(241.6)	-	100.00%
11	Alkem Laboratories (NIG) Limited**	17.09.2007	N.A.	NAIRA	0.1810	-	-	-	-	-	-	133.4	-	133.4	-	100.00%
12	Pharmacor Limited$	15.05.2012	N.A.	KES	0.6830	0.1	(2.4)	18.9	21.2	-	-	(2.4)	-	(2.4)	-	100.00%
13	Alkem Laboratories Corporation	07.11.2008	N.A.	PESO	1.3135	485.0	(517.6)	104.6	137.3	-	117.8	(111.3)	(2.4)	(109.0)	-	100.00%
14	S & B Pharma Inc.	25.01.2012	N.A.	USD	69.3220	0.1	1,900.5	4,458.7	2,558.2	-	1,774.2	(708.4)	-	(708.4)	-	100.00%
15	Alkem Laboratories (Pty) Limited	26.05.2008	N.A.	RAND	4.7709	68.8	13.2	113.0	31.1	-	78.4	7.4	2.1	5.3	-	100.00%
16	ThePharmaNetwork, LLC	15.07.2010	N.A.	USD	69.3220	578.9	(3,214.0)	724.6	3,359.7	716.7	-	(738.2)	-	(738.2)	-	100.00%
17	Ascend Laboratories, LLC	15.07.2010	N.A.	USD	69.3220	703.1	7,984.6	11,706.1	3,018.4	-	17,921.9	2,019.6	-	2,019.6	-	100.00%
18	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	90.2794	9.9	20.5	359.8	329.5	-	233.1	6.9	1.4	5.6	-	100.00%
19	Alkem Foundation$	14.12.2017	N.A.	INR	N.A.	0.1	(0.1)	0.3	0.3	-	-	-	-	-	-	100.00%
20	Ascend Laboratories Limited$	07.09.2017	N.A.	CAD	51.9106	0.0	(0.1)	(0.0)	0.1	-	-	(0.1)	-	(0.1)	-	0*
21	Pharma Network SpA$	27.03.2018	N.A.	CLP	0.1018	-	4.2	220.6	216.4	-	123.4	3.4	1.1	2.3	-	100%#

* Subsidiary pursuant to Sec 2(87)(ii)
$ Subsidiary yet to commence operations
# Subscribed capital, not paid-up
** Liquidated on 6th May, 2018

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

B.N. Singh
Executive Chairman
DIN 00760310

Sandeep Singh
Managing Director
DIN 01277984

D. K. Singh
Joint Managing Director
DIN 00739153

B.P. Singh
Executive Director
DIN 00739856

M.K. Singh
Executive Director
DIN 00881412

Rajesh Dubey
President Finance & Chief Financial Officer

Manish Narang
President - Legal, Company Secretary & Compliance Officer

P.V.Damodaran
Sr. VP - Business Finance

Place: Mumbai
Date: 30th May, 2019

ANNEXURE C

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR Vision Statement, CSR Program Areas & Objectives, Implementation Process, CSR Governance Structure and Monitoring Mechanism.

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

2. Composition of CSR Committee:

Name of the Director	Designation
Mr. R L Shenoy	Chairman
Mr. A K Purwar	Member
Mr. D K Singh	Member
Mr. B P Singh	Member
Mr. M K Singh	Member

3. Average net profit of the company for last three financials years: INR 8,616.2 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): INR 172.3 Million

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year;

INR 115.8 Million

(b) Amount unspent, if any; INR 56.5 Million

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

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs	Amount spent on the projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Renovation and upgradation of Anngawadi centres	Healthcare	1. Daman 2. Raigad, Maharashtra	7.6	4.4		4.4	Direct
2	Up-gradation of a Govt. Hospital sub- centre of health dept.	Healthcare	1. Dabhel, 2. Daman	10.0	9.8		11.2	Direct
3	Providing Manpower to Govt. Hospital	Healthcare	1. Daman	0.3	0.3		0.3	Direct
4	Maintenance of Alkem Health Centre	Healthcare	1. Thana, Baddi (H.P) 2. Mamring, Sikkim	3.3	3.0		5.4	Direct
5	Drinking Water Project	Healthcare	1. Baddi (H.P), 2. Mandva (Gujarat), 3. Raigad (Maharashtra), 4. Sikkim	2.7	2.5		9.4	Direct
6	Conducting Health Check-up	Healthcare	1. Thana, Baddi (H.P)	0.2	0.1		0.2	Direct
7	Construction of Toilets	Healthcare	1. Mandva (Gujarat) 2. Raigad (Maharashtra)	3.3	3.0		12.3	Direct
8	Alkem Mobile Health Centre	Healthcare	1. Raigad (Maharashtra)	2.0	1.2		1.2	Direct
9	Awareness Programme on mental health and welfare of psychiatric patient	Healthcare	Sikar, Rajasthan	0.2	0.2		0.2	Mental Health and Welfare Awareness trust
10	Measures for increasing water retention in drought prone area	Rural Development	Beed, Maharashtra	2.0	2.0		2.0	Manav Seva Mandal Global, Parli
11	Health Check-up Camp	Healthcare	Bihar	0.7	0.7		0.7	Bihar Voluntary Health Association

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs	Amount spent on the projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
12	Provided EMG/EP and Laparoscopy Machines and Medical Equipment to Hospitals	Healthcare	1. KEM Hospital, Mumbai 2. Gyalshing and Namchi District Hospital (Sikkim)	5.6	3.9		3.9	Direct
13	Blood donation camp for the underprivileged people	Healthcare	Varanasi, Uttar Pradesh	0.2	0.2		0.2	Apex Welfare Trust
14	Support to Old Age Home	Healthcare	Chickkaballapur, Karnataka	0.3	0.3		0.3	Manasa Medical Trust
15	Conducting awareness Camp on Diabetes, free check-up and medication	Healthcare	Bapu Nagar, Jaipur, Rajasthan	0.2	0.2		0.2	Diabetes Welfare Society
16	Relief work and rehabilitation of the people affected by flood	Healthcare	Ernakulum	1.2	1.2		1.2	Indian Red Cross Society
17	Breast Cancer Awareness Camp for underprivileged women	Healthcare	Mumbai	0.4	0.4		0.4	N K Dhabar Cancer Foundation
18	Pilot Project on Community Mother and Child Health and Adolescent Health	Healthcare	Panvel Block, Raigad	0.6	0.6		0.6	Collective Good Foundation
19	General cancer and eye screening medical camp	Healthcare	Panvel Block, Raigad	0.5	0.5		0.5	Sri Chaitanya Seva Trust
20	Support to the autistic children for assembling food product and prepare meals	Healthcare	Gamdevi, Mumbai	0.2	0.2		0.2	Child-N- You
21	Awareness on Alzheimer related disorder for underprivileged people	Healthcare	Mumbai	1.2	1.2		1.2	ARDSI Mumbai chapter
22	Conducting Health Camps on awareness for cardiovascular disease for underprivileged people	Healthcare	West Bengal	0.6	0.6		0.6	Global Heart Foundation
23	Breast Cancer Awareness and Detection Camp	Healthcare	Daman	0.4	0.4		2.0	Krishna Cancer Aid Association
24	Construction of Hospital for Cancer Patients	Healthcare	Varanasi, U.P	6.0	6.0		6.0	Tata Memorial Hospital
25	Awareness on breast cancer and Detection Camp	Healthcare	Mumbai	1.3	0.8		0.8	N K Dhabar cancer Foundation
26	Construction of fully equipped, new operation Theatres for conducting operation and surgery for burnt and kidney patients.	Healthcare	Bhillo - Ka- Bedla, Udaipur, Rajasthan	6.0	6.0		6.0	Pacific Mdical university
27	Swachta Pakwada/ Garbage Cleaning Work	Healthcare	1. Kumrek and Samardung, Sikkim	0.4	0.3		2.3	Direct
28	Awareness programme on Tuberculosis	Healthcare	Singtam, East Sikkim	0.2	0.1		0.1	Direct
29	Project "Garima" menstrual hygiene awareness programme in collaboration with Sulab School Sanitation Club, Delhi	Healthcare	Sikkim	3.0	3.0		3.0	Alkem Foundation
30	Support to District Child Protection Unit	Healthcare	Sikkim	0.3	0.2		0.2	Alkem Foundation
31	Support for Food for Cancer Patient at TMH	Healthcare	Mumbai, Maharashtra	0.4	0.3		0.3	Alkem Foundation
32	Support for Cochlear Implant for Underprivileged children	Healthcare	Mumbai, Maharashtra	3.1	3.1		3.1	Alkem Foundation
33	Construction of new hospital	Healthcare	Valsad, Gujarat	0.5	0.5		0.5	Alkem Foundation
34	Support for Awareness Programme for Water Borne disease	Healthcare	U.P. and Bihar	2.9	2.9		2.9	Alkem Foundation
35	Pilot Project on Community Mother and Child Health, WASH and adolescent Health	Healthcare	Panvel Block, Raigad	1.3	1.3		1.3	Alkem Foundation

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs	Amount spent on the projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
36	Construction of Old Age Home	Healthcare	Snehale, Mandangadh, Raigad, Maharashtra	10.0	10.0		10.0	Alkem Foundation
37	Spine Surgery For Underprivileged people	Healthcare	Mumbai, Maharashtra	2.0	2.0		2.0	Alkem Foundation
38	Health Camp at Kumbh Mela	Healthcare	Allahabad, U.P	0.2	0.2		0.2	Alkem Foundation
39	Tree Plantation Project	Rural Development	Parli-Beed	2.5	2.5		2.5	Alkem Foundation
40	Awareness for paediatric children	Healthcare	Mumbai, Maharashtra	1.9	1.8		1.8	Alkem Foundation
41	Awareness and early cancer detection, Screening Camps	Healthcare	1. Buxar, Bihar 2. Daman	1.6	1.6		1.6	Alkem Foundation
42	Alkem Mobile Health Clinic Project	Healthcare	1. Raigad (Maharashtra) 2. Baddi (H.P)	3.8	3.7		3.7	Alkem Foundation
43	Infrastructure Facilities for Students in Government School	Education	1. Daman 2. Mandva (Gujarat) 3. Baddi (H.P) 4. Belapur (Maharashtra) 5. Sikkim	14.5	11.0		37.4	Direct
44	Construction of girls hostel	Education	1. Bangalore	10.0	10.0		10.0	VYASA
45	Providing Educational Support in Urban And Semi Urban	Education	1. Dharavai and Borivali (Mumbai)	1.2	1.2		1.2	Shiksha Seva Foundation
46	Aashirwad Education Counselling	Education	1. Namthang, South Sikkim	0.1	0.1		0.1	Alkem Foundation
47	Scholarship Program for economically backward medical student	Education	1. Mumbai, Maharashtra	5.0	5.0		5.0	Alkem Foundation
48	Construction of Road and footpath	Rural Development	1. Ranka, Sikkim 2. Somnath (Daman)	1.0	0.8		0.8	Direct
49	Silai Siksha Kender	Rural Development	1. Thana, Baddi (H.P) 2. Naugama, Mandva (Gujarat)	0.3	0.2		0.4	Direct
50	Construction of Cremation ground	Rural Development	1. Baddi	0.7	0.7		0.7	Direct
51	Construction of Community Hall	Rural Development	Naugama, Mandva (Gujarat)	1.5	1.5		1.5	Direct
52	Renovation of Park	Rural Development	1. Naugama, Mandva (Gujarat)	0.3	0.3		0.3	Direct
53	Support for organising Winter Festival Red Panda Celebration	Rural Development	1. Gangtok, Sikkim	1.5	1.5		1.5	Alkem Foundation
54	To promote sports and welfare measures for sports persons (support to IDCC, Rangpo) & Badminton Association of Sikkim	Sports	1. Rangpo, Sikkim 2. Jorethang, Sikkim	0.3	0.3		0.3	Alkem Laboratories Limited and Alkem Foundation
Total				**127.5**	**115.8**		**166.1**	

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

Your Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. Our CSR initiatives are concentrated on well-being of our communities by focusing on healthcare and sanitation, education, environmental concerns and rural development. During the year 2018-19, the Company has been persistently contributing towards implementation of short term projects as a commitment towards the communities. The Company endeavors to accelerate its CSR expenditure in the coming years by focusing on long term projects. The Company could not spend the required amount as the Company is in process of evaluating long term projects which shall benefit the society at large.

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

Place: Mumbai
Date: 30th May, 2019

Basudeo N. Singh
Executive Chairman

Ranjal Laxmana Shenoy
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 AGM, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

3. APPLICABILITY

This Policy in applicable to:

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

2. Key Managerial Personnel ("KMP")

3. Senior Management Personnel

4. Other Employees of the Company

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

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

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

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

5. REMOVAL

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

6. RETIREMENT

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

7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

7.1. Sitting Fees

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

7.2 Profit-linked Commission

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

7.3 Stock Options

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

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

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

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

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

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

ANNEXURE E

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

Sl. No.	Name of the Director and Designation	% increase in the remuneration in the financial year ended 31st March, 2019	Ratio of the remuneration of each Director to the median remuneration of the employees
Non-Executive Directors			
1.	Mr. Samprada Singh, Chairman Emeritus	1.1%	457.4
Independent Directors			
2.	Mr. Akhouri Maheshwar Prasad, Independent Director	0.0%	5.4
3.	Mr. Ranjal Laxmana Shenoy, Independent Director	0.0%	5.8
4.	Mr. Arun Kumar Purwar, Independent Director	0.0%	5.4
5.	Ms. Sudha Ravi, Independent Director	0.0%	5.4
6.	Ms. Sangeeta Singh, Independent Director	-5.6%	5.4
7.	Dr. Dheeraj Sharma, Independent Director	0.0%	5.1
Executive Directors			
8.	Mr. Basudeo N. Singh, Executive Chairman	1.1%	448.7
9.	Mr. Sandeep Singh, Managing Director	35.5%	190.2
10.	Mr. Dhananjay Kumar Singh, Joint Managing Director	46.4%	196.5
11.	Mr. Balmiki Prasad Singh, Executive Director	41.0%	143.3
12.	Mr. Mritunjay Kumar Singh, Executive Director	48.5%	184.2

Sl. No.	Name of the Key Managerial Personnel and Designation	% increase in the remuneration in the financial year ended 31st March, 2019
1.	Mr. Rajesh Dubey, Chief Financial Officer	-25.7%*
2.	Mr. Manish Narang, Company Secretary	18.7%#

* decrease on account of one-time incentive payout during FY 2017-18.

increase is on account of inclusion of perquisites in the remuneration payable during FY 2018-19.

i. During the financial year ended 31st March, 2019, the median remuneration of employees increased by 6.85%.

ii. As on 31st March, 2019, the Company had 14,115 permanent employees on its rolls.

iii. During the financial year 2018-19, there was an average 12.0% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 15.6%, a marginal increase was in line with the industry pay levels.

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 30th May, 2019

ANNEXURE F

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[*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, 2019 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 2019 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, 2009;

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

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

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

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the audit period**); and

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

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

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

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

We further report that

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

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 wholly owned subsidiary of the Company Alkem Laboratories (NIG) Limited was dissolved w.e.f. 06th May, 2018 pursuant to voluntary winding up; and
2. the Board of Directors of the Company at their meeting held on 8th February, 2019, declared an interim dividend of ₹ 8/- per equity share (face value ₹ 2/-) aggregating to ₹ 95.652 Crores for the quarter and nine months ended 31st December, 2018.

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

For **Manish Ghia & Associates**
Company Secretaries

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

Place: Mumbai
Date: 30th May, 2019

'Annexure A'

To,
The Members,
Alkem Laboratories Limited
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**
Company Secretaries

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

Place: Mumbai
Date: 30th May, 2019

ANNEXURE G

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I REGISTRATION & OTHER DETAILS

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Pharmaceutical	210	93.72

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Enzene Biosciences Limited Plot No. 165/1/26, T-Block, MIDC, Bhosari, Pune - 411028	U24232PN2006PLC165610	Subsidiary	99.98%	2(87)
2	Cachet Pharmaceuticals Private Limited Exhibition Road, P.S- Gandhi Maidan, Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	58.80%	2(87)
3	Indchemie Health Specialities Private Limited 510-517 Shah & Nahar Industrial Estate Dr. E Moses Road, Worli, Mumbai - 400018	U24230MH1986PTC039692	Subsidiary	51.00%	2(87)
4	Alkem Foundation Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U85100MH2010NPL206161	Subsidiary	100.00%	2(87)
5	Alkem Laboratories (Pty) Ltd Route 21, Corporate Park, 33 Sovereign Drive, Irene Ext.31, Gauteng 0157, South Africa	N.A.	Subsidiary	100.00%	2(87)
6	Alkem Laboratories Corporation 5th Floor, 135 Dela Rosa Street corner Legaspi Street, Legaspi Village, Makati City, Phillipines	N.A.	Subsidiary	100.00%	2(87)

Sr. No.	Name & Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
7	Ascend GmbH Gutenbergstraße 13, 24941 Flensburg, Germany	N.A.	Subsidiary	100.00%	2(87)
8	Pharmacor Pty Limited Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093, Australia	N.A.	Subsidiary	100.00%	2(87)
9	S & B Holdings B V Naritaweg 165, Teletone 8, 1043 BW Amsterdam, Netherlands	N.A.	Subsidiary	100.00%	2(87)
10	The Pharma Network LLC 180 Summit Avenue, Suit 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
11	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
12	Ascend Laboratories Sdn Bhd 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia	N.A.	Subsidiary	100.00%	2(87)
13	Ascend Laboratories SpA Avda. Andres Bello 2687, Las Condes, City of Santiago, Chile	N.A.	Subsidiary	100.00%	2(87)
14	Pharma Network SpA El Regidor 66, 10th floor, Las Condes, Santiago - Chile	N.A.	Step down Subsidiary	100.00%	2(87)
15	Pharmacor Limited Twiga Towers, Third Floor, P O Box 27859 00100, Nairobi, Republic of Kenya	N.A.	Subsidiary	100.00%	2(87)
16	The PharmaNetwork LLP 404/67/9 House, Seyfullin Ave., Corner of Mametova Street, Almalinskiy district, Almaty, 050004, Republic of Kazakhstan.	N.A.	Subsidiary	100.00%	2(87)
17	Alkem Laboratories Korea, Inc 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, South Korea	N.A.	Subsidiary	100.00%	2(87)
18	S&B Pharma Inc 405 South Motor Avenue, Azusa, California 91702, U.S.A.	N.A.	Subsidiary	100.00%	2(87)
19	Ascend Laboratories (UK) Ltd 5th Floor, 89 New Bond Street, London WS1 1DA, United Kingdom	N.A.	Subsidiary	100.00%	2(87)
20	Ascend Laboratories Limited 27th Floor, PO BOX 49123 595, Burrard Street, Vancouver, BC V7X 1J2, Canada	N.A.	Subsidiary	-	2(87)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/HUF	78743333	0	78743333	65.86	78933524	0	78933524	66.02	0.16
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (1)	**78743333**	**0**	**78743333**	**65.86**	**78933524**	**0**	**78933524**	**66.02**	**0.16**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**78743333**	**0**	**78743333**	**65.86**	**78933524**	**0**	**78933524**	**66.02**	**0.16**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	3465569	0	3465569	2.90	5631648	0	5631648	4.71	1.81
b) Banks/FI	106253	0	106253	0.09	107795	0	107795	0.09	0.00
C) Central Government	0	0	0	0.00	281663	0	281663	0.24	0.24
d) State Government	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Foreign Portfolio Investor	4308479	0	4308479	3.60	2913480	0	2913480	2.44	-1.17
Alternate Investment Fund	392122	0	392122	0.33	373535	0	373535	0.31	-0.02
SUB TOTAL (B)(1):	**8272423**	**0**	**8272423**	**6.92**	**9308121**	**0**	**9308121**	**7.78**	**0.87**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	1828672	0	1828672	1.53	3138883	0	3138883	2.63	1.10
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2560280	1	2560281	2.14	2570144	1	2570145	2.15	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	27830026	0	27830026	23.28	25235348	0	25235348	21.11	-2.17
c) NBFCs registered with RBI	0	0	0	0.00	551	0	551	0.00	0.00
d) Others (specify)									
Trusts	2867	0	2867	0.00	3240	0	3240	0.00	0.00
Foreign Nationals	246	0	246	0.00	0	0	0	0.00	0.00
Hindu Undivided Family	183045	0	183045	0.15	183118	0	183118	0.15	0.00
Non Resident Indians (Non Repat)	35874	0	35874	0.03	40785	0	40785	0.03	0.00
Non Resident Indians (Repat)	82268	0	82268	0.07	97444	0	97444	0.08	0.01
Clearing Members	25965	0	25965	0.02	53841	0	53841	0.05	0.02
SUB TOTAL (B)(2):	**32549243**	**1**	**32549244**	**27.22**	**31323354**	**1**	**31323355**	**26.20**	**-1.03**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**40821666**	**1**	**40821667**	**34.14**	**40631475**	**1**	**40631476**	**33.98**	**-0.16**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	119564999	1	119565000	100.00	119564999	1	119565000	100.00	0.00

* Promoter includes promoter group

(ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Samprada Singh	1577190	1.32	-	1577190	1.32	-	0.00
2	Samprada Singh HUF	150800	0.13	-	150800	0.13	-	0.00
3	Balmiki Prasad Singh	71595	0.06	-	71595	0.06	-	0.00
4	Manju Singh	1	0.00	-	1	0.00	-	0.00
5	Sarandhar Singh	79800	0.07	-	79800	0.07	-	0.00
6	Srinivas Singh	79800	0.07	-	81100	0.07	-	**0.00
7	Satish K. Singh	21444	0.02	-	21444	0.02	-	0.00
8	Prem Lata Singh	1	0.00	-	1	0.00	-	0.00
9	Sarvesh Singh	79800	0.07	-	79800	0.07	-	0.00
10	Annapurna Singh	1	0.00	-	1	0.00	-	0.00
11	Sandeep Singh	108867	0.09	-	111857	0.09	-	**0.00
12	Inderjit Arora	7800	0.01	-	7800	0.01	-	0.00
13	Basudeo N Singh	8586100	7.18	-	8662100	7.24	-	0.06
14	Dhananjay K. Singh	7466260	6.24	-	7466260	6.24	-	0.00
15	Madhurima Singh	2974250	2.49	-	2974250	2.49	-	0.00
16	Divya Singh	1195724	1.00	-	1209000	1.01	-	0.01
17	Aniruddha Singh	1195779	1.00	-	1195779	1.00	-	0.00
18	Mritunjay K. Singh	7511875	6.28	-	7604000	6.36	-	0.08
19	Seema Singh	2937740	2.46	-	2937740	2.46	-	0.00
20	Meghna Singh	1204150	1.01	-	1208650	1.01	-	**0.00
21	Shrey Shreeanant Singh	1195650	1.00	-	1195650	1.00	-	0.00
22	Archana Singh	2394050	2.00	-	2394050	2.00	-	0.00
23	Sarandhar Singh*	25205800	21.08	-	25205800	21.08	-	0.00
Total		**64044477**	**53.56**	**-**	**62657478**	**53.72**	**-**	**0.15**

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

**Negligible

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2018)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	1577190	1.32	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1577190	1.32
2	Basudeo N. Singh	8586100	7.18	01.04.2018				
				22.06.2018	50000	Market Purchase	8636100	7.22
				21.12.2018	26000	Market Purchase	8662100	7.24
				31.03.2019	-	-	8662100	7.24
3	Balmiki Prasad Singh	71595	0.06	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	71595	0.06
4	Dhananjay Kumar Singh	7466260	6.24	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	7466260	6.24

Sr. No.	Shareholders Name / For Each of the Shareholders	Shareholding: No. of Shares at the beginning of the year (01.04.2018)	Shareholding: % of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year: No. of Shares	Cumulative Shareholding during the year: % of Shares of the Company
5	Mritunjay Kumar Singh	7511875	6.28	01.04.2018				
				04.06.2018	9085	Market Purchase	7520960	6.29
				05.06.2018	2915	Market Purchase	7523875	6.29
				08.06.2018	320	Market Purchase	7524195	6.29
				11.06.2018	2821	Market Purchase	7527016	6.30
				13.06.2018	240	Market Purchase	7527256	6.30
				14.06.2018	106	Market Purchase	7527362	6.30
				15.06.2018	3053	Market Purchase	7530415	6.30
				18.06.2018	1300	Market Purchase	7531715	6.30
				19.06.2018	368	Market Purchase	7532083	6.30
				20.06.2018	832	Market Purchase	7532915	6.30
				21.06.2018	1200	Market Purchase	7534115	6.30
				22.06.2018	234	Market Purchase	7534349	6.30
				25.06.2018	966	Market Purchase	7535315	6.30
				28.06.2018	560	Market Purchase	7535875	6.30
				05.11.2018	5000	Market Purchase	7540875	6.31
				06.11.2018	2456	Market Purchase	7543331	6.31
				07.11.2018	44	Market Purchase	7543375	6.31
				27.11.2018	1017	Market Purchase	7544392	6.31
				28.11.2018	806	Market Purchase	7545198	6.31
				29.11.2018	5000	Market Purchase	7550198	6.31
				30.11.2018	177	Market Purchase	7550375	6.31
				30.11.2018	4000	Market Purchase	7554375	6.32
				03.12.2018	500	Market Purchase	7554875	6.32
				06.12.2018	1670	Market Purchase	7556545	6.32
				07.12.2018	100	Market Purchase	7556645	6.32
				10.12.2018	200	Market Purchase	7556845	6.32
				12.12.2018	1615	Market Purchase	7558460	6.32
				13.12.2018	1085	Market Purchase	7559545	6.32
				17.12.2018	1200	Market Purchase	7560745	6.32
				18.12.2018	1300	Market Purchase	7562045	6.32
				20.12.2018	300	Market Purchase	7562345	6.32
				21.12.2018	555	Market Purchase	7562900	6.33
				24.12.2018	100	Market Purchase	7563000	6.33
				27.12.2018	744	Market Purchase	7563744	6.33
				28.12.2018	256	Market Purchase	7564000	6.33
				20.02.2019	820	Market Purchase	7564820	6.33
				21.02.2019	22180	Market Purchase	7587000	6.35
				22.02.2019	2000	Market Purchase	7589000	6.35
				25.02.2019	5000	Market Purchase	7594000	6.35
				26.02.2019	3000	Market Purchase	7597000	6.35
				27.02.2019	2000	Market Purchase	7599000	6.36
				28.02.2019	2000	Market Purchase	7601000	6.36
				06.03.2019	50	Market Purchase	7601050	6.36
				07.03.2019	1950	Market Purchase	7603000	6.36
				20.03.2019	100	Market Purchase	7603100	6.36
				22.03.2019	900	Market Purchase	7604000	6.36
				31.03.2019	-	-	7604000	6.36
6	Sandeep Singh	108867	0.09	01.04.2018				
				28.06.2018	1600	Market Purchase	110467	0.09
				09.07.2018	86	Market Purchase	110553	0.09
				10.07.2018	4	Market Purchase	110557	0.09
				04.12.2018	1300	Market Purchase	111857	0.09
				31.03.2019	-	-	111857	0.09

Sr. No.	Shareholders Name For Each of the Shareholders	Shareholding No. of Shares at the beginning of the year (01.04.2018)	 % of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year No. of Shares	 % of Shares of the Company
7	Samprada Singh HUF	150800	0.13	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	150800	0.13
8	Manju Singh	1	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1	**0.00
9	Sarandhar Singh	79800	0.07	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	79800	0.07
10	Srinivas Singh	79800	0.07	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	79800	0.07
11	Satish K Singh	21444	0.02	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	21444	0.02
12	Premlata Singh	1	0.00	01.04.2018				
					-	-	-	-
				31.03.2019	-	-	1	**0.00
13	Sarvesh Singh	79800	0.07	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	79800	0.07
14	Annapurna Singh	1	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1	**0.00
15	Inderjit Arora	7800	0.01	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	7800	0.01
16	Madhurima Singh	2974250	2.49	01.04.2018				
					-	-	-	
				31.03.2019	-	-	2974250	2.49
17	Divya Singh	1195724	1.00	01.04.2018				
				12.11.2018	2600	Market Purchase	1198324	1.00
				13.11.2018	107	Market Purchase	1198431	1.00
				04.12.2018	5000	Market Purchase	1203431	1.01
				07.03.2019	5569	Market Purchase	1209000	1.01
				31.03.2019	-	-		0.00
18	Annirudha Singh	1195650	1.00	01.04.2018				
					-	-	-	
				31.03.2019	-	-	1195650	1.00
19	Seema Singh	2937740	2.46	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	2937740	2.46
20	Meghna Singh	1204150	1.01	01.04.2018				
				07.06.2018	2000	Market Purchase	1206150	1.01
				22.02.2019	2000	Market Purchase	1208150	1.01
				26.03.2019	500	Market Purchase	1208650	1.01
				31.03.2019	-	-	1208650	1.01
21	Shrey Shreeanant Singh	1195650	1.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1195650	1.00
22	Archana Singh	2394050	2.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	2394050	2.00
23	Sarandhar Singh*	25205800	21.08	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	25205800	21.08

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

**Negligible

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

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2018)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Tushar Kumar&	7533360	6.30	01.04.2018				
				27.09.2018	622	Market Sale	7532738	6.30
				28.09.2018	8062	Market Sale	7524676	6.29
				01.10.2018	630	Market Sale	7524046	6.29
				03.10.2018	1169	Market Sale	7522877	6.29
				08.10.2018	9	Market Sale	7522868	6.29
				09.10.2018	6101	Market Sale	7516767	6.29
				10.10.2018	2839	Market Sale	7513928	6.28
				11.10.2018	214215	Market Sale	7299713	6.11
				12.10.2018	5680	Market Sale	7294033	6.10
				15.10.2018	75200	Market Sale	7218833	6.04
				16.10.2018	1000	Market Sale	7217833	6.04
				19.10.2018	116696	Market Sale	7101137	5.94
				22.10.2018	1051	Market Sale	7100086	5.94
				25.10.2018	3504	Market Sale	7096582	5.94
				26.10.2018	65389	Market Sale	7031193	5.88
				12.11.2018	20798	Market Sale	7010395	5.86
				13.11.2018	10162	Market Sale	7000233	5.85
				14.11.2018	459	Market Sale	6999774	5.85
				15.11.2018	4020	Market Sale	6995754	5.85
				16.11.2018	3457	Market Sale	6992297	5.85
				19.11.2018	826	Market Sale	6991471	5.85
				21.11.2018	474	Market Sale	6990997	5.85
				27.11.2018	148044	Market Sale	6842953	5.72
				28.11.2018	43886	Market Sale	6799067	5.69
				29.11.2018	1290000	Market Sale	5509067	4.61
				31.01.2019	52000	Market Sale	5457067	4.56
				01.02.2019	35	Market Sale	5457032	4.56
				04.02.2019	1337	Market Sale	5455695	4.56
				05.02.2019	3635	Market Sale	5452060	4.56
				06.02.2019	981	Market Sale	5451079	4.56
				08.02.2019	5565	Market Sale	5445514	4.55
				18.02.2019	1860	Market Sale	5443654	4.55
				05.03.2019	2336	Market Sale	5441318	4.55
				06.03.2019	5228	Market Sale	5436090	4.55
				07.03.2019	14114	Market Sale	5421976	4.53
				08.03.2019	25669	Market Sale	5396307	4.51
				11.03.2019	80487	Market Sale	5315820	4.45
				20.03.2019	20000	Market Sale	5295820	4.43
				31.03.2019	-	-	5295820	4.43
2	Jayanti Sinha	7138220	5.97	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	7138220	5.97
3	Nawal Kishore Singh	4311060	3.61	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	4311060	3.61
4	Deepak Kumar Singh	3428352	2.87	01.04.2018				
				20.08.2018	2015	Market Sale	3426337	2.87
				21.08.2017	3262	Market Sale	3423075	2.86
				23.08.2018	2607	Market Sale	3420468	2.86
				24.08.2018	41282	Market Sale	3379186	2.83
				27.08.2018	50834	Market Sale	3328352	2.78
				26.11.2018	10000	Market Sale	3318352	2.78
				28.12.2018	343	Market Sale	3318009	2.78
				31.03.2018	-	-	3318009	2.78

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
	For Each of the Shareholders	No. of Shares at the beginning of the year (01.04.2018)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
5	Kishore Kumar Singh	3423312	2.86	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	3423312	2.86
6	Rajesh Kumar	3305535	2.76	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	3305535	2.76
7	Rajeev Ranjan	3040342	2.54	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	3040342	2.54
8	Lalan Kumar Singh	2711538	2.27	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	2711538	2.27
9	Alok Kumar	1408950	1.18	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1408950	1.18
10	Ashok Kumar	1403950	1.17	01.04.2018				
				-	-	-	-	-
				31.03.2019			1403950	1.17

& Shares held on behalf of Prasid Uno Family Trust.

(v) Shareholding of Directors & KMP

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2018)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	1577190	1.32	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	1577190	1.32
2	Basudeo N. Singh	8586100	7.18	01.04.2018				
				22.06.2018	50000	Market Purchase	8636100	7.22
				21.12.2018	26000	Market Purchase	8662100	7.24
				31.03.2019	-	-	8662100	7.24
3	Balmiki Prasad Singh	71595	0.06	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	71595	0.06
4	Dhananjay Kumar Singh	7466260	6.24	01.04.2018				
				-	-	-	-	
				31.03.2019	-	-	7466260	6.24
5	Mritunjay Kumar Singh	7511875	6.28	01.04.2018				
				04.06.2018	9085	Market Purchase	7520960	6.29
				05.06.2018	2915	Market Purchase	7523875	6.29
				08.06.2018	320	Market Purchase	7524195	6.29
				11.06.2018	2821	Market Purchase	7527016	6.30
				13.06.2018	240	Market Purchase	7527256	6.30
				14.06.2018	106	Market Purchase	7527362	6.30
				15.06.2018	3053	Market Purchase	7530415	6.30
				18.06.2018	1300	Market Purchase	7531715	6.30
				19.06.2018	368	Market Purchase	7532083	6.30
				20.06.2018	832	Market Purchase	7532915	6.30
				21.06.2018	1200	Market Purchase	7534115	6.30
				22.06.2018	234	Market Purchase	7534349	6.30

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2018)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
				25.06.2018	966	Market Purchase	7535315	6.30
				28.06.2018	560	Market Purchase	7535875	6.30
				05.11.2018	5000	Market Purchase	7540875	6.31
				06.11.2018	2456	Market Purchase	7543331	6.31
				07.11.2018	44	Market Purchase	7543375	6.31
				27.11.2018	1017	Market Purchase	7544392	6.31
				28.11.2018	806	Market Purchase	7545198	6.31
				29.11.2018	5000	Market Purchase	7550198	6.31
				30.11.2018	177	Market Purchase	7550375	6.31
				30.11.2018	4000	Market Purchase	7554375	6.32
				03.12.2018	500	Market Purchase	7554875	6.32
				06.12.2018	1670	Market Purchase	7556545	6.32
				07.12.2018	100	Market Purchase	7556645	6.32
				10.12.2018	200	Market Purchase	7556845	6.32
				12.12.2018	1615	Market Purchase	7558460	6.32
				13.12.2018	1085	Market Purchase	7559545	6.32
				17.12.2018	1200	Market Purchase	7560745	6.32
				18.12.2018	1300	Market Purchase	7562045	6.32
				20.12.2018	300	Market Purchase	7562345	6.32
				21.12.2018	555	Market Purchase	7562900	6.33
				24.12.2018	100	Market Purchase	7563000	6.33
				27.12.2018	744	Market Purchase	7563744	6.33
				28.12.2018	256	Market Purchase	7564000	6.33
				20.02.2019	820	Market Purchase	7564820	6.33
				21.12.2018	555	Market Purchase	7565375	6.33
				24.12.2018	100	Market Purchase	7565475	6.33
				27.12.2018	744	Market Purchase	7566219	6.33
				28.12.2018	256	Market Purchase	7566475	6.33
				20.02.2019	820	Market Purchase	7567295	6.33
				21.02.2019	22180	Market Purchase	7589475	6.35
				22.02.2019	2000	Market Purchase	7591475	6.35
				25.02.2019	5000	Market Purchase	7596475	6.35
				26.02.2019	3000	Market Purchase	7599475	6.36
				27.02.2019	2000	Market Purchase	7601475	6.36
				28.02.2018	2000	Market Purchase	7603475	6.36
				06.03.2019	50	Market Purchase	7603525	6.36
				07.03.2019	1950	Market Purchase	7605475	6.36
				20.03.2019	100	Market Purchase	7605575	6.36
				22.03.2019	900	Market Purchase	7606475	6.36
				31.03.2019	-	-	7604000	6.36
6	Sandeep Singh	108867	0.09	01.04.2018				
				28.06.2018	1600	Market Purchase	110467	0.09
				09.07.2018	86	Market Purchase	110553	0.09
				10.07.2018	4	Market Purchase	110557	0.09
				04.12.2018	1300	Market Purchase	111857	0.09
				31.03.2019	-	-	111857	0.09
7	Akhouri Maheshwar Prasad	0	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00
8	Ranjal Laxmana Shenoy	0	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00

Sr. No.	Name of Director / KMP	Shareholding: No. of Shares at the beginning of the year (01.04.2018)	Shareholding: % of total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year: No. of Shares	Cumulative Shareholding during the year: % of Shares of the Company
9	Arun Kumar Purwar	0	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00
10	Sangeeta Singh	0	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00
11	Sudha Ravi	0	0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00
12	Dr. Dheeraj Sharma			01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	0	0.00
13	Rajesh Dubey (CFO)	210	** 0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	210	** 0.00
14	Manish Narang (Company Secretary and Compliance Officer)	163	** 0.00	01.04.2018				
				-	-	-	-	-
				31.03.2019	-	-	163	** 0.00

**Negligible

V INDEBTEDNESS

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

(₹ in Million)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1,107.1	4,368.1	-	5,475.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,107.1**	**4,368.1**	**-**	**5,475.2**
Change in Indebtedness during the financial year				
Additions	79,327.0	671,402.7	-	750,729.6
Reduction	(80,1103)	(671,065.0)	-	(751,175.2)
Net Change	**(783.3)**	**337.7**	**-**	**(445.6)**
Indebtedness at the end of the financial year				
i) Principal Amount	323.8	4,705.8	-	5,029.6
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**323.8**	**4,705.8**	**-**	**5,029.6**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of the Director					Total
		Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	83.1	53.1	52.3	40.2	52.2	280.9
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	5.2	1.9	5.1	2.4	1.3	16.0
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	**Stock option**	-	-	-	-	-	-
3	**Sweat Equity**	-	-	-	-	-	-
4	**Commission**						
	as % of profit	42.5	-	-	-	-	42.5
	others, please specify	-	-	-	-	-	
5	**Others (Perquisites and Employer Contribution)**	9.2	4.3	4.0	2.1	4.0	23.5
	Total (A)	**140.0**	**59.3**	**61.3**	**44.7**	**57.5**	**362.8**
	Ceiling as per the Act						**944.0**

B. Remuneration to other Directors:

(₹ in Million)

Sr. No.	Particulars of Remuneration	Akhouri Maheshwar Prasad	Ranjal Laxmana Shenoy	Arun Kumar Purwar	Sudha Ravi	Sangeeta Singh	Dheeraj Sharma	Total
1	Independent Directors							
	(a) Fee for attending board and committee meetings	0.2	0.3	0.2	0.2	0.2	0.1	1.3
	(b) Commission	1.5	1.5	1.5	1.5	1.5	1.5	9.0
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	**1.7**	**1.8**	**1.7**	**1.7**	**1.7**	**1.6**	**10.3**
2	Other Non Executive Directors	**Mr. Samprada Singh**						
	(a) Fee for attending board committee meetings	-						
	(b) Commission	142.7						
	(c) Others, please specify.	-						
	Total (2)	**142.7**						
	Total (B)=(1+2)	**153.0**						
	Total Managerial Remuneration	**515.8**						
	Overall Ceiling as per the Act.	Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013.						
		Commission paid to Non-Executive Directors (including Independent Directors) was within the ceiling limit approved by the Shareholders of the Company i.e. ₹ 188.8 Million (2% of the Net Profits of the Company)						

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

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO: Mr. Rajesh Dubey	Company Secretary: Mr. Manish Narang	
1	**Gross Salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	19.3	11.2	30.5
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	0.9	1.2	2.1
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961.	-	-	-
2	**Stock Option**	**-**	**-**	**-**
3	**Sweat Equity**	**-**	**-**	**-**
4	**Commission**	**-**	**-**	**-**
	as % of profit	-	-	-
	others, specify	-	-	-
5	**Others, please specify**	**-**	**-**	**-**
	Perquisites and Employer Contribution to PF	1.5	0.8	2.3
	Performance-linked Incentive Pay	-	-	-
	Total	**21.7**	**13.2**	**34.9**

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

For and on behalf of Board of Directors
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 30th May, 2019

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.

Step taken for Energy Conservation during financial year 2018-19 are as follows:

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

2) Installed Reverse Osmosis (R.O.) Plant in Effluent Treatment Plant (ETP) at Mandva to reduce Multi Effect Evaporation (MEE) operating load resulting in steam & power saving.

3) Automatic temperature control in air handling unit through direct digital control in central warehouse for automatic control of environmental condition & energy efficient operation of chillers at Baddi & Daman plants.

4) Implementation of Condensate Recovery System (CRS) & Pressure Reducing System (PRS) systems with steam trap in Boiler for condensate recovery at Sikkim plant.

5) Installed Energy Management Systems at Mandva plant for monitoring electricity consumption and reduction in power consumption.

6) Replacement of old cooling tower at Ankleshwar with Fanless cooling tower to save electricity.

7) Installation of light motion sensors to avoid wastage of electricity and timer system for automatic switch off air condition for instructed time.

8) Used High Pressure Pump & spry nozzle - using high pressure pump & spry nozzle for cleaning change and reduce the water consumption.

9) Installation of automatic tube brushing system at central warehouse chiller at Baddi plant.

10) Reduction in electrical power demand at Baddi plant (unit 1 & 2).

11) Implementation of high pressure water jet machine for cleaning of equipments at Baddi plant resulting in saving of water.

12) Reduction in air changes per hour from 30 to 20 in classified areas resulted in saving of energy.

13) Installation of solar panels at Daman plant generating approx. 3000 kwh power per day.

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

Conversation of High Speed Diesel (HSD) Boiler to Briquette boiler at Sikkim for using bio-waste briquette as fuel & avoid HSD consumption in Boiler.

(3) The capital investment on Energy Conservation equipment:

(₹ in Million)

Sr. No.	Particulars	Amount
1.	Variable Frequency Drive	3.9
2.	R.O. Plant	3.0
3.	Air Handling Unit (AHU) Automation	2.9
4.	CRS & PRS System with steam traps	2.4
5.	Conversion of Boiler from husk to briquette	1.2
6.	Energy Management Systems	0.9
7.	Fanless Cooling Tower in Utility	0.8
8.	Chiller in Utility	0.8
9.	Nano boiler WFI	0.2
10.	High-Pressure Pumps	0.2
11.	Light Sensor	0.1
	Total	**16.4**

(B) TECHNOLOGY ABSORPTION:

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

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

ii. Development of new drug delivery systems.

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

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

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

iii. Maximum utilization of indigenous raw materials.

iv. Introduction of new equipments namely Sachet packing machine with Check weigher and Metal detector and Delta laser drilling machine.

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

(i) Software Based Material Dispensing System:

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

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

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

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

(ii) Microfluidiser - M7125:

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

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

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

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

(iii) Form Fill Seal Machine Model: TYPE 360

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

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

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

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

(iv) Sachet Packing Machine With Checkweigher And Metel Detector

(a) The details of technology imported: The Company imported this technology from Spain. This equipment is manufactured by Volpak and is used for filling pharmaceutical powders in the form of sachet with any heat sealing films or Aluminum foil based material. The checkweigher is use to weigh the fill weight as per set limit and metal detector is use to reject the powder with Fe,SS and Non Fe particle.

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

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

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

(v) Delta Laser Drilling Machine

(a) The details of technology imported: The Company imported this technology from USA. This equipment is manufactured by Harttnet US and is used for osmotic pump drug delivery system.

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

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

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

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

(₹ in Million)

Sr. No.	Particulars	2018-19	2017-18
(i)	Capital	153.5	188.5
(ii)	Recurring	3,713.8 (excluding depreciation of ₹ 156.7 Million)	3,008.6 (excluding depreciation of ₹ 133.9 Million)
Total		3,867.3	3,197.1
Total R & D expenditure as percentage to total turnover		6.8%	6.1%

(C) FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ in Million equivalent of various foreign currencies)

	2018-19	2017-18
Foreign Exchange earned	12,237.7	11,258.8
Foreign Exchange used	2,105.0	2,102.5

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Date: 30th May, 2019

CORPORATE GOVERNANCE **REPORT**

(1) Company's Philosophy on Corporate Governance

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

(2) Board of Directors

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

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

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

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

Core Skills / Expertise / Competencies for the Board of Directors

The skills or competencies for the Members of the Board of Directors of pharmaceutical companies are:

Sr. No.	Areas of Core Skills/Expertise/Competencies
1.	Financial Skills/Accounts
2.	Pharma domestic and international marketing strategy
3.	Legal and Regulatory Compliance and Governance
4.	Risk Management
5.	Plant Management
6.	Human Resource/Leadership
7.	M&A
8.	Supply Chain

The Board of Directors has the necessary Skills/Expertise/Competencies in all the above mentioned areas.

Non-Executive / Independent Directors

As on 31st March, 2019, Mr. Samprada Singh, Chairman Emeritus and Non-Executive Director held 15,77,190 Equity Shares in the share capital of the Company. None of the other Non-Executive Directors held any Equity Shares of the Company as on 31st March, 2019.

In the opinion of the Board, the existing Independent Directors and who are proposed to be re-appointed at the AGM, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

No Independent Director has resigned during the financial year ended 2018-19.

Board Meetings

Five Board Meetings were held during the year. The dates on which the Meetings were held during the year ended 31st March, 2019 are as follows:

2nd April, 2018, 30th May, 2018, 10th August, 2018, 2nd November, 2018 and 8th February, 2019.

Attendance of each Director at the Board Meetings, last AGM, number and names of other Directorships and number of Chairmanships/Memberships of Committee of each Director as on 31st March, 2019, 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 31st August, 2018	Committee Memberships#	Committee Chairmanships#	*Other Directorships	Names of other listed entities where person is Director	Category of Directorship in the listed entities
Mr. Samprada Singh	5	2	No	0	0	0	NA	NA
Mr. Basudeo N. Singh	5	5	Yes	0	0	1	NA	NA
Mr. Sandeep Singh	5	5	Yes	1	0	1	NA	NA
Mr. Dhananjay Kumar Singh	5	5	Yes	0	0	0	NA	NA
Mr. Balmiki Prasad Singh	5	4	No	0	0	0	NA	NA
Mr. Mritunjay Kumar Singh	5	5	Yes	1	0	1	NA	NA
Mr. Akhouri Maheshwar Prasad	5	4	Yes	1	0	1	NA	NA
Mr. Ranjal Laxmana Shenoy	5	5	Yes	4	1	3	1. Elantas Beck India Limited 2. Sunshield Chemicals Limited	Independent Director
Mr. Arun Kumar Purwar	5	5	Yes	3	2	6	1. Jindal Steel and Power Limited 2. Reliance Communications Limited 3. IIFL Holdings Limited 4. Balaji Telefilms Limited	Independent Director
Ms. Sangeeta Singh	5	5	Yes	5	0	7	1. Accelya Kale Solutions Limited 2. S H Kelkar and Company Limited	Independent Director
Ms. Sudha Ravi	5	5	Yes	4	1	3	1. Goodyear India Limited	Independent Director
Dr. Dheeraj Sharma	5	5	Yes	1	0	1	-	-

* 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.

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://alkemlabs.com/admin/Photos/Policies/996508366Terms_of_appointment-Independent_directors.pdf. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which Company operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries so that they are able to play a meaningful role in the overall governance processes of the Company. Independent Directors are invited for a visit to manufacturing facilities of the Company where they are briefed about the operations, quality control and quality assurance processes in the Company. The details of the Familiarization Programmes imparted by the Company to the Independent Directors during the financial year have been uploaded on the Company's website, the web link for which is https://alkemlabs.com/corporate-governance.

(3) Code of Conduct

All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to that effect, signed by the Managing Director has been annexed to the Corporate Governance Report. The Code of Conduct has been posted on the website of the Company, the web link for which is https://www.alkemlabs.com/admin/Photos/Policies/8245965949935218l0CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf

(4) Code for Prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, ("Insider Trading Regulations") the Company has adopted Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information and Regulating, Monitoring and Reporting of Trading by Insiders ("Code") to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The trading window is closed during the time of declaration of results and occurrence of any material event as per the Code for such duration as may be decided by the Compliance Officer. In line with the amendments introduced by SEBI in the Insider Trading Regulations, the Code was amended suitably to align it with the amendments which are effective from 1st April, 2019. 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. During the year under review there has been due compliance with the Insider Trading Regulations, as amended.

(5) AUDIT COMMITTEE

The present constitution of the Audit Committee of the Company is as follows:

Name of the Director	Designation in the Committee
Mr. Ranjal Laxmana Shenoy	Chairman
Ms. Sudha Ravi	Member
Ms. Sangeeta Singh	Member
Mr. Akhouri Maheshwar Prasad*	Member
Mr. Mritunjay Kumar Singh	Member
Mr. Sandeep Singh	Member

*Member from 2nd November, 2018.

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

Terms of reference of the Audit Committee:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Providing recommendation for appointment, 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; and
26. Carry out any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee mandatorily reviews the following:

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

Audit Committee Meetings

Audit Committee Meetings are held at least four times a year and the time-gap between two meetings is not more than 120 days, which is in compliance with Regulation 18(2) of the SEBI Listing Regulations. During the year, five Audit Committee Meetings were held, viz. on 26th April, 2018, 29th May, 2018, 9th August, 2018, 1st November, 2018 and 7th February, 2019, and the attendance of Members at which, was as follows:

Sr. No.	Name of the Member	No. of Meetings held during the Member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	5	5
b.	Ms. Sudha Ravi	5	5
c.	Ms. Sangeeta Singh	5	3
d.	Mr. Akhouri Maheshwar Prasad*	1	1
e.	Mr. Mritunjay Kumar Singh	5	4
f.	Mr. Sandeep Singh	5	5

*Member from 2nd November, 2018.

(6) Nomination and Remuneration Committee

The present constitution of the Nomination and Remuneration Committee is as follows:

Name of the Director	Designation in the Committee
Mr. Arun Kumar Purwar	Chairman
Mr. Akhouri Maheshwar Prasad	Member
Mr. Basudeo N. Singh	Member
Ms. Sangeeta Singh	Member

Terms of reference of the Nomination and Remuneration Committee:

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

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

(c) Devising a policy on Board diversity;

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

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

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

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

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

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

Nomination and Remuneration Committee Meetings

During the year, Nomination and Remuneration Committee met three times on 30th May, 2018, 2nd November, 2018 and 6th February, 2019 and the attendance of the Members was as under:

Sr. No.	Name of the Member	No. of Meetings held during the Member's tenure	No. of Meetings Attended
a.	Mr. Arun Kumar Purwar	3	3
b.	Mr. Akhouri Maheshwar Prasad	3	2
c.	Mr. Basudeo N. Singh	3	3
d.	Ms. Sangeeta Singh	3	3

Evaluation of Performance of Board, Committees and Directors

Pursuant to the provisions of Section 134(3)(p) and Schedule IV of the Act read with Regulation 17 of the SEBI Listing Regulations and the guidance note on Board Evaluation issued by Securities and Exchange Board of India (SEBI), the Board has conducted a formal evaluation process of its performance during the year as well as that of its committees and the individual Directors on the basis of the criteria laid down by the Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

In terms of Section 178(2) of the Act, the Nomination and Remuneration Committee 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 Committee earlier.

The Independent Directors were assessed by the entire Board of Directors excluding the director being evaluated after taking into account their objective independent judgement on the Board deliberations, overall contribution and engagement in the growth of the Company, their active role in monitoring the effectiveness of Company's Corporate Governance practices and adherence to the Code of Conduct etc.

The Board evaluated the performance of Committees 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 19th March, 2019, where the Independent Directors assessed the executive directors on the basis of the contributions made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors and management personnel as well as creating a performance culture to drive value creation.

The Board as a whole was assessed by Independent Directors after taking inputs from other Directors and stakeholders and considering the diversity, composition of the Board, frequency of meetings, qualification mix, regulatory compliances, corporate culture, values and interaction with the management etc.

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

(7) Remuneration of Directors

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

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2018-19 are as under:

(₹ in Million)

Name	Sitting Fees	Commission	Other Perquisites	Total
Mr. Samprada Singh	-	142.7	-	142.7
Mr. Akhouri Maheshwar Prasad	0.2	1.5	-	1.7
Mr. Ranjal Laxmana Shenoy	0.3	1.5	-	1.8
Mr. Arun Kumar Purwar	0.2	1.5	-	1.7
Ms. Sudha Ravi	0.2	1.5	-	1.7
Ms. Sangeeta Singh	0.2	1.5	-	1.7
Dr. Dheeraj Sharma	0.1	1.5	-	1.6

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

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company in ensuring that all legal requirements and corporate governance are complied with and well taken care of.

The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

Remuneration to the NEDs:

Sitting fees

Non-Executive Independent Directors are paid a sitting fee of ₹ 20,000/- for every meeting of the Board and/or Committee thereof attended by them.

Commission

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

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

(c) Details of Remuneration to Executive Directors:

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

Details of remuneration paid to the Executive Directors during the financial year 2018-19 are as follows:

(₹ in Million)

Terms of Remuneration	Name of Directors				
	Mr. Basudeo N. Singh	Mr. Sandeep Singh	Mr. Dhananjay Kumar Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	83.1	53.1	52.3	40.2	52.2
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	5.2	1.9	5.1	2.4	1.3
Commission	42.5	-	-	-	-
Others (Perquisites and Employer Contribution)	9.2	4.3	4.0	2.1	4.0
Performance Linked Incentive	-	-	-	-	-
Total	**140.0**	**59.3**	**61.3**	**44.7**	**57.5**

Service Contracts, Severance Fees and Notice Period

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

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

Employee Stock Option Scheme

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

(8) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The present constitution of the Stakeholders' Relationship Committee is as follows:

Name of the Director	Designation in the Committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Sandeep Singh$	Member
Mr. Akhouri Maheshwar Prasad	Member
Mr. Mritunjay Kumar Singh*	Member

$ Member upto 30th May, 2018

* Member from 30th May, 2018

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

Terms of reference of Stakeholders' Relationship Committee

(a) Considering and resolving the grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends, Annual Reports of the Company, 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.

Stakeholders' Relationship Committee Meetings

During the year, Stakeholders' Relationship Committee met four times on 29th May, 2018, 9th August, 2018, 1st November, 2018 and 7th February, 2019 and the attendance of the Members was as under:

Sr. No.	Name of the Member	No. of meetings held during Member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Mr. Dhananjay Kumar Singh	4	4
c.	Mr. Sandeep Singh$	1	1
d.	Mr. Akhouri Maheshwar Prasad	4	3
e.	Mr. Mritunjay Kumar Singh*	3	3

$ Member upto 30th May, 2018

* Member from 30th May, 2018

Investor Complaints

There were no complaints remaining unresolved during the beginning of financial year 2018-19. During the financial year ended 31st March, 2019, no complaints were received from investors.

(9) RISK MANAGEMENT COMMITTEE

The present constitution of the Risk Management Committee is as follows:

Name of the Director	Designation in the Committee
Mr. Dhananjay Kumar Singh	Chairman
Mr. Sandeep Singh	Member
Mr. Mritunjay Kumar Singh	Member
Ms. Sudha Ravi	Member
Dr. Dheeraj Sharma	Member

Terms of reference of Risk Management Committee

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

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

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

(10) Corporate Social Responsibility Committee

The present constitution of the Corporate Social Responsibility committee of the Company is as follows:

Name of the Director	Designation in the Committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Sandeep Singh*	Member
Mr. Balmiki Prasad Singh	Member
Mr. Mritunjay Kumar Singh#	Member
Mr. Arun Kumar Purwar$	Member

* Member upto 30th May, 2018

\# Member from 30th May, 2018

$ Member from 8th February, 2019

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.

Corporate Social Responsibility Committee Meetings

During the year, Corporate Social Responsibility Committee met five times on 29th May, 2018, 9th August, 2018, 1st November, 2018, 7th February, 2019 and 26th February, 2019 and the attendance of the Members was as under:

Sr. No.	Name of the Member	No. of Meetings held during the Member's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	5	5
b.	Mr. Dhananjay Kumar Singh	5	5
c.	Mr. Sandeep Singh*	1	1
d.	Mr. Balmiki Prasad Singh	5	4
e.	Mr. Mritunjay Kumar Singh#	4	3
f.	Mr. Arun Kumar Purwar$	1	1

* Member upto 30th May, 2018

\# Member from 30th May, 2018

$ Member from 8th February, 2019

(11) General Body Meetings

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

Year	Meeting	Location	Date	Time	Special Resolutions passed
2015-16	42nd AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	2nd September, 2016	10.30 a.m.	1. Approval for maintenance of the Register of Members at a place other than Registered Office of the Company. 2. Approval for increase in remuneration of Mr. Basudeo N. Singh, Executive Chairman of the Company.
2016-17	43rd AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	8th September, 2017	10.30 a.m.	NIL
2017-18	44th AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	31st August, 2018	10.30 a.m.	NIL

(ii) Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the financial year.

(iii) Details of Special Resolution passed through postal ballot, the person who conducted the postal ballot exercise and details of the voting pattern

During the financial year 2018-19, the Company passed the following Special Resolutions through postal ballot on Saturday, 5th January, 2019:

1. Continuance of office of Mr. Samprada Singh (DIN: 00760279), aged about 88 years, as Non-Executive Director designated as Chairman Emeritus of the Company for his remaining term vaild upto 31st March, 2020.

2. Continuance of office of Mr. Akhouri Maheshwar Prasad (DIN: 07066439), aged about 77 years, Non-Executive Director designated as Independent Director of the Company for his remaining term vaild upto 15th March, 2020.

3. Payment of annual remuneration for FY 2019-2020 to Mr. Samprada Singh (DIN: 00760279), Chairman Emeritus and Non-Executive Director of the Company exceeding 50% of the total annual remuneration payable to all Non-Executive Directors of the Company.

No special resolution is proposed to be passed through postal ballot till the date of ensuing AGM to be held on 27th August, 2019.

Person Conducting the Postal Ballot Exercise

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

Procedure followed for Postal Ballot

1. In compliance with Regulation 44 of the SEBI Listing Regulations and Section 108, 110 and other applicable provisions of the Act read with the rules made thereunder, the Company provided electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing e-voting facility. The Members had the option to vote either by physical ballot or e-voting.

2. The Company dispatched the postal ballot notice dated 2nd November, 2018, containing the draft resolution together with the explanatory statement, postal ballot forms and self-addressed business reply envelopes to the Members whose names appeared in the register of Members/list of beneficiaries as on cut-off date i.e. Friday, 30th November, 2018. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

3. The Members who opted for the e-voting could vote from Friday, 7th December, 2018 at 9.00 a.m. to Saturday, 5th January, 2019 at 5.00 p.m. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutiniser on or before the close of business hours on Saturday, 5th January, 2019.

4. The Scrutiniser submitted his report on Monday, 7th January, 2019, after the completion of scrutiny.

5. The result of the postal ballot was declared on Monday, 7th January, 2019. The Resolution passed by requisite majority, was deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting i.e. Saturday, 5th January, 2019.

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

7. Details of voting pattern:

Special Resolution	No. of votes polled	Votes cast in favour of the Resolution (no. & %)	Votes cast against the Resolution (no. & %)
1. Continuance of office of Mr. Samprada Singh (DIN: 00760279), aged about 88 years, as Non-Executive Director designated as Chairman Emeritus of the Company for his remaining term vaild upto 31st March, 2020.	10,38,78,373	10,38,02,889 (99.93%)	75,484 (0.07%)
2. Continuance of office of Mr. Akhouri Maheshwar Prasad (DIN: 07066439), aged about 77 years, Non-Executive Director designated as Independent Director of the Company for his remaining term vaild upto 15th March, 2020.	10,38,78,359	10,38,78,204 (99.99%)	155 (0.00%*)
3. Payment of annual remuneration for FY 2019-2020 to Mr. Samprada Singh (DIN: 00760279), Chairman Emeritus and Non-Executive Director of the Company exceeding 50% of the total annual remuneration payable to all Non-Executive Directors of the Company.	10,38,78,341	10,17,61,916 (97.96%)	21,16,425 (2.04%)

* negligible

The Board of Directors in its meeting held on 8th February, 2019 approved the notice of postal ballot for reclassification of Mr. Nawal Kishore Singh from Promoter Group category to public category for approval of shareholders by way of an Ordinary Resolution. The Company dispatched the postal ballot notice dated 8th February, 2019, containing the draft resolution together with the explanatory statement, postal ballot forms and self-addressed business reply envelopes to the Members whose names appeared in the register of Members/list of beneficiaries as on cut-off date i.e. Friday, 10th May, 2019. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules. The Members who opted for the e-voting can vote from Friday, 17th May, 2019 at 9.00 a.m. to Saturday, 15th June, 2019 at 5.00 p.m. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutiniser on or before the close of business hours on Saturday, 15th June, 2019. The result of the Postal Ballot will be declared on or before Monday, 17th June, 2019 by 5.00 p.m. at the Registered Office of the Company and communicated to the Stock Exchanges and posted on the Company's website and on the Notice Board of the Company at its Registered Office after the declaration of the results.

(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 on-line 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 the yearly financial statements and the press releases of the Company are also disseminated on the Company's website www.alkemlabs.com and can be downloaded.

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

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

(iv) Online filing: All information is filed electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), on-line 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 45th AGM of the Members of the Company will be held on Tuesday, 27th August, 2019 at 10.30 A.M. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.

(b) Financial year: 1st April, 2018 to 31st March, 2019.

(c) Dividend payment date

Final dividend for the financial year 2017-18 was paid during the financial year 2018-19 on and from 4th September, 2018.

Interim dividend for the financial year 2018-19 was paid on and from 21st February, 2019.

Record date for the purpose of payment of final dividend for the financial year ended 31st March, 2019 shall be 20th August, 2019.

Final dividend on equity shares as recommended by the Directors for the year ended 31st March, 2019, if approved at the AGM, will be paid on and from 29th August, 2019.

(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

(e) Listing on Stock Exchanges

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

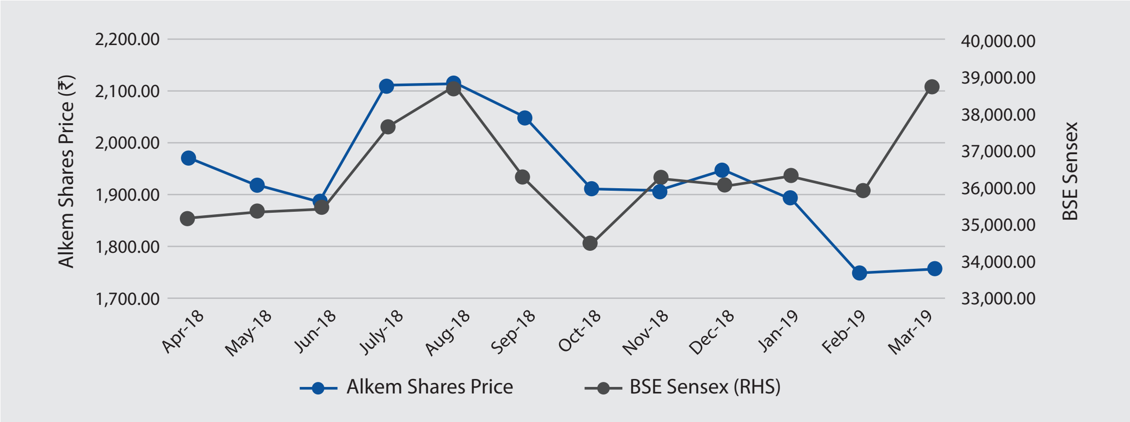
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	INE540L01014
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai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

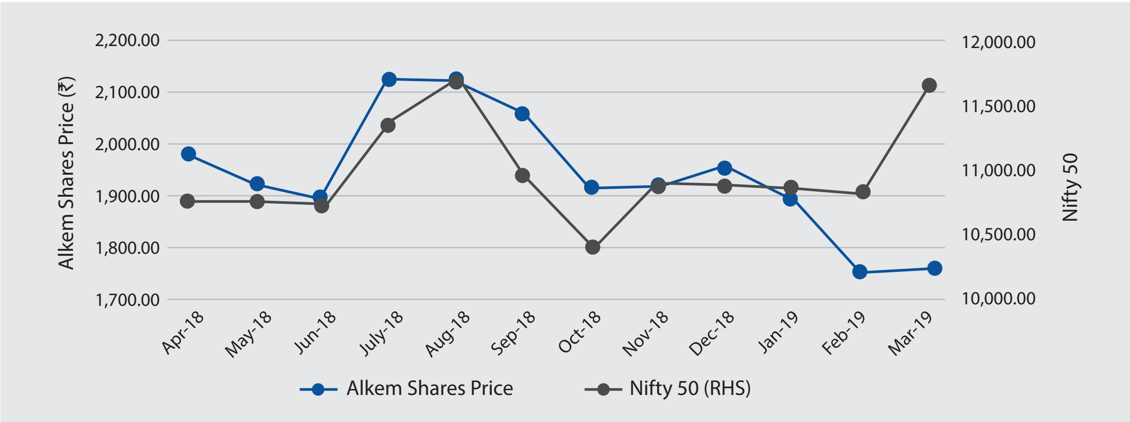
(f) Market Price data

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
April 2018	1,988.35	1,742.00	738,569	1,994.00	1,726.00	1,130,520
May 2018	2,073.50	1,882.60	53,116	2,069.20	1,888.00	639,491
June 2018	2,034.15	1,885.00	56,725	2,032.95	1,880.00	411,182
July 2018	2,145.00	1,800.00	105,682	2,150.00	1,802.05	1,340,731
August 2018	2,231.85	1,979.15	117,111	2,242.00	1,979.95	1,658,694
September 2018	2,265.00	1,998.65	87,764	2,268.00	1,998.55	1,474,876
October 2018	2,091.00	1,860.50	98,701	2,097.90	1,850.00	984,189
November 2018	1,988.00	1,820.00	1,738,827	1,989.00	1,836.80	1,009,692
December 2018	1,954.05	1,816.00	426,512	1,958.20	1,840.00	860,952
January 2019	1,987.95	1,842.30	31,184	1,992.00	1,840.00	393,396
February 2019	1,924.55	1,725.55	35,583	1,929.00	1,736.90	913,290
March 2019	1,815.60	1,693.00	59,150	1,816.00	1,690.00	1,291,725

(g) Performance in comparison to broad based indices

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
April 2018	1,970.55	35,160.36	1,976.35	10,739.35
May 2018	1,922.00	35,322.38	1,916.85	10,736.15
June 2018	1,887.95	35,423.48	1,891.15	10,714.30
July 2018	2,111.05	37,606.58	2,119.05	11,356.50
August 2018	2,110.45	38,645.07	2,114.70	11,680.50
September 2018	2,048.40	36,227.14	2,054.95	10,930.45
October 2018	1,908.85	34,442.05	1,906.85	10,386.60
November 2018	1,911.05	36,194.30	1,912.65	10,876.75
December 2018	1,946.45	36,068.33	1,949.20	10,862.55
January 2019	1,887.15	36,256.69	1,883.20	10,830.95
February 2019	1,746.60	35,867.44	1,743.80	10,792.50
March 2019	1,751.80	38,672.91	1,750.85	11,623.90





(h) Registrar to an issue and share transfer agents:

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

(i) Share Transfer System

SEBI vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 8th June, 2018 amended Regulation 40 of SEBI Listing Regulations pursuant to which after 5th December, 2018 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline was extended by SEBI upto 31st March, 2019. Pursuant thereto, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialize their holding.

(j) Distribution of shareholding

Distribution of shareholding as on 31st March, 2019

Shareholding of Nominal Shares	No. of Folios	% of Total	Total No. of Shares	% of Total
1-1000	72110	99.18	2467131	2.06
1001-2000	270	0.37	192319	0.16
2001-4000	120	0.16	173533	0.14
4001-6000	29	0.04	69213	0.06
6001-8000	19	0.03	66486	0.06
8001-10000	8	0.01	35120	0.03
10001-20000	21	0.03	156865	0.13
Above 20000	128	0.18	116404333	97.36
Total	**72705**	**100.00**	119565000	100.00
Physical Mode	1	0.00*	1	0.00*
Electronic Mode	72704	99.99	119564999	99.99

Shareholding Pattern as on 31st March, 2019

Category	Total Shares	Total Percent
Central Government	281663	0.24
Clearing Members	53841	0.04
Other Bodies Corporate	3138883	2.63
Financial Institutions	104232	0.09
Foreign Inst. Investor	782	0.00*
Hindu Undivided Family	183118	0.15
Mutual Funds	5631648	4.71
Non Nationalised Banks	3563	0.00*
Non Resident Indians	97444	0.08
Non Resident (Non Repatriable)	40785	0.03
Public	27805493	23.26
Promoters	78933524	66.02
Trusts	3240	0.00*
Foreign Portfolio Investors (Corporate)	2912698	2.44
Alternate Investment Funds	373535	0.31
NBFCs registered with RBI	551	0.00*
TOTAL	**119565000**	**100**

* Negligible

(k) Dematerialization of shares and liquidity

About 99.99% of the Equity Shares of the Company have been de-materialized up to 31st March, 2019.

(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. Hence, as on 31st March, 2019, Company does not have any GDRs/ADRs/Warrants or Convertible Instruments.

(n) Foreign Currency Hedging Activity

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

(o) Plant locations

1. Unit I & II, Daman, India.
2. Mandva, Gujarat, India.
3. Ankleshwar, Gujarat, India.
4. Unit I & II, Baddi, Himachal Pradesh, India.
5. Kumrek, East Sikkim, India.
6. 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. Cachet Pharmaceuticals Private Limited, South Sikkim, India.

(p) Address for correspondence

Alkem Laboratories Limited, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

Tel No: +91 22 3982 9999; Fax No: +91 22 2495 2955

Communication by E-mail:

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

List of Credit Ratings

Credit Ratings of Company's outstanding instruments:

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

Credit Ratings of Company's outstanding facilities:

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

(14) DISCLOSURES

(a) Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. All related party transactions which were at arm's length basis in the ordinary course of business were periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The details of related party transactions are provided in notes to financial statements of this Annual Report. The policy on related party transaction has been placed on the Company's website and can be accessed through https://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy_on_Related_Party_Transactions.pdf

(b) Strictures and Penalties

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

(c) Whistle Blower Policy

The Company requires its Officers and Employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. For this purpose the Board of Directors of the Company has adopted "Whistle Blower Policy" to encourage and enable employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy and to build and strengthen a culture of transparency and trust within the organization. The person making a report of the violation can keep his/her identity anonymous and choose to submit the violation report on a confidential basis. If an individual reasonably believes that a violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestion or complaints to person designated by the Company. Specific telephone number and email ID is mentioned in the Whistle Blower Policy. In addition to the above, under exceptional circumstances a complainant can complain directly to the Chairman of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person or to the Audit Committee. During the financial year 2018-19, the Company amended the Whiste Blower Policy to align it with the amendments in the Insider Trading Regulations effective from 1st April, 2019. The Whistle blower Policy has been placed on the Company's website and can be accessed through https://www.alkemlabs.com/admin/Photos/Policies/961507913Whistle_Blower_Policy.pdf

(d) No person in the Senior Management of the Company has reported any material, financial and commercial transaction, where he/she has any personal interest which may have any potential conflict with the interest of the Company.

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

(f) 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/admin/Photos/Policies/1594553244Policy_for_determining.pdf

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

(h) 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.

(i) The Company has obtained a certificate dated 24th May, 2019 from M/s Manish Ghia & Associates, Practising Company Secretaries, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

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

(k) Total fees of ₹ 24.05 Million was paid for all services provided to the Company and its subsidiaries, on a consolidated basis, to M/s B S R & Co., Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part.

(l) 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 : 1

b. number of complaints disposed of during the financial year : 1

c. number of complaints pending as on end of the financial year : 0

(15) COMPLIANCE WITH DISCRETIONARY REQUIREMENTS

i. Chairman Emeritus maintains office at the Company's expense.

ii. Half yearly, yearly and quarterly financial statements are published in the newspapers and are also posted on the Company's website.

iii. The Company's financial statement for the financial year ended 31st March, 2019 does not contain any modified audit opinion.

iv. Position of Chairman and Managing Director are separate.

v. Internal Auditors directly report to the Audit Committee.

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Date: 30th May, 2019
Place: Mumbai

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, 2019.

For Alkem Laboratories Limited

Date: 30th May, 2019
Place: Mumbai

Sandeep Singh
Managing Director

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

To the Members of
Alkem Laboratories Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 18th September, 2018.

2. This report contains details of compliance of conditions of corporate governance by Alkem Laboratories Limited ('the Company') for the year ended 31st March, 2019 as stipulated in regulations 17-27, clause (b) to (i) of regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the National Stock Exchange Limited and the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchanges').

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

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

Auditors' Responsibility

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2019.

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

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

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

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30th May, 2019

BUSINESS RESPONSIBILITY **REPORT 2018-2019**

INTRODUCTION

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

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

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

L00305MH1973PLC174201

2 **Name of the Company:**

Alkem Laboratories Limited

3 **Registered address:**

"Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

Tel: +91 22 3982 9999

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

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

6 **Financial Year reported:** 2018-19

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

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

Company's three key products are:

1 Clavam

2 PAN

3 Gabapentin

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

a) Number of International Locations (Provide details of major 5):

The Company has strong foothold and presence in more than 50 international markets.

The major five locations involved in the sales operations overseas are;

USA, Australia, Chile, United Kingdom and Kazakhstan.

b) **Number of National locations:**

The Company's manufacturing footprints are present at total of 14 manufacturing facilities out of which 12 are in India.

Major locations: Punjab, Sikkim, Daman and Gujarat.

10 **Markets served by the Company – Local/State/National/International**

We serve both National as well as International markets. Apart from our strong foothold in the domestic market, we also have presence in more than 50 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

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

2 **Total Turnover (₹) –** 57,140.9 Million

3 **Total profit after taxes (₹) –** 7998.4 Million

4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) –** ₹ 115.8 Million i.e. 1.45 % of profit after tax for the financial year 2018-19.

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

Education: Construction and renovation of govt. schools in Mandva (Gujarat), Baddi (H.P), Sikkim and Daman. The Company also introduced a scholarship program for economically weaker students in Mumbai.

Healthcare & Sanitation: Free checkup camps, awareness programs, Cochlear Implant, Spine Surgeries and other healthcare related activities in partnership with different NGOs. The Company also runs its own healthcare centres in the areas in and around Sikkim and Baddi where Company has its manufacturing facilities. The Company has constructed public toilets and bathrooms and provided drinking water facility to rural areas around its manufacturing facilities.

Rural Development: Renovation of Anganwadis and providing them infrastructure facilities and safe drinking water. Renovation of Daman Health Center and providing them various infrastructure facilities. Stitching training provided to women at Baddi and Mandva.

Sports: Support to Govt. of Sikkim for promoting football games among youth in Hilly areas of Sikkim.

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 FY 2018-19. Indchemie Health Specialties Private Limited, subsidiary of the Company, participates in BR initiative through its own CSR Activities.

3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No.

SECTION D: BR INFORMATION

1 Details of Director/ Directors responsible for BR

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

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

b) Details of the BR Head

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 NVGs) BR Policy/policies

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

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

P1	Business 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

	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?	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+
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.

(+) – All the policies are available for employees to view on the Company's intranet. For external stakeholders, wishing to view the policies, a request can be emailed to the Compliance Officer.

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

3 Governance related to BR

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

  The Board of Directors review the BR performance of the Company. Board meets atleast once in a quarter and important aspects of the BR i.e. CSR, stakeholders complaints are deliberated by the Board.

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

  The Company publishes Business Responsibility Report annually along with the Annual Report.

  The Company's Business Responsibility Reports can be viewed at https://www.alkemlabs.com/annual-reports.

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

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

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

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

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

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

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

One Whistle Blower complaint was received from an ex-employee against Divisional Sales Manager (DSM) of the Company. The Complainant had alleged that DSM was also operating as the stockist of the Company, resulting in conflict of interest. The complaint was discussed at the Audit Committee Meeting of the Company and disposed-off during the FY 2018-19.

PRINCIPLE 2

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

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

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

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

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

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

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

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

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

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

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were sourced sustainably?

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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company utilises organic/bio fuels in its manufacturing facilities viz. wood 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 as well as re-qualification of the vendors. The Company endeavors to engage with MSME registered vendors wherever possible. Though the Company has continuing business relationship with approved regular vendors, the Company believes in having alternate vendors in areas where having single vendors would impact Company's business adversely.

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

5. Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

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

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

PRINCIPLE 3

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1 Please indicate the total number of employees.

As on 31st March, 2019, there were 14,115 employees in the Company.

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

We have 3,202 employees hired on temporary/contractual/ casual basis as on 31st March, 2019.

3 Please indicate the number of permanent women employees.

We have 422 women employees as on 31st March, 2019.

4 Please indicate the number of permanent employees with disabilities

As on 31st March, 2019, we have 4 employees with disabilities.

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

There are no employee associations in the organization.

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

This is not applicable.

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

Sr. No.	Category	No. of Complaints filed during the financial year	No. of Complaints pending as on end of this financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	1	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	74%	22%
Permanent Women Employees	42%	32%
Casual/ Temporary/ Contractual Employees	19%	72%

PRINCIPLE 4

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

1. Has the company mapped the internal and external stakeholders?

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

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

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

Stakeholder	Areas of concern addressed
Women	Provided stitching training to ladies at Baddi and Mandva and organized free breast cancer detection camps at Mumbai.
Patients	Sponsored spine surgery for underprivileged patients in Mumbai and free health checkup for dementia patients in Mumbai. Organized blood donation camps and provided wheel chairs to underprivileged patients.
Children	Sponsored Cochlear implants for deaf children and provided hearing device to them and provided healthcare facilities to premature babies belonging to underprivileged families in Mumbai. Renovated Anganwadi centres in Daman and Dodhani (Raigad, Maharashtra) and provided them with various infrastructure facilities.
Villagers / Communities	Provided facilities for quality drinking water and construction of public toilets, bathrooms and sanitation facilities in Sikkim, Raigad and Mandva; provided healthcare facilities in Primary Healthcare Centres at Baddi and Sikkim. Installed solar LED street lights at Mandva. Assisting farmers in increasing water retention in drought prone areas of Beed, Maharashtra for farming and other uses.
Students	Renovated Government schools, provided infrastructure and also facilitated good quality drinking water and clean bathrooms in Baddi, Sikkim, Mandva, Belapur and Daman. Sponsored Scholarship Programs for economically weaker students in Mumbai.
NGO's	Sponsored through NGO's various health camps and awareness programs and treatment of diseases in different parts of the country.

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

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

PRINCIPLE 5

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. 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?

Apart from one complaint related to sexual harassment which has been resolved, there have been no other complaints regarding violation of human rights.

PRINCIPLE 6

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

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

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

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

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

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof.

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

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

Yes. The Company endeavors towards having clean technology and energy efficiency across its operations. Some of the key initiatives are:

- Installed Variable frequency drive (VFD) at Baddi, Mandva & Sikkim plants for power saving.
- Installed Reverse Osmosis (RO) in Effluent Treatment Plant (ETP) at Mandva to reduce Multi Effect Evaporation (MEE) operating load resulting in steam & power saving.
- Automatic temperature control in air handling unit through direct digital control in central warehouse for automatic control of environmental condition & energy efficient operation of chillers at Baddi & Daman plants.
- Implementation of Condensate Recovery System (CRS) & Pressure Reducing System (PRS) systems with steam trap in Boiler for condensate recovery at Sikkim plant.
- Installed Energy Management Systems at Mandva plant for monitoring electricity consumption and reduction in power consumption.
- Installation of automatic tube brushing system at central warehouse chiller at Baddi plant.
- Reduction in electrical power demand at Baddi plant (unit 1 & 2).
- Implementation of high pressure water jet machine for cleaning of equipments at Baddi plant resulting in saving of water.
- Reduction in air changes per hour from 30 to 20 in classified areas resulted in saving of energy.
- Replacement of old cooling tower at Ankleshwar with Fanless cooling tower to save electricity.
- Installation of light motion sensors to avoid wastage of electricity and timer system for automatic switch off air condition for instructed time.
- Used High pressure pump & spry nozzle- using high pressure pump & spry nozzle for cleaning change and reduce the water consumption.
- Installed solar panels at Daman plant generating approx. 3000 kwh power per day.

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 within the permissible limits and are also disposed in a responsible manner through the right channels.

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

There are no show cause/ legal notices received from CPCB/ SPCB which are pending as on 31st March, 2019.

PRINCIPLE 7

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

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

Yes. We are active members of the following associations:

1. Indian Drugs Manufacturer's Association (IDMA)
2. Indian Pharmaceutical Alliance (IPA)
3. Bombay Chamber of Commerce & Industry
4. Pharmaceutical Export Promotion Council of India (Pharmexcil)

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

We have advocated for Economic Reforms through the associations.

PRINCIPLE 8

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 programmes/ projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

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

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

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

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

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

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

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

PRINCIPLE 9

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

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

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

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

All the medicinal products manufactured and marketed by the Company are accompanied by label displaying product information as mandated by applicable law. The information included in the label is approved by the respective regulatory authorities of the marketing country.

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

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

2. A complaint was filed against the Company before CCI alleging anti-competitive practices under the Competition Act. The Director General ("DG") has submitted the investigation report to CCI in this regard. The CCI has given directions to file the comments/suggestions/ objections to the DG Report. The matter is still pending resolution.

   During the financial year 2018-19, there were no cases filed by any stakeholder against the company regarding irresponsible advertising.

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Alkem Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Alkem Laboratories Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. We have determined the matters described below to be the key audit matters to be communicated in our report:

1. Revenue Recognition

The Key Audit Matter	How the matter was addressed in our audit
• The Company provides a right of return to its customers as a customary business practice. These arrangements result in deductions to gross amounts invoiced. The initial revenue recognition is reduced taking into consideration the anticipated sales returns. • Revenue is recognised when the control of the products being sold has transferred to the customer. Therefore, there is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end. • Refer note 2.9 of the standalone financial statements for details on accounting policy on revenue recognition. • Due to the Company's presence across different regions and the competitive business environment, the estimation of anticipated sales returns is material and considered to be complex and judgmental. Management has determined an accrual of 1,015.8 Million to be necessary as at 31 March 2019 (31 March 2018: ₹ 910.7 Million).	**In view of the significance of the matter we applied following procedures:** • Assessed appropriateness of the Company's revenue recognition accounting policies, including those relating to anticipated sales returns by comparing with applicable accounting standards. • Assessed and tested design, implementation and operating effectiveness of the Company's general IT controls and key IT/ manual application controls over the Company's systems which govern recording of revenue, creation of new customers, revenue cut-off and sales return accruals in the general ledger accounting system. • Performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end), including one off sales to customers, by verifying the underlying documents, which included sales invoices/contracts and shipping documents. • Performed testing by selecting samples relating to sales returns recorded during the year and comparing the parameters used in the calculation with the relevant source documents (including invoices and contracts) to assess whether the methodology adopted in the calculation was in accordance with the terms and conditions. • We have also considered the historical accuracy of the Company's estimates as well as current trends of sales return. • We assessed manual journals posted to revenue to identify unusual items and considered the adequacy of the disclosures in respect of revenue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

2. Assessment of recoverability of the carrying value of investment in subsidiaries

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2019, the Company has ₹ 13,821.7 Million (31 March 2018: ₹ 11,051.1 Million) of investment in subsidiaries. The carrying value of investment in subsidiaries will be recovered through future cash flows and there is inherent risk that these assets may be impaired if these cash flows do not meet the Company's expectations. Refer to note 2.4 and 3.2 in the standalone financial statements for details of accounting policies on impairment of investment in subsidiaries and related disclosures. Valuation of investment in subsidiaries is a key audit matter due to: • The inherent complexity in auditing the forward looking assumptions applied to recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates.	**In view of the significance of the matter we applied following procedures :** • tested operating effectiveness of controls over management's review of the impairment analysis. Assessed the accuracy of prior period cash flow forecasts of the Company by reference to actual performance. • using our knowledge of the Company and industry, challenged the significant assumptions and judgements, where applicable, incorporated in valuation reports of subsidiaries by independent valuers for impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialist; • performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether there were any indicators of management bias in the selection of these key assumptions; • evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

3. Taxation and MAT credit asset:

The Key Audit Matter	How the matter was addressed in our audit
The Company operates in a complex tax jurisdictions environment in India with various tax exemptions available across regions and are subject to tax challenges and audits by local tax authorities. There are open tax and transfer pricing matters under litigation with tax authorities. Judgment is required in assessing the level of provisions and disclosure of contingent liabilities required in respect of uncertain tax positions that reflects management's best estimate of the most likely outcome based on the facts available. The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2019 is ₹ 7,594.4 Million (31 March 2018: ₹ 6,988.8 Million) (refer note 3.7 to the standalone financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgment regarding the Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**In view of the significance of the matter we applied following procedures :** • Tested the operating effectiveness of controls around the recording and re-assessment of tax provisions and disclosure of contingent liabilities. • For uncertain tax positions, we read and analysed select correspondence with tax authorities, reviewed management's assessment and conclusion on likely eventual outcome. We also read opinion from third party experts, judgement and also assessed legal opinions from third party tax advisors. • We used our tax specialists' expertise to assess the status of the ongoing tax litigations and judgmental tax positions in tax returns and their most likely outcome, basis expertise, industry outcomes and company's own past outcomes in respect of similar matters. • In respect of such deferred tax assets (MAT credit entitlement), we analysed origination of MAT credit entitlement and reviewed management's assessment and conclusion in relation to reasonable certainty for its utilization within the period allowed for carry forward and set off against forecast taxable income streams. • We evaluated appropriateness of taxation disclosures in note 3.7 to the standalone financial statements, including the enhanced disclosures made in respect of the utilization period of deferred tax assets in relation to MAT credit entitlement.

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 financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial

INDEPENDENT **AUDITOR'S REPORT (CONTINUED)**

statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(A) (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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 3.26 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30 May 2019

ANNEXURE - A to the Independent Auditor's Report – 31 March 2019

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(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, are held in the name of the Company.

(ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In respect of inventory lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent good receipts have been verified or confirmations have been obtained from the parties. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made, loans, guarantees given to subsidiaries and securities given in respect of loan taken by the subsidiaries.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Services tax, duty of customs, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, Goods and Services Tax, duty of customs, duty of excise and value added tax as at 31 March 2019 which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to its bankers. The Company did not have any outstanding loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material

ANNEXURE - A to the Independent Auditor's Report – 31 March 2019 (Continued)

fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of 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, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30 May 2019

Enclosure I to Annexure A to the Independent Auditor's Report – 31 March 2019

Name of the Statute	Nature of dues	Amount under dispute (₹ in Millions)	Amount paid under protest (₹ in Millions)	Financial year / year (s)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	147.7	17.6	2003-2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	55.2	6.0	2012-2017	Commissioner of Central Excise (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	4.3	2.5	2003-2005	Appellate Tribunal
Maharashtra VAT Act, 2002	Value Added Tax	95.9	10.3	2006-2014	Joint Dy. Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2003	Value Added Tax	8.7	1.3	2012-2015	Senior Joint Commissioner, Corporate Division (Appellate Authority)
West Bengal VAT Act, 2003	Value Added Tax	53.2	5.0	2010-2011	Sr. Joint Commissioner of Commercial Tax
Bihar VAT Act, 2005	Value Added Tax	13.4	3.2	2010-2012	Joint commissioner Commercial Taxes (Appeals)
Uttar Pradesh VAT Act, 2008	Value Added Tax	3.6	1.8	2016-2017	Joint commissioner of Commercial taxes -Circle –I
Odisha VAT Act, 2004	Value Added Tax	2.3	0.1	2012-2016	Commissioner of Commercial Taxes
Gujarat VAT Act, 2003	Value Added Tax	0.1	-	2006-2007	Commissioner of Commercial Taxes Gujarat
Odisha Entry Tax Act, 1999	Entry Tax	0.2	0.1	2012-2014	Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	0.6	0.1	2010-2011 & 2014-2017	Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	0.2	0.1	2010-2011	Joint Dy. Commissioner Of Sales Tax(Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	0.3	0.1	2013-2015	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	55.7	4.8	2013-2015	Joint Commissioner, Corporate Division (Appellate Authority)
Central Sales Tax Act, 1956	Central Sales Tax	0.1	0.1	2017-2018	Assistant state tax officer, Surveillance Squad
Central Sales Tax Act, 1956	Central Sales Tax	0.5	-	2014-2015	Deputy Commissioner of commercial taxes
Jhakhand VAT Act, 2005	Value Added Tax	2.0	-	2014-2015	Deputy Commissioner of commercial taxes
Jhakhand VAT Act, 2005	Value Added Tax	4.2	4.2	2015-2016	Assistant commissioner of Commercial taxes
Income Tax Act, 1961	Income Tax	593.9	97.4	2001-2003 & 2011-2016	Commissioner of Income Tax (Appeal)

ANNEXURE - B to the Independent Auditor's Report – 31 March 2019

(Referred to in our report of even date)

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 ("the Act")

Opinion

We have audited the internal financial controls over financial reporting of Alkem Laboratories Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30 May 2019

BALANCE SHEET

as at 31 March 2019

(₹ in Million)

Particulars				Note	As at 31 March 2019	As at 31 March 2018
I.	**ASSETS**					
1	**Non-current assets**					
	(a)	**Property, plant and equipment**		3.1	15,737.6	14,398.5
	(b)	**Capital work in progress**		3.1	3,815.9	2,989.2
	(c)	**Intangible assets**		3.1	326.2	311.4
	(d)	**Investment in subsidiaries**		3.2	13,821.7	11,051.1
	(e)	**Financial assets**				
		(i)	Investments	3.2	942.5	983.1
		(ii)	Loans	3.3	127.3	1,074.9
		(iii)	Other financial assets	3.4	161.2	253.0
	(f)	**Deferred tax assets (net)**		3.7C	6,365.9	5,780.5
	(g)	**Non current tax assets (net)**		3.7D	262.3	237.0
	(h)	**Other non-current assets**		3.5	554.1	746.1
	Total non-current assets				**42,114.7**	**37,824.8**
2	**Current assets**					
	(a)	**Inventories**		3.6	9,912.8	10,241.6
	(b)	**Financial assets**				
		(i)	Investments	3.2	2,191.8	3,410.8
		(ii)	Trade receivables	3.8	9,666.4	8,750.0
		(iii)	Cash and cash equivalents	3.9	1,614.4	51.6
		(iv)	Bank balances other than (iii) above	3.10	2,365.0	2,731.4
		(v)	Loans	3.3	262.5	343.8
		(vi)	Other financial assets	3.4	1,010.4	1,316.3
	(c)	**Other current assets**		3.11	3,603.8	3,471.4
					30,627.1	**30,316.9**
	(d)	**Non-current assets held for sale**		3.42	179.7	-
	Total Current assets				**30,806.8**	**30,316.9**
	TOTAL ASSETS				**72,921.5**	**68,141.7**
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a)	**Equity share capital**		3.12A	239.1	239.1
	(b)	**Other equity**		3.12B	54,413.0	48,614.5
	Total Equity				**54,652.1**	**48,853.6**
2	**Liabilities**					
2a	**Non-Current Liabilities**					
	(a)	**Financial Liabilities**				
		(i)	Borrowings	3.13	63.2	63.3
	(b)	**Provisions**		3.14	1,688.3	1,260.3
	(c)	**Other non-current liabilities**		3.15	92.3	97.7
	Total Non-Current Liabilities				**1,843.8**	**1,421.3**
2b	**Current liabilities**					
	(a)	**Financial Liabilities**				
		(i)	Borrowings	3.13	4,966.4	5,411.9
		(ii)	Trade payables			
			Dues of Micro and Small Enterprises	3.16	346.8	749.1
			Dues of Creditors other than Micro and Small Enterprises	3.16	7,194.1	7,436.5
		(iii)	Other financial liabilities	3.17	2,131.6	2,525.6
	(b)	**Other current liabilities**		3.18	742.0	719.1
	(c)	**Provisions**		3.14	1,037.8	1,024.6
	(d)	**Current Tax Liabilities (net)**		3.7D	6.9	-
	Total Current Liabilities				**16,425.6**	**17,866.8**
	Total Liabilities				**18,269.4**	**19,288.1**
	TOTAL EQUITY AND LIABILITIES				**72,921.5**	**68,141.7**
Significant Accounting Policies				2A		
Notes to the Standalone Financial Statements				3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2019

(₹ in Million)

	Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
1	**Income**			
	(a) Revenue from Operations	3.19	57,140.9	52,810.1
	(b) Other Income	3.20	675.8	1,009.1
	Total Income		**57,816.7**	**53,819.2**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	14,972.2	13,276.9
	(b) Purchases of Stock-in-Trade		6,880.9	8,389.5
	(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.22	865.6	(914.2)
	(d) Employee benefits expense	3.23	9,600.9	8,616.3
	(e) Finance Costs	3.24	282.6	323.7
	(f) Depreciation and amortisation expense	3.1	1,410.7	1,076.5
	(g) Other expenses	3.25	14,364.2	13,707.6
	Total Expenses		**48,377.1**	**44,476.3**
3	**Profit before tax (1) - (2)**		**9,439.6**	**9,342.9**
4	**Tax expense**	3.7A		
	(a) Current tax		2,004.1	2,016.6
	(b) Deferred tax charge/(credit) (net)		(562.9)	167.9
	Total Tax Expenses		**1,441.2**	**2,184.5**
5	**Profit for the year (3) - (4)**		**7,998.4**	**7,158.4**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified subsequently to profit or loss			
	(i) Remeasurements of defined benefit plans	3.28	(64.3)	(111.1)
	(ii) Income tax on Remeasurements of defined benefit plans	3.7A	22.5	38.4
	(b) Items that will be reclassified to profit or loss			
	(i) Foreign currency translation difference of foreign operations		-	-
	(ii) Tax on Remeasurements of foreign currency translation difference of foreign operations		-	-
	Total of Other Comprehensive Income for the period, net of tax		**(41.8)**	**(72.7)**
7	**Total Comprehensive Income for the year (5) + (6)**		**7,956.6**	**7,085.7**
8	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.31	66.90	59.87
Significant Accounting Policies		2A		
Notes to the Standalone Financial Statements		3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

(a) Equity share capital

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	119,565,000	239.1	119,565,000	239.1

(b) Other Equity

Particulars	Reserves and Surplus			Items of OCI	
	Capital Reserve	General Reserve	Retained Earnings	Remeasurement of Defined benefit plans	Total other equity
Balance as at 1 April 2017	5.2	19,380.4	24,338.0	(36.2)	43,687.4
Total Comprehensive Income for the year ended 31 March 2018					
Profit for the year	-	-	7,158.4	-	7,158.4
Other Comprehensive Income for the year (net of tax)	-	-	-	(72.7)	(72.7)
Total Comprehensive Income for the year	**-**	**-**	**7,158.4**	**(72.7)**	**7,085.7**
Transactions with owners of the company					
Dividend on Equity Shares **(Refer Note 3.33)**	-	-	(1,793.5)	-	(1,793.5)
Dividend Distribution Tax	-	-	(365.1)	-	(365.1)
Balance as at 31 March 2018	**5.2**	**19,380.4**	**29,337.8**	**(108.9)**	**48,614.5**
Total Comprehensive Income for the year ended 31 March 2019					
Profit for the year	-	-	7,998.4	-	7,998.4
Other Comprehensive Income for the year (net of tax)	-	-	-	(41.8)	(41.8)
Total Comprehensive Income for the year	**-**	**-**	**7,998.4**	**(41.8)**	**7,956.6**
Transactions with owners of the company					
Dividend on Equity Shares **(Refer Note 3.33)**	-	-	(1,793.5)	-	(1,793.5)
Dividend Distribution Tax	-	-	(364.6)	-	(364.6)
Balance as at 31 March 2019	**5.2**	**19,380.4**	**35,178.1**	**(150.7)**	**54,413.0**

The Description of the nature and purpose of each reserve within equity:

Capital Reserve: Capital reserve represents investment subsidies from state government.

General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

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Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

Mumbai
30 May 2019

STATEMENT OF CASH FLOW

for the year ended 31 March 2019

(₹ in Million)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	9,439.6	9,342.9
	Adjustments for:		
	Depreciation and amortisation	1,410.7	1,076.5
	Fair valuation of investments	43.8	263.1
	Profit on sale of investments (net)	(73.1)	(45.2)
	Loss / (Profit) on sale of property plant and equipment (net)	18.1	(5.6)
	Dividend income	(21.2)	(13.5)
	Interest income	(330.1)	(732.4)
	Interest expenses	282.6	323.7
	Allowances for doubtful debts	118.7	16.8
	Unrealised foreign currency (gain)/loss on revaluation (net)	(128.8)	(89.6)
	Rent income	(20.1)	(19.9)
	Subtotal of Adjustments	**1,300.6**	**773.9**
	Operating profit before working capital changes	10,740.2	10,116.8
	Changes in working capital:		
	Increase in trade receivables	(1,035.1)	(2,433.6)
	Decrease / (Increase) in loans, other financial assets and other assets	61.4	(3,408.9)
	Decrease / (Increase) in inventories	328.8	(1,654.0)
	(Decrease) / Increase in trade payable, other financial liabilities and other liabilities	(1,021.2)	2,003.6
	Increase in provisions	399.4	372.2
	Subtotal of Adjustments	**(1,266.7)**	**(5,120.7)**
	Cash generated from operations	9,473.5	4,996.1
	Less: Income taxes paid (net of refund)	(2,045.0)	(1,813.5)
	Net cash generated from operating activities	**7,428.5**	**3,182.6**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of property, plant and equipment	(3,548.9)	(4,987.1)
	Sale of property, plant and equipment	15.8	58.2
	Proceeds from sale of investments (net)	1,289.0	910.7
	Investments in subsidiaries	(1,740.8)	(1,250.0)
	Redemption of bank deposits having maturity of more than 3 months	482.9	1,771.3
	Dividend received	21.2	13.5
	Interest received	352.5	732.4
	Rent received	20.1	19.9
	Net Cash (used in) investing activities	**(3,108.2)**	**(2,731.1)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	(Repayment) of / Proceeds from non-current borrowings (net)	(0.1)	63.3
	(Repayment) of / Proceeds from current borrowings (net)	(316.8)	1,819.2
	Dividends and corporate dividend tax paid	(2,158.0)	(2,158.6)
	Interest paid	(282.6)	(323.7)
	Net cash (used in) financing activities	**(2,757.5)**	**(599.8)**
D	**NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**1,562.8**	**(148.3)**
E	**CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR (Refer Note 3.9)**	**51.6**	**199.9**
F	**CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR (D+E) (Refer Note 3.9)**	**1,614.4**	**51.6**

STATEMENT OF CASH FLOW

for the year ended 31 March 2019

(₹ in Million)

Notes:

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

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

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

During the previous year, the Company had converted its loans and advances amounting to ₹ 147.2 Million into equity given to its wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA".

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

4 Debt reconciliation in accordance with Ind AS 7:

Particulars	Non current borrowings	Current borrowings
As at 1 April 2017	-	3,682.3
Cash flows from borrowing during the year (net)	63.3	1,819.2
Non Cash Items (Foreign exchange changes)	-	(89.6)
As at 31 March 2018	**63.3**	**5,411.9**
Cash flows from borrowing during the year (net)	(0.1)	(316.8)
Non Cash Items (Foreign exchange changes)	-	(128.7)
As at 31 March 2019	**63.2**	**4,966.4**

Significant Accounting Policies **Note 2A**

Notes to the Standalone Financial Statements **Note 3**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

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President Finance & Chief Financial Officer

Manish Narang
President - Legal & Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India.The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

2A Significant accounting policies:

2.1 Basis of preparation of Standalone Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Company as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The Financial statements are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 30 May 2019.

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 Company'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 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 sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention unless otherwise indicated.

d) Functional and Presentation Currency

These financial statement are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.2 Property, plant and equipment ("PPE")

i) Recognition and Measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment is recognised in statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use /(disposed of). Freehold land is not depreciated.

PPE	Useful Life
Leasehold Land	Amortized over the period of Lease
Buildings	5 Years to 59 Years
Plant and Equipment	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

2.3 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of profit and loss as incurred.

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

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

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
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,

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in 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 Operating Leases/Finance Leases

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.

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

2.6 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.8 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Revenue Recognition and measurement:

Effective 1 April 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

d) Revenue (including in respect of insurance or other claims, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

e) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

f) Interest income is recognized using the effective interest rate (EIR) method.

g) Dividend from investment is recognised as revenue when right to receive dividend is established.

2.10 Foreign currencies

i. Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

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

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

2.11 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

Company's contribution for the year paid/ payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss

The Company's contribution towards provident fund and superannuation fund for eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short term Employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

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, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset ca n 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.

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.

e. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in **Note 3.36**.

f. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

(₹ in Million)

Particulars	Property plant and equipment								Intangible assets			Capital work in progress
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents	Total	
As at 1 April 2017	1,183.0	214.7	3,188.2	6,871.7	208.1	203.2	354.1	12,223.0	139.9	266.1	406.0	
Additions	0.2	286.7	1,133.8	2,542.1	106.1	97.1	220.8	4,386.8	66.8	129.1	195.9	
Deletions	-	(3.2)	(4.8)	(48.4)	-	(18.1)	(0.3)	(74.8)	-	-	-	
As at 31 March 2018	**1,183.2**	**498.2**	**4,317.2**	**9,365.4**	**314.2**	**282.2**	**574.6**	**16,535.0**	**206.7**	**395.2**	**601.9**	
As at 1 April 2018	**1,183.2**	**498.2**	**4,317.2**	**9,365.4**	**314.2**	**282.2**	**574.6**	**16,535.0**	**206.7**	**395.2**	**601.9**	
Additions	-	-	555.6	2,040.7	44.6	35.7	145.3	2,821.9	91.0	65.4	156.4	
Deletions	-	-	(5.4)	(114.2)	(2.8)	(19.6)	(5.0)	(147.0)	(0.3)	-	(0.3)	
Reclassification to non-current assets held for sale	(3.5)	-	-	(227.8)	(0.7)	-	(4.2)	(236.2)	-	-	-	
As at 31 March 2019	**1,179.7**	**498.2**	**4,867.4**	**11,064.1**	**355.3**	**298.3**	**710.7**	**18,973.7**	**297.4**	**460.6**	**758.0**	
Depreciation and Amortisation												
As at 1 April 2017	**-**	**4.3**	**116.8**	**874.4**	**46.9**	**37.6**	**110.9**	**1,190.9**	**65.4**	**116.4**	**181.8**	
Depreciation/amortisation for the year	-	6.2	100.6	691.6	41.2	32.6	95.6	967.8	42.2	66.5	108.7	
Deductions	-	(0.2)	(0.1)	(12.8)	-	(9.1)	-	(22.2)	-	-	-	
As at 31 March 2018	**-**	**10.3**	**217.3**	**1,553.2**	**88.1**	**61.1**	**206.5**	**2,136.5**	**107.6**	**182.9**	**290.5**	
As at 1 April 2018	**-**	**10.3**	**217.3**	**1,553.2**	**88.1**	**61.1**	**206.5**	**2,136.5**	**107.6**	**182.9**	**290.5**	
Depreciation/amortisation for the year	-	7.0	133.3	929.0	38.1	36.9	124.9	1,269.2	57.0	84.5	141.5	
Deductions	-	-	(0.1)	(96.9)	(2.0)	(11.7)	(2.4)	(113.1)	(0.2)	-	(0.2)	
Reclassification to non-current assets held for sale	-	-	-	(55.6)	(0.1)	-	(0.8)	(56.5)	-	-	-	
As at 31 March 2019	**-**	**17.3**	**350.5**	**2,329.7**	**124.1**	**86.3**	**328.2**	**3,236.1**	**164.4**	**267.4**	**431.8**	
Net Book Value												
As at 31 March 2018 / 1 April 2018	1,183.2	487.9	4,099.9	7,812.2	226.1	221.1	368.1	14,398.5	99.1	212.3	311.4	2,989.2
As at 31 March 2019	**1,179.7**	**480.9**	**4,516.9**	**8,734.4**	**231.2**	**212.0**	**382.5**	**15,737.6**	**133.0**	**193.2**	**326.2**	**3,815.9**

1. Addition to PPE include items of PPE aggregating ₹ **153.5 Million** (For the year ended 31 March 2018 ₹ **188.5 Million**) located at Research and Development Centres of the Company.
2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹ **3,815.9 Million** as at 31 March 2019 (31 March 2018: ₹ 2,989.2 Million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **57.8 Million** (For the year ended 31 March 2018: ₹ 29.1 Million).
3. **Refer Note 3.26(b)(1)** for contractual commitments with respect to property plant and equipments.
4. **Refer Note 3.29(b)** for future obligation pertaining to finance lease.
5. Exclusive charge by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of USD 35.0 Million advanced by Citi Bank USA to S&B Pharma Inc., USA, a wholly owned subsidiary of the Company.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

6. Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation expense	1,269.2	967.8
Amortisation expense	141.5	108.7
Total	**1,410.7**	**1,076.5**

3.2 Investments:

(₹ in Million)

Particulars	Units as at		Face Value	As at 31 March 2019		As at 31 March 2018	
	31 March 2019	31 March 2018		(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Non Current Investments							
In Equity Shares Unquoted: [at cost]							
A) Investment in Subsidiaries:							
Alkem Laboratories (Pty.) Limited, South Africa	49,960	49,960	Rand 10	68.8		68.8	
Alkem Laboratories Corporation, Philippines **[Refer Note 2 (a)]** (Including 5 shares held by the nominees)	3,567,622	999,272	Peso 100	485.0		139.7	
Ascend GmbH, Germany (formerly known as Alkem Pharma GmbH) (One Share of Euro 24,750 and Second share of Euro 250)	2	2	Euro	1.7		1.7	
Ascend Laboratories Sdn. Bhd., Malaysia (₹ 91)	2	2	Ringgit 1				
S & B Holdings B.V., Netherlands	35,590,552	35,590,552	Euro 1	2,897.2		2,897.2	
Alkem Laboratories Korea Inc., South Korea	15,000	15,000	Korean Won 100	0.1		0.1	
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	5,427	5,427		281.0		281.0	
Pharmacor Limited, Kenya	1,000	1,000	Shillings 100	0.1		0.1	
Pharmacor Pty Limited, Australia	68,313,954	68,313,954		224.7		224.7	
Ascend Laboratories (UK) Limited (issued capital 250000 shares of 1 GBP of which 40 Pence iscalled up & paid)	250,000	250,000	GBP 1	9.9		9.9	
S&B Pharma Inc., USA **[Refer Note 2 (b)]**	68,454	68,454	USD 0.01	3,275.9		1,850.6	
Cachet Pharmaceuticals Private Limited, India	10,484	10,484	INR 100	888.9		888.9	
Indchemie Health Specialities Private Limited, India	127,500	127,500	INR 10	1,640.7		1,640.7	
Enzene Biosciences Limited, India **[Refer Note 2 (c)]**	19,021,440	19,021,440	INR 10	3,890.0		2,890.0	
Alkem Foundation, India	10,000	10,000	INR 10	0.1		0.1	
					13,664.1		**10,893.5**
Investment in Limited Liability Partnership Firm: Unquoted (Trade): [at cost]							
The PharmaNetwork LLP, Kazakhstan					157.6		157.6
Investment in Subsidiaries - Sub total (A)					**13,821.7**		**11,051.1**

(₹ in Million)

Particulars	Units as at 31 March 2019	Units as at 31 March 2018	Face Value	As at 31 March 2019 (₹ in Million)	As at 31 March 2019 (₹ in Million)	As at 31 March 2018 (₹ in Million)	As at 31 March 2018 (₹ in Million)
B) Other Non Current Investments:							
In Equity Shares of Other Companies Unquoted [at fair value through profit and loss]:-					2.1		2.1
Investment In Venture Capital Fund: Unquoted (Non Trade) [at fair value through profit and loss]:					370.6		410.8
Non Convertible Debentures [at amortised cost]							
Unquoted					20.0		20.0
Quoted					175.0		175.0
Bonds :[at amortised cost] : - Quoted					374.8		375.2
Other Non Current Investments - Sub total (B)					**942.5**		**983.1**
Total (A+B)					**14,764.2**		**12,034.2**

Notes:

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

(₹ in Million)

Particulars	As at 31 March 2019 Profit Sharing Ratio	As at 31 March 2019 Capital Accounts	As at 31 March 2018 Profit Sharing Ratio	As at 31 March 2018 Capital Accounts
M/s Alkem Laboratories Limited	**100.00%**	**157.6**	100.00%	157.6
TOTAL	**100.00%**	**157.6**	**100.00%**	**157.6**

2a) During the year, the Company has contributed ₹ **345.3 Million** in wholly owned subsidiary in Philippines viz, "Alkem Laboratories Corporation" by way of conversion of loan into equity.

2b) During the year, the Company has contributed ₹ **740.7 Million** in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc." by way of a capital contribution and ₹ **684.6 Million** by way of conversion of loan into equity.

2c) During the year, the Company has contributed ₹ **1,000 Million** in subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution.

C. Current Investments

Particulars	As at 31 March 2019 (₹ in Million)	As at 31 March 2019 (₹ in Million)	As at 31 March 2018 (₹ in Million)	As at 31 March 2018 (₹ in Million)
1) Investment in Venture Capital 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**	2,003.4		2,245.9	
		2,003.4		**2,245.9**
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]:		180.3		176.6
4) Bonds :[at amortised cost] : - Quoted		-		980.2
Total		**2,191.8**		**3,410.8**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

Notes:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	730.2	730.2	10,680.4	10,680.4
2) Aggregate value of Unquoted investments	16,225.7	N.A.	12,757.8	N.A.
3) Aggregate amount of impairment in the value of Investments	-		9.4	

4) All Investments in Shares & Securities are fully paid up. (Except **Refer Note 3.26(b)-2**)

5) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in **Avenue Venture Real Estate Fund ("Fund")** by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. During the previous year ended 31 March 2018, the Company has renewed the option agreement as approved in its Board meeting held on 9 February 2018 for a period of 2 years.

3.3 Loans

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non Current Loans		
Loans to Subsidiary Companies **(Refer Note 3.35)**	35.4	1,061.1
Less: Loss allowance	-	(65.5)
	35.4	995.6
Security Deposits	23.0	10.4
Other receivables	68.9	68.9
TOTAL	**127.3**	**1,074.9**
B. Current Loans		
Loans and advances to employees*	169.3	250.8
Security Deposits	93.2	93.0
TOTAL	**262.5**	**343.8**
* Loans and advances to employees includes loan to related party of ₹ **0.5 Million** (31 March 2018: ₹ 10.9 Million) **(Refer Note 3.35)**		
Break-up of security details		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	389.8	1,418.7
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	65.5
Total	**389.8**	**1,484.2**
Less: Loss allowance	-	(65.5)
Total Loans	**389.8**	**1,418.7**

3.4 Other financial assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Other Non Current Financial Assets		
(Unsecured, Considered Good unless otherwise stated)		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months	117.4	211.5
Interest on Deposits, accrued but not due	23.9	14.8
Other Receivables	19.9	26.7
TOTAL	**161.2**	**253.0**

Note:

Bank Deposits of ₹ **Nil** (31 March 2018: ₹ 45.0 Million) are under lien with the Banks against Overdraft facility.

Bank Deposits of ₹ **Nil** (31 March 2018: ₹ 55.0 Million) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
B. Other Current Financial Assets		
(Unsecured, Considered Good unless otherwise stated)		
Interest on Deposits, accrued but not due	97.1	128.6
Other Receivables*	61.6	32.5
Incentive Receivable from Government	851.7	1,155.2
TOTAL	**1,010.4**	**1,316.3**

Note:

*Includes insurance claim receivable ₹ **36.5 Million** (31 March 2018: ₹ 24.7 Million)

3.5 Other non-current assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	281.6	537.7
Balances with Government Authorities	265.8	189.4
Other advances	2.2	17.7
Prepaid expenses	4.5	1.3
TOTAL	**554.1**	**746.1**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.6 Inventories

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw and packing materials	3,448.1	3,032.0
Goods-in-transit	141.4	20.7
	3,589.5	**3,052.7**
Work-in-progress	545.6	376.5
Finished goods	2,431.5	2,946.5
Goods-in-transit	1,563.2	934.7
	3,994.7	**3,881.2**
Stock-in-trade	1,700.7	2,815.8
Goods-in-transit	82.3	115.4
	1,783.0	**2,931.2**
TOTAL	**9,912.8**	**10,241.6**

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 2019 is ₹ **448.8 Million** (31 March 2018: ₹ 120.0 Million)

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Tax Expense recognised in profit and loss

(₹ in Million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax		
Current year tax	2,004.1	2,016.6
	2,004.1	**2,016.6**
Deferred tax charge/(credit) (net)		
Minimum Alternate Tax (MAT) credit entitlement	(605.6)	-
Origination and reversal of temporary differences	42.7	167.9
	(562.9)	**167.9**
Tax expense for the year	**1,441.2**	**2,184.5**

(ii) Tax recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(64.3)	22.5	(41.8)	(111.1)	38.4	(72.7)
	(64.3)	**22.5**	**(41.8)**	**(111.1)**	**38.4**	**(72.7)**

(B) Reconciliation of effective tax rate

(₹ in Million)

Particulars	(%)	For the year ended 31 March 2019	(%)	For the year ended 31 March 2018
Profit before tax		9,439.6		9,342.9
Tax using the Company's domestic tax rate (Current year 34.9% and Previous Year 34.6%)	34.9%	3,298.2	34.6%	3,233.4
Tax effect of:				
Long term capital gains exempt under income tax	0.1%	13.0	0.0%	(1.7)
Additional deduction allowed under income tax act in respect of Section 80(IE), 80(IB)	-18.1%	(1,706.8)	-7.9%	(734.7)
Additional allowances under income tax in respect of Section 35(2AB)	-2.9%	(277.0)	-2.1%	(195.6)
Utilization of previously derecognised MAT credit #	-1.4%	(136.7)	-2.3%	(217.7)
Others	2.7%	250.4	1.1%	100.8
	15.3%	**1,441.2**	**23.4%**	**2,184.5**

The Company's weighted average tax rates for the years ended 31 March 2019 and 31 March 2018 were 34.9% and 34.6%, respectively. Income tax expense was ₹ **1,441.2 Million** for the year ended 31 March 2019, as compared to income tax expense of ₹ 2,184.5 Million for the year ended 31 March 2018.

The Company's effective tax rate for the year ended 31 March 2019 was **15.3%** (31 March 2018: 23.4%)

The effective tax rate for the year ended 31 March 2019 and 31 March 2018 was lower primarily as a result of additional allowance under Income tax.

During the year ended 31 March 2019, the Company has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **136.7 Million** (31 March 2018: ₹ 217.7 Million) derecognised in the year ended 31 March 2016. The current tax charge for year ended 31 March 2019 and 31 March 2018 is after utilizing MAT credit of said amount.

(C) Movement in deferred tax assets and liabilities

(₹ in Million)

Particulars	31 March 2019			
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,589.3)	(187.5)		(1,776.8)
Investment	(228.9)	**15.3**		(213.6)
Borrowings	-			-
Deferred Tax Assets:				
Employee benefits	480.3	94.9	22.5	597.7
Trade receivables	71.1	23.2		94.3
Deferred Government Grant	39.5	(3.2)		36.3
Other items	19.0	14.6		33.6
MAT credit entitlement	6,988.8	605.6		7,594.4
Deferred Tax Assets / (Liabilities)	**5,780.5**	**562.9**	**22.5**	**6,365.9**
Offsetting of deferred tax assets and deferred tax liabilities				
Net Deferred Tax Assets / (Liabilities)	**5,780.5**	**562.9**	**22.5**	**6,365.9**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

(₹ in Million)

Particulars	31 March 2018			
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net
Deferred Tax Liabilities:				
Property, plant and equipment and Intangible assets	(1,301.3)	(288.0)	-	(1,589.3)
Investment	(319.9)	91.0	-	(228.9)
Borrowings	-		-	-
Deferred Tax Assets:				
Employee benefits	370.4	71.5	38.4	480.3
Trade receivables	101.3	(30.2)	-	71.1
Deferred Government Grant	44.4	(4.9)	-	39.5
Other items	26.3	(7.3)	-	19.0
MAT credit entitlement	6,988.8		-	6,988.8
Deferred Tax Assets / (Liabilities)	5,910.0	(167.9)	38.4	5,780.5
Offsetting of deferred tax assets and deferred tax liabilities				
Net Deferred Tax Assets / (Liabilities)	**5,910.0**	**(167.9)**	**38.4**	**5,780.5**

The company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current 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 income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(D) Tax assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non Current tax assets (net)	262.3	237.0
Current tax liabilities (net)	6.9	-

(E) Unrecognised deferred tax assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Unrecognised MAT Credit Entitlement	479.7	616.4

3.8 Trade receivables

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured)		
Considered good	9,666.4	8,750.0
Credit impaired	230.4	163.9
Less: Loss allowance	(230.4)	(163.9)
	9,666.4	**8,750.0**
TOTAL	**9,666.4**	**8,750.0**

Note :

1. Above trade receivables include amount due from related parties ₹ **5,631.8 Million** (31 March 2018: ₹ 4,572.3 Million) - **Refer Note 3.35**
2. **Refer Note 3.36** for information about credit risk and market risk of trade receivables.

3.9 Cash and cash equivalents

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	3.3	2.7
Cheques and Drafts on hand	81.4	33.2
Balance with Banks:		
In Current Accounts	29.7	15.7
In Deposit Accounts with original maturity within three months	1,500.0	-
TOTAL	**1,614.4**	**51.6**

3.10 Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Unpaid dividend account	0.8	0.6
Bank Deposits with maturity within 12 months	2,364.2	2,730.8
TOTAL	**2,365.0**	**2,731.4**

Note:

Bank Deposits of ₹ **1,350.0 Million** (31 March 2018: ₹ 2,500.0 Million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ **55.0 Million** (31 March 2018: ₹ Nil) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

3.11 Other current assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured, Considered Good unless otherwise stated)		
Balances with Government Authorities	2,922.8	2,702.4
Export Incentive Receivable	230.6	210.4
Advance to Suppliers:		
Considered Good	235.3	465.2
Considered Doubtful	110.6	66.8
	345.9	**532.0**
Less: Loss allowance	(110.6)	(66.8)
	235.3	**465.2**
Prepaid Expenses	215.1	93.4
TOTAL	**3,603.8**	**3,471.4**

3.12A Equity share capital

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised:		
250,000,000 equity shares of ₹ 2/- each (31 March 2018: 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 2018: 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
TOTAL	**239.1**	**239.1**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

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

	As at 31 March 2019		As at 31 March 2018	
	Number	(₹ in Million)	Number	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders:	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,586,100	7.18%
Mr. Tushar Kumar (shares held on behalf of Prasid Uno Family Trust)	5,295,820	4.43%	7,533,360	6.30%
Mr. Mritunjay Kumar Singh	7,604,000	6.36%	7,511,875	6.28%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	7,466,260	6.24%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate Number of Bonus Shares Issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

3.12B OTHER EQUITY

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital Reserve:		
Investment Subsidies from State Governments		
At the commencement of the year	5.2	5.2
Add: Addition during the year	-	-
At the end of the year	**5.2**	**5.2**
General Reserve:		
At the commencement of the year	19,380.4	19,380.4
Add: Transferred from Retained earnings	-	-
At the end of the year	**19,380.4**	**19,380.4**
Retained Earnings:		
At the commencement of the year	29,337.8	24,338.0
Add: Profit for the year	7,998.4	7,158.4
	37,336.2	**31,496.4**
Less: Appropriations:		
Dividend on Equity Shares	1,793.5	1,793.5
Dividend Distribution Tax	364.6	365.1
At the end of the year	**35,178.1**	**29,337.8**
Other Comprehensive Income:		
At the commencement of the year	(108.9)	(36.2)
Add: Other Comprehensive Income for the year	(41.8)	(72.7)
At the end of the year	**(150.7)**	**(108.9)**
TOTAL	**54,413.0**	**48,614.5**

3.13 Borrowings

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non current borrowings		
Secured:		
Finance Lease obligation **(Refer Note 3.29 (b))**	63.2	63.3
TOTAL	**63.2**	**63.3**
B. Current borrowings		
Secured		
Loans repayable on demand from Banks	260.6	1,043.8
	260.6	**1,043.8**
Unsecured		
Working Capital Loan from Banks	4,705.8	4,368.1
	4,705.8	**4,368.1**
TOTAL	**4,966.4**	**5,411.9**

Notes:

Secured:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **260.6 Million** (31 March 2018: ₹ 1,043.8 Million) are secured against pledge of Fixed Deposits with the banks.
2. Overdraft Facilities carry a rate of Interest ranging between 7.00% to 8.00% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Unsecured:

3. Working Capital Loan from banks comprises of Overdraft in INR of ₹ **72.4 Million** (31 March 2018: ₹ 359.8 Million) and Packing Credit in Foreign Currencies of ₹ **4,633.4 Million** (31 March 2018: ₹ 4,008.3 Million) and are repayable on demand.
4. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 2.50% to 3.50% and those in Indian Rupees carries Interest rate in the range of 8% to 9% p.a.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.14 Provisions

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non current provisions		
Provisions for employee benefits		
Gratuity **(Refer Note 3.28)**	726.4	739.6
Compensated absences	366.3	231.4
Provision for anticipated sales returns **(Refer Note.3.32)**	595.6	289.3
TOTAL	**1,688.3**	**1,260.3**
B. Current provisions		
Provision for employee benefits:		
Gratuity **(Refer Note 3.28)**	337.6	147.4
Compensated absences	280.0	255.8
Provision for anticipated sales returns **(Refer Note.3.32)**	420.2	621.4
TOTAL	**1,037.8**	**1,024.6**

3.15 Other non current liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred Income on government grant **(Refer Note 3.41)**	92.3	97.7
TOTAL	**92.3**	**97.7**

3.16 Trade payables

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Dues of Micro and Small Enterprises **(Refer Note 3.27)**	346.8	749.1
Dues of Creditors other than Micro and Small Enterprises	7,194.1	7,436.5
TOTAL	**7,540.9**	**8,185.6**

Note:-

Due to related parties ₹ **761.9 Million** (31 March 2018: ₹ 959.7 Million) **(Refer Note 3.35)**

3.17 Other financial liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Employee payables	1,209.2	922.4
Security Deposits	149.0	122.3
Accrual for Expenses	772.6	1,480.3
Unpaid dividend*	0.8	0.6
TOTAL	**2,131.6**	**2,525.6**

Notes:-

* There are no amounts due for payment to the Investor Education and Protection Fund ("IEPF") under Section 125 of the Companies Act, 2013 (31 March 2018: ₹ Nil).

3.18 Other current liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Due to statutory authorities*	453.2	450.8
Advances from customers	276.9	252.7
Deferred Income on government grant **(Refer Note 3.41)**	11.9	15.6
TOTAL	**742.0**	**719.1**

Note:-

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

3.19 Revenue from operations

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Sale of products- (A) #	56,313.6	51,967.0
Other operating revenues:		
Export incentives	452.5	385.1
Scrap sales	77.0	68.9
Government subsidy income	16.5	15.3
Royalty income	24.1	56.8
Budgetary Support Benefit under GST/Excise duty	240.0	305.4
Miscellaneous income/receipts	17.2	11.6
Total other operating revenue: - (B)	**827.3**	**843.1**
TOTAL (A) + (B)	**57,140.9**	**52,810.1**

Post implementation of GST with effect from 1 July 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2018 included excise duty up to 30 June 2017. Accordingly, revenue from operations for the year ended 31 March 2019 are not comparable with those of the previous periods presented.

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 2019	For the Year ended 31 March 2018
Revenue from contract with customers as per contracted price	58,799.2	54,332.7
Adjustments made to contract price on account of:		
Less: Sales Return	1,200.2	1,081.2
Less: Discounts / Rebates	1,285.4	1,284.5
Revenue from contract with customers	**56,313.6**	**51,967.0**
Other operating revenue	827.3	843.1
Revenue from Operations	**57,140.9**	**52,810.1**

b) Disaggregation of revenue from contracts with customers:

The geographical information analyses the company's revenues by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers.

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Revenue from Operations:		
Country of Domicile - India	44,981.4	41,657.0
United States of America	9,083.0	8,077.7
Other Countries	3,076.5	3,075.4
	57,140.9	**52,810.1**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.20 Other income

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Interest income on		
-Bank deposits	194.1	318.3
-Bonds, debentures and loans at amortised cost	136.0	414.1
Dividend income on equity securities at FVTPL	21.2	13.5
Foreign currency transactions and translation gain (net)	187.4	184.8
Rental income	20.1	19.9
Net profit on sale of equity securities at FVTPL	73.1	45.2
Profit on sale of property plant and equipments (net)	-	5.6
Miscellaneous income/receipts	43.9	7.7
TOTAL	**675.8**	**1,009.1**

3.21 Cost of materials consumed

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Raw material consumed	12,159.0	9,911.6
Packing material consumed	2,813.2	3,365.3
TOTAL	**14,972.2**	**13,276.9**

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

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Opening Stock:		
Finished goods	3,881.2	3,268.6
Stock-in-trade	2,931.2	2,610.4
Work-in-progress	376.5	395.7
	7,188.9	**6,274.7**
Less: Closing stock:		
Finished goods	3,994.7	3,881.2
Stock-in-trade	1,783.0	2,931.2
Work-in-progress	545.6	376.5
	6,323.3	**7,188.9**
TOTAL	**865.6**	**(914.2)**

3.23 Employee benefits expense

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Salaries, wages and bonus **(Refer Note 3.28)**	8,856.3	7,894.7
Contribution to provident and other funds **(Refer Note 3.28)**	422.8	374.1
Employees' welfare expenses	321.8	347.5
TOTAL	**9,600.9**	**8,616.3**

3.24 Finance cost

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Interest expenses on		
-Bank overdraft and others	220.1	273.8
-Defined benefit liabilities **(Refer Note 3.28)**	59.3	43.7
Other borrowing cost	3.2	6.2
TOTAL	**282.6**	**323.7**

3.25 Other expenses

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Consumption of stores and spare parts	760.2	683.9
Power and fuel	990.9	928.2
Processing charges	247.2	285.4
Contract labour charges	617.2	592.1
Rent **(Refer Note 3.29(a))**	200.1	145.3
Rates and taxes	34.6	198.0
Insurance	186.4	176.6
Marketing and promotions	4,063.1	3,776.4
Financial Assets at FVTPL -net change in fair value	43.8	263.1
Selling and distribution expenses	1,266.6	1,277.6
Legal and professional Fees	1,589.7	1,186.7
Sales commission	387.8	348.3
Travelling and conveyance	1,539.5	1,502.6
Repairs:		
- Buildings	103.4	83.5
- Plant and machineries	311.8	261.9
- Others	115.3	100.1
Loss on sale of property plant and equipments (net)	18.1	-
Commission to Directors	144.6	144.6
Donation	14.1	8.4
Communication and printing expenses	128.7	138.0
Vehicle expenses	111.2	99.8
Clinical and analytical charges	552.1	560.6
Allowances for doubtful debts	118.7	16.8
Corporate Social Responsibility (CSR) expenditure **(Refer Note 3.39)**	115.8	106.3
License, registration & technology fees	481.8	536.5
Miscellaneous expenses **(Refer Note 3.38)**	221.5	286.9
TOTAL	**14,364.2**	**13,707.6**

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	Claims against the Company not acknowledged as debt:		
(i)	Central Excise demands disputed in appeal {advances paid in dispute ₹ **22.7 Million** (31 March 2018: ₹ 19.8 Million)}	202.9	154.7
(ii)	Sales Tax demands disputed in appeal {advances paid in dispute ₹ **41.7 Million** (31 March 2018: ₹ 34.9 Million)}	252.2	185.2
(iii)	Income Tax demands disputed in appeal {advances paid dispute in ₹ **98.0 Million** (31 March 2018: ₹ 23.6 Million)}	593.9	54.0
(iv)	Other matters:	2,113.4	2,091.7
a.	In relation to purchase commitments: ₹ **968.1 Million*** (31 March 2018: ₹ 968.1 Million)		
b.	Supply of Goods: ₹ **399.0 Million** (31 March 2018: ₹ 377.3 Million)**		
c.	in relation to CCI: ₹ **746.3 Million** (31 March 2018: ₹ 746.3 Million)		
	Total	**3,162.4**	**2,485.6**

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property.

** Claim from customer in relation to product quality issues and packing norms in recipient country.

The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, based on legal advice obtained, the liability for the period from date of the SC order to 31 March 2019 is not significant and has been provided in the books of account. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a contingent liability in the standalone financial statements.

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

b) Commitments

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ **281.6 Million** (31 March 2018: ₹ 537.7 Million)	479.4	1,160.0
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	13.6	17.9
3	Uncalled/ Unpaid contribution towards investment in funds **(Refer Note.3.2)**	104.0	145.8
4	Other Commitments: Commitment towards research and development - **USD 2.5 Million** (31 March 2018: USD 4.7 Million)	172.9	306.3
5	Letter of Credit opened by the Banks	109.0	95.3
6	Pending Export Obligation under advance licence / EPCG Scheme	27.9	46.3
7	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.29**		

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 2019	As at 31 March 2018
a)	Principal amount remaining unpaid to any supplier as at the year end	346.8	749.1
	Interest due thereon	21.4	12.9
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act, 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	21.4	12.9
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	21.4	12.9

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

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

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

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

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to Provident Fund	378.4	325.4
- Contribution to Superannuation fund	-	1.6
- Contribution to Employee state insurance corporation	44.4	47.1
Total	**422.8**	**374.1**

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 2019 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 2019

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 2019:

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current Service Cost	126.6	99.1
	Interest Cost	59.3	43.7
	Actuarial (gain) / loss	64.3	111.1
	Benefits paid	(73.2)	(41.2)
	PVO at the beginning of the year	887.0	674.3
	PVO at end of the year	1,064.0	887.0
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,064.0	887.0
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,064.0)	(887.0)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(1,064.0)	(887.0)
III)	**Net cost for the year**		
	Current Service cost	126.6	99.1
	Interest cost	59.3	43.7
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	64.3	111.1
	Net cost	250.2	253.9
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.10	7.29
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	9% in Next one year and 7% thereafter	9% in Next one year and 7% thereafter

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation at end of the year	1,064.0	887.0	674.3	536.0	586.7
Experience (Gain)/Loss Adjustment on plan Liabilities	56.0	46.8	36.5	(11.2)	(16.4)
Actuarial (Gain)/Loss due to change on assumption	8.3	64.3	19.6	10.6	92.7

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(42.1)	46.6	(33.6)	37.4
Future salary growth (1% movement)	46.1	(42.5)	34.6	(31.7)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.18 years** (Previous year: 5.14 years)

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Rent expense	200.1	145.3
Total	**200.1**	**145.3**

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Not later than one year	72.5	35.0
Later than one year but not later than five years	107.7	75.9
Later than five years	-	-
Total	**180.2**	**110.9**

(b) The Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above are as under:

(₹ in Million)

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	0.0	2.8	2.8
Later than one year but not later than five years	0.2	11.4	11.6
Later than five years	63.0	203.5	266.5
Total	**63.2**	**217.7**	**280.9**

3.30 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹ **3,870.5 Million** (Previous year: ₹ 3,142.5 Million).

3.31 Earnings per share (EPS)

(₹ in Million)

Particulars			For the Year ended 31 March 2019	For the Year ended 31 March 2018
Profit / (Loss) after tax attributable to equity shareholders	₹ in Million	A	7,998.4	7,158.4
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	66.90	59.87

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.32 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for anticipated sales return:

The Company as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Carrying amount at the beginning of the year	910.7	769.6
Add: Provision made during the year	749.6	655.7
Less: Amount utilized during the year	644.5	514.6
Carrying amount at the end of the year	**1,015.8**	**910.7**

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non current provision	595.6	289.3
Current provision	420.2	621.4
Total	**1,015.8**	**910.7**

3.33 Dividend paid and proposed:

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

(₹ in Million)

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2019	Dividend Per Equity Share (₹)	Year ended 31 March 2018
Dividend on Equity Shares	15.00	1,793.5	15.00	1,793.5
Dividend Distribution Tax		364.6		365.1
Total		**2,158.1**		**2,158.6**

After the reporting dates the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

(₹ in Million)

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2019	Dividend Per Equity Share (₹)	Year ended 31 March 2018
Final Dividend on Equity Shares	8.00	**956.5**	7.00	837.0
Dividend Distribution Tax		**194.7**		170.3
Total		**1,151.2**		1,007.3

3.34 Segment Reporting

The Company has presented data relating to its segments in its consolidated financial statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in this standalone financial statement.

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 Management Personnel ("KMP"), relatives of KMP and entities in which KMP and their relatives have significant influence ("Affiliates"). The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

List of Subsidiaries and Step down Subsidiaries

(₹ in Million)

A)	Subsidiaries and Step down Subsidiaries	Principal Place of Business	% Shareholidng and Voting Power	
			As at 31 March 2019	As at 31 March 2018
	Alkem Laboratories (NIG) Limited (Liquidated with effect from 6 May 2018)	Nigeria	-	100%
	Alkem Laboratories (Pty) Limited	South Africa	100%	100%
	Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany	100%	100%
	Alkem Laboratories Corporation	Philippines	100%	100%
	S & B Holdings B.V.	Netherlands	100%	100%
	Pharmacor Pty Limited	Australia	100%	100%
	ThePharmaNetwork, LLC (Wholly owned subsidiary of S&B Holdings B.V)	United States of America	100%	100%
	Ascend Laboratories SDN BHD.	Malaysia	100%	100%
	Ascend Laboratories SpA	Chile	100%	100%
	Enzene Biosciences Limited	India	99.98%	99.98%
	Alkem Laboratories Korea Inc.	Korea	100%	100%
	Pharmacor Limited	Kenya	100%	100%
	S & B Pharma Inc.	United States of America	100%	100%
	The PharmaNetwork, LLP	Kazakhstan	100%	100%
	Ascend Laboratories, LLC (Wholly owned subsidiary of ThePharmanetwork, LLC)	United States of America	100%	100%
	Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
	Cachet Pharmaceuticals Private Limited	India	58.8%	58.8%
	Indchemie Health Specialities Private Limited	India	51%	51%
	Ascend Laboratories Limited (with effect from 7 September 2017) (Control over composition of a Board of Directors of Ascend Laboratories Ltd., Canada)	Canada	0%	0%
	Pharma Network SpA (Wholly owned subsidiary of Ascend Laboratories SpA) (with effect from 27 March 2018)	Chile	100%	100%
	Alkem Foundation (with effect from 14 December 2017)	India	100%	100%

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

B) Key Management Personnel ("KMP")

Mr. Samprada Singh	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mritunjay Kumar Singh	Director
Mr. Sandeep Singh	Managing Director
Mr. M.C.Shah (up to 17 May 2017)	Independent Director
Mr. A.K.Purwar	Independent Director
Mr. A.M.Prasad	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma (effective from 26 May 2017)	Independent Director
Mr. Prabhat Agrawal (up to 31 March 2018)	Chief Executive Officer
Mr. Rajesh Dubey	Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

C) Relatives of Key Management Personnel ("KMP") with whom transactions have taken place during the year

Mr. Satish Kumar Singh	Son of Samprada Singh
Mrs. Jayanti Sinha	Sister of Samprada Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sarvesh Singh	Brother of Sandeep Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs.Rekha Singh	Wife of Basudeo Narain Singh
Mr. Nawal Kishore Singh	Son of Samprada Singh

D) Entities in which Key Management Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Affiliates"):

M/s Galpha Laboratories Ltd., M/s. Samprada Singh (HUF), M/s. Samprada and Nanhamati Singh Family Trust

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2019				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		A	B	C	D	
1	Remuneration*	-	641.2	135.0	-	776.3
		-	(683.1)	(107.2)	-	(790.3)
2	Purchase of stock in trade	1,766.5	-	-	443.3	2,209.8
		(1,886.7)	-	-	(352.8)	(2,239.5)
3	Sale of Finished Goods	10,714.4	-	-	-	10,714.4
		(9,059.9)	-	-	(1.1)	(9,061.0)
4	Sale of Raw and Packing Materials	33.9	-	-	0.6	34.5
		(28.8)	-	-	(0.1)	(28.9)
5	Purchase of Raw and Packing Materials	14.2	-	-	-	14.2
		(7.9)	-	-	(115.0)	(122.9)
6	Services received	959.2	-	-	0.7	959.9
		(855.0)	-	-	(1.0)	(856.0)
7	Services rendered	0.6	-	-	13.3	13.9
		(2.1)	-	-	(7.0)	(9.1)
8	Rental Income	14.8	-	-	3.3	18.1
		(14.6)	-	-	(3.3)	(17.9)
9	Rent Expenses	0.1	0.6	3.5	-	4.2
		-	(0.6)	(3.5)	-	(4.1)
10	Investments made	2,770.6	-	-	-	2,770.6
		(1,397.2)	-	-	-	(1,397.2)
11	Dividend paid	-	381.4	372.3	380.3	1,134.1
		-	(348.5)	(376.9)	(380.3)	(1,105.7)
12	Loans given to	-	-	-	-	-
		(1,021.8)	(11.0)	-	-	(1,032.8)
13	Loans repaid by / converted to equity	998.3	10.4	-	-	1,008.7
		(492.0)	(7.0)	-	-	(499.0)
14	Purchase of PPE/Intangible Assets	-	-	-	-	-
		(63.8)	-	-	-	(63.8)
15	Royalty Expenses	0.3	-	-	-	0.3
		-	-	-	-	-
16	Guarantee Commission	16.7	-	-	-	16.7
		(21.3)	-	-	-	(21.3)
17	Royalty Income	24.1	-	-	-	24.1
		(35.2)	-	-	-	(35.2)
18	Reimbursement of expenses to	138.6	-	-	-	138.6
		(269.2)	-	-	-	(269.2)
19	Reimbursement of expenses from	180.8	-	-	-	180.8
		(66.9)	-	-	-	(66.9)
20	Interest Income on loans given	33.6	0.4	-	-	34.0
		(36.3)	-	-	-	(36.3)
21	Assets / Bonds / Debentures / Fixed Deposits pledged against loan taken	-	-	-	-	-
		(2,150.0)	-	-	-	(2,150.0)
22	Dividend received	20.4	-	-	-	20.4
		(12.8)	-	-	-	(12.8)
23	Corporate Guarantee given for subsidiary	472.9	-	-	-	472.9
		(391.1)	-	-	-	(391.1)
24	Scrap Sale	1.0	-	-	-	1.0
		(0.8)	-	-	-	(0.8)

*Key management personnel remuneration

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.35 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Key management personnel remuneration comprise the following :

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Short term employee benefits	407.2	421.8
Post-employment benefits	59.3	96.3
Other long-term benefits	21.7	13.6
Remuneration paid to Chairman Emeritus	142.7	141.1
Commission/sitting fees to Independent Directors	10.3	10.3
Total	**641.2**	**683.1**

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.

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

Significant Related party transaction

(₹ in Million)

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2019	Year ended 31 March 2018
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Private Limited	Subsidiary	1,057.4	1,038.5
	Indchemie Health Specialties Private Limited	Subsidiary	709.1	848.2
	Galpha Laboratories Limited	Entities	443.3	352.8
2	Sale of Finished Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	8,726.9	7,294.3
3	Investments made			
	S&B Pharma Inc., USA	Subsidiary	1,425.4	-
	Enzene Biosciences Limited, India	Subsidiary	1,000.0	1,250.0

Balance due from / to the related Parties

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
1	Outstanding Receivables	5,631.8				5,631.8
2	Outstanding Payables	732.8			29.1	761.9
3	Investments	13,821.7				13,821.7
4	Loans Receivable	35.4	0.5			35.9

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 2018				
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
1	Outstanding Receivables	4,572.3				4,572.3
2	Outstanding Payables	888.7			71.0	959.7
3	Investments (net of provision of ₹ 9.4 Million)	11,051.1				11,051.1
4	Loans Receivable (net of provision for doubtful advances of ₹ 65.5 Million)	995.6	10.9			1,006.5

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 2019	Maximum balance outstanding during the year	As at 31 March 2018
i	Alkem Laboratories Corporation	Wholly Owned Subsidiary	27.9	353.1	332.1
ii	Ascend GmbH (formerly known as Alkem Pharma GmbH)	Wholly Owned Subsidiary	7.0	7.0	6.8
iii	S & B Pharma Inc.	Wholly Owned Subsidiary	-	668.3	656.2
iv	Alkem Laboratories (Pty) Limited	Wholly Owned Subsidiary	0.5	0.5	0.5

*The above loans given during the year are given towards meeting working capital requirements and are repayable in accordance with the terms and conditions of loan agreements carry an interest rate in the range of 7% to 10% p.a. for foreign subsidiaries and 9.25% p.a. for Indian subsidiaries

b) Details of investments made under section 186 of the Act are given in Note 3.2A "Investment in Subsidiaries".

c) Securities pledged against loan taken by subsidiaries ** -

(₹ in Million)

Sr. No.	Related Party	Related Party relation	As at 31 March 2019	As at 31 March 2018
i	S & B Pharma Inc.	Wholly Owned Subsidiary	2,150.0	1,929.5
ii	Ascend Laboratories SpA	Wholly Owned Subsidiary	-	220.5
iii	Cachet Pharmaceuticals Private Limited	Subsidiary	55.0	55.0

**The securities pledged against loans taken by subsidiaries are for the purpose of meeting working capital requirements

d) The Company has issued corporate guarantee to its wholly owned subsidiary, Pharmacor Pty Limited, Australia amounting to ₹ **269.6 Million (AUD 5.5 Million)** (31 March 2018: ₹ 275.2 Million (AUD 5.5 Million)), Ascend Laboratories SpA, Chile amounting to ₹ **414.9 Million (USD 6 Million)** (31 March 2018: ₹ 391.1 Million (USD 6 Million)), Pharma Network SpA (Wholly owned by Ascend Laboratories SpA), Chile amounting to ₹ **172.9 Million (USD 2.5 Million)** (31 March 2018: ₹ Nil) and Enzene Biosciences Limited amounting to ₹ **300 Million** (31 March 2018: ₹ Nil) in respect of loan taken to meet working capital requirements.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.36 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Company uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in Million)

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

(₹ in Million)

Particulars	As at 31 March 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	51.6	51.6	-	-	-	-
Other Bank Balances	-	-	2,731.4	2,731.4	-	-	-	-
Non-current investments (excluding investment in subsidiaries)	412.9	-	570.2	983.1	-	412.9	-	412.9
Current investments	3,402.8	-	8.1	3,410.8	176.6	-	2,245.9	2,422.5
Non current loans	-	-	1,074.9	1,074.9	-	-	-	-
Current loans	-	-	343.8	343.8	-	-	-	-
Trade receivables	-	-	8,750.0	8,750.0	-	-	-	-
Other Non-current financial assets	-	-	253.0	253.0	-	-	-	-
Other Current financial assets	-	-	1,316.3	1,316.3	-	-	-	
	3,815.7	**-**	**15,099.3**	**18,914.9**	**176.6**	**412.9**	**2,245.9**	**2,835.4**
Financial liabilities								
Non current borrowings (Including current maturity of Long term debts)	-	-	63.3	63.3	-	-	-	-
Current borrowings	-	-	5,411.9	5,411.9	-	-	-	-
Trade payables	-	-	8,185.6	8,185.6	-	-	-	-
Other Current financial liabilities	-	-	2,525.6	2,525.6	-	-	-	-
	-	**-**	**16,186.4**	**16,186.4**	**-**	**-**	**-**	**-**

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

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value :

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2019; 31 March 2018 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Units of Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/ (decrease) if: • the sale price were higher/(lower); • the cost of construction were lower/ (higher); or • the absorption timelines will decrease/ (increase).

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in Million)
Opening Balance (1 April 2017)	2,756.0
Net change in fair value (unrealised)	(380.1)
Repayment	(130.0)
Closing Balance (31 March 2018)	2,245.9
Opening Balance (1 April 2018)	2,245.9
Net change in fair value (unrealised)	(22.5)
Repayment	(220.0)
Closing Balance (31 March 2019)	2,003.4

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

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

Sensitivity analysis

For the fair values of Avenue Venture Real Estate Fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

(₹ in Million)

Significant unobservable inputs	31 March 2019		31 March 2018	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	123.5	(123.5)	145.4	(145.4)
Cost of Construction - 5%	(38.0)	38.0	(51.9)	51.9
Absorption Timelines - 1 Year	(125.5)	163.6	(132.6)	223.6

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.

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 mutul 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.

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

At 31 March 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in Million)

Particulars	31 March 2019	31 March 2018
India	3,477.4	3,826.1
US	4,088.7	3,476.2
Other regions	2,100.3	1,447.7
	9,666.4	**8,750.0**

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Stockists/distributors	4,034.6	4,177.7
Subsidiaries	5,631.8	4,572.3
	9,666.4	**8,750.0**

At 31 March 2019, the carrying amout of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **3,931.8 Million** (31 March 2018: ₹ 3,342.2 Million)

Impairment

As per simplified approach the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever.
The ageing of trade receivables that were not impaired was as follows:

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Not past due	9,232.5	6,864.3
Past due 1–180 days	433.9	1,885.7
Past due more than 180 days	-	-
	9,666.4	**8,750.0**

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Balance as at the beginning of the year	163.9	252.9
Impairment loss recognised	118.7	16.8
Amounts written off	(52.2)	(105.8)
Balance as at the end of the year	**230.4**	**163.9**

Loans to subsidiaries

The Company has an exposure of ₹ **35.4 Million** as 31 March 2019 (₹ 995.6 Million : 31 March 2018) 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 2019 or 31 March 2018. The Company has no collateral in respect of these loans.

Investments, Cash and Cash Equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries, mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2019 is ₹ **16,956.0 Million** (31 March 2018: ₹ 15,444.9 Million)

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

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

Debt securities

The Company has an exposure of ₹ **577.9 Million** as at 31 March 2019 (₹ 1,558.5 Million : 31 March 2018) 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 2019.

Credit Rating of debt securities is given below:

(₹ in Million)

Credit Rating	31 March 2019	31 March 2018
A +	30.0	30.0
AA	200.2	204.6
AA -	153.9	150.0
AA +	20.7	20.6
AAA	165.0	1,145.2
Not Rated	8.1	8.1
Total	**577.9**	**1,558.5**

The Company did not have any debt securities that were past due but not impaired at 31 March 2019 or 31 March 2018. The Company has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Million)

31 March 2019	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	280.9	2.8	-	2.9	8.7	266.5
Working capital loans from banks	4,966.4	4,966.4	4,966.4	-	-	-	-
Trade payables	7,540.9	7,540.9	7,540.9	-	-	-	-
Other Current financial liabilities	2,131.6	2,131.6	2,131.6	-	-	-	-

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

(₹ in Million)

31 March 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.3	283.8	2.9	-	2.9	8.7	269.3
Working capital loans from banks	5,411.9	5,411.9	5,411.9	-	-	-	-
Trade payables	8,185.6	8,185.6	8,185.6	-	-	-	-
Other Current financial liabilities	2,525.6	2,525.6	2,525.6	-	-	-	-

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to EUR, GBP, USD, AUD, CAD, KES and CHF. The Company has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019, 31 March 2018 in there respective currencies are as below:

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

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

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

Particulars	31 March 2018						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Non-current loans	84,423	-	16,175,360	-	-	-	-
Trade and other receivables	1,423,287	3,777,773	71,489,955	4,692,779	-	-	-
Cash and cash equivalents	-	-	10,272	-	-	1,547,415	-
	1,507,710	**3,777,773**	**87,675,587**	**4,692,779**	**-**	**1,547,415**	**-**
Financial liabilities							
Short term borrowings	-	-	61,500,000	-	-	-	-
Trade and other payables	164,345	137,024	13,864,347	258,932	-	-	-
Other Current financial liabilities	145,561	50,000	250,028	-	-	-	-
	309,906	**187,024**	**75,614,375**	**258,932**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2018	**1,197,804**	**3,590,749**	**12,061,212**	**4,433,847**	**-**	**1,547,415**	**-**

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 2019	31 March 2018
EUR	77.67	80.81
GBP	90.53	92.28
USD	69.16	65.18
AUD	49.02	50.05
CAD	51.54	N.A.
KES	0.69	0.65
CHF	69.43	68.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

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

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

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2018		
10% movement		
EUR	9.7	(9.7)
GBP	33.1	(33.1)
USD	78.6	(78.6)
AUD	22.2	(22.2)
KES	0.1	(0.1)
	143.7	**(143.7)**

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(₹ in Million)

	31 March 2019	31 March 2018
Fixed-rate instruments		
Financial assets	4,994.1	5,986.5
Financial liabilities	396.2	1,466.9
Total	**4,597.9**	**4,519.6**
Variable-rate instruments		
Financial liabilities	4,633.4	4,008.3
Total	**4,633.4**	**4,008.3**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

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 2019	As at 31 March 2018
Total Borrowings	5,029.6	5,475.2
Less : Cash and cash equivalents	1,614.4	51.6
Net debt	3,415.2	5,423.6
Total equity	54,652.1	48,853.6
Net debt to equity ratio	0.06	0.11

3.38 Payment to auditors (excluding service tax/GST)

(₹ in Million)

Particulars	Year ended 31 March 2019	Year ended31 March 2018
As Auditor		
Audit fees	12.8	14.8
In other capacity		
Taxation matters	0.7	0.5
In any other services such as certification, etc.	9.7	8.6
Reimbursement of out of pocket expenses	0.9	0.6
Total	**24.1**	**24.5**

3.39 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Company during the year is ₹ **172.3 Million** (Previous Year : ₹ 136.6 Million) The Company has spent ₹ **115.8 Million** (Previous Year : ₹ 106.3 Million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

(₹ in Million)

Particulars		In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		(-)	(-)	(-)
ii)	On purposes other than (i) above	115.8	-	115.8
		(106.3)	(-)	(106.3)

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

Above includes a contribution of ₹ **39.8 Million** (Previous Year : ₹ Nil) to subsidiary Alkem Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as healthcare, women empowerment, education, sanitation, conservation of environment, rural development and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

3.40 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2019:

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of Ind AS 116 will have on its standalone financial statements, as described below:

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities (**Refer Note 3.29a**). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of ₹ **633.5 Million** as at 1 April 2019.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the Company records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The Company has elected certain available practical expedients on transition.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's standalone financial statements:

- Amendments to **Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements:** The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.
- Amendments to **Ind AS 109, Financial Instruments:** amendments relating to the classification of particular pre payable financial assets
- Amendments to **Ind AS 12, Income Taxes**, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.
- Amendment to Ind **AS 19, Employee Benefits** - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).
- Amendments to **Ind AS 23, Borrowing Costs**, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

NOTES to the Standalone Financial Statements for the year ended 31 March 2019

3.41 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in FY 2014-15 amounted to ₹ **72.4 Million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 Million** for which the Company has received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised. The unamortised grant as on 31 March 2019 amounts to ₹ **104.2 Million** (Previous year: ₹ 113.3 Million), the breakup of which is as below:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non current	92.3	97.7
Current	11.9	15.6
Total	**104.2**	**113.3**

3.42 Non-current assets held for sale:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Plant and equipment	172.2	-
Office Equipments	3.4	-
Freehold Land	3.5	-
Furniture and Fixtures	0.6	-
Total	**179.7**	**-**

During the year, the Company has decided to sell various PPE in the category of Land, Plant & Machinery, Office Equipments and Furniture & Fixture being no longer required for business purposes. Accordingly, the said PPE have been stated at lower of its carrying value and its fair value less costs to sell amounting to ₹ **179.7 Million** (Previous year : ₹ Nil) and are presented as "Non-current assets held for sale" as at 31 March 2019.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

INDEPENDENT AUDITORS' REPORT

To the Members of
Alkem Laboratories Limited

Report on 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 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, 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 Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

The Key Audit Matter	How the matter was addressed in our audit
• The Group distributes its products in several geographies in many cases through wholesale distributors, and the ultimate net selling prices are determined based on contractual arrangements. Further in several geographies the Group also provides a right of return to its customers as a customary business practice. • These arrangements result in deductions to gross amounts invoiced. The initial revenue recognition, which is usually upon shipment to distributor is reduced taking into consideration items such as discounts, rebates, chargebacks and sales returns. • Revenue is recognised when the control of the products being sold has transferred to external customer. Therefore, there is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end. • Refer note 2.10 of the consolidated financial statements for more details on accounting policy on revenue recognition. • The process of management's estimation over items such as discounts, rebates, chargebacks and sales returns are considered to be complex and judgmental.	**In view of the significance of the matter we applied following procedures:** • Assessed appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts, rebates, chargebacks and sales return by comparing with applicable accounting standards. • Assessed and tested the design, implementation and operating effectiveness of Group's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue, creation of new customers, revenue cut-off, discounts, rebates, chargebacks and sales return accruals in the general ledger accounting system including those controls over accrual rates used for calculations of accrued liabilities, provisions or deductions from trade receivables. • Performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end), including one off sales to customers, by verifying the underlying documents, which included sales invoices/contracts and shipping documents. • Performed testing by selecting samples relating to items such as discounts, rebates, chargebacks and sales returns recorded during the year and comparing the parameters used in the calculation with the relevant source documents (including invoices and contracts) to assess whether the methodology adopted in the calculation was in accordance with the terms and conditions.

INDEPENDENT **AUDITOR'S REPORT (CONTINUED)**

The Key Audit Matter	How the matter was addressed in our audit
• Estimation of discounts, rebates, chargebacks and sales returns is material and considered to be complex and judgmental. Management has determined an accrual of ₹ 4,347.1 Million to be necessary as at 31 March 2019 (31 March 2018: ₹ 3,914.2 Million).	• Compared the assumptions of chargeback calculations, discounts, rebates and sales returns to current payment trends. We have also considered the historical accuracy of the Group's estimates in previous years. • We assessed manual journals posted to revenue to identify unusual items and considered the adequacy of the disclosures in respect of revenue.

2. Assessment of recoverability of the carrying value of Goodwill and Intangible assets

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2019, the Group has goodwill of ₹ 3,805.6 Million (31 March 2018: ₹ 3,664.6 Million) in respect of acquired businesses. The carrying value of goodwill will be recovered through future cash flows and there is inherent risk that these assets may be impaired if these cash flows do not meet the Group's expectations. Refer to note 2.5 and 3.37 in the consolidated financial statements for details of accounting policies on impairment of goodwill and related disclosures. Valuation of goodwill is a key audit matter due to: • The inherent complexity in auditing the forward looking assumptions applied to the recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates.	**In view of the significance of the matter we applied following procedures:** • tested operating effectiveness of controls over management's review of the impairment analysis. Assessed the accuracy of prior period cash flow forecasts of the Group by reference to actual performance. • using our knowledge of the Group and industry, challenged the significant assumptions and judgements, where applicable, incorporated in valuation reports of subsidiaries by independent valuers for impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialist; • performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether there were any indicators of management bias in the selection of these key assumptions; • evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

3. Taxation and MAT Credit asset:

The Key Audit Matter	How the matter was addressed in our audit
The Holding Company operates in a complex tax jurisdictions environment in India with various tax exemptions available across regions and are subject to tax challenges and audits by local tax authorities. There are open tax and transfer pricing matters under litigation with tax authorities. Judgment is required in assessing the level of provisions and disclosure of contingent liabilities required in respect of uncertain tax positions that reflects management's best estimate of the most likely outcome based on the facts available. The Holding Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Holding Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2019 is ₹ 7,609.3 Million (31 March 2018: ₹ 7,003.7 Million (refer note 3.7 to the consolidated financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgment regarding the Holding Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**In view of the significance of the matter we applied following procedures:** • Tested the operating effectiveness of controls around the recording and re-assessment of tax provisions and disclosure of contingent liabilities. • For uncertain tax positions, we read and analysed select correspondence with tax authorities, reviewed management's assessment and conclusion on likely eventual outcome. We also read opinion from third party experts, judgement and also assessed legal opinions from third party tax advisors. • We used our tax specialists' expertise to assess the status of the ongoing tax litigations and judgmental tax positions in tax returns and their most likely outcome, basis expertise, industry outcomes and company's own past outcomes in respect of similar matters. • In respect of such deferred tax assets (MAT credit entitlement), we analysed origination of MAT credit entitlement and reviewed management's assessment and conclusion in relation to reasonable certainty for its utilization within the period allowed for carry forward and set off against forecast taxable income streams. • We evaluated appropriateness of taxation related disclosures in note 3.7 to the consolidated financial statements, including the enhanced disclosures made in respect of the utilization period of deferred tax assets in relation to MAT credit entitlement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures and joint operations 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 Board of Directors of the companies included in the Group and of its associates and joint ventures and joint operations 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 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 and of its associates, joint ventures and joint operations 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 management 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 and of its associates, joint ventures and joint operations is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT **AUDITOR'S REPORT (CONTINUED)**

- 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 management.
- Conclude on the appropriateness of management's 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 (company and subsidiaries) as well as associates and joint ventures and joint operations 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 and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

  We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of nineteen subsidiaries whose financial statements / financial information reflect total assets of ₹ 18,028.8 Million as at 31 March 2019, total revenues of ₹ 12,164.5 Million and net cash outflows amounting to ₹ 508.0 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on 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 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 2019 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 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 3.26 to the consolidated financial statements;

INDEPENDENT **AUDITOR'S REPORT (CONTINUED)**

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2019; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30 May 2019

ANNEXURE I to the Independent Auditor's Report – 31 March 2019 on the Consolidated Financial Statements

(Referred to in our report of even date)

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 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, 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 2019, 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.

ANNEXURE I to the Independent Auditor's Report – 31 March 2019 on the Consolidated Financial Statements (Continued)

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 in so far as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
30 May 2019

CONSOLIDATED BALANCE SHEET

as at 31 March 2019

(₹ in Million)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	21,056.2	18,733.0
(b) **Capital work in progress**	3.1	4,929.6	3,809.7
(c) **Goodwill**	3.37	231.5	210.6
(d) **Other Intangible assets**	3.1	442.6	438.3
(e) **Goodwill on consolidation**	3.37	3,574.1	3,454.0
(f) **Financial Assets**			
(i) Investments	3.2	957.4	984.5
(ii) Loans	3.3	136.3	222.2
(iii) Other financial assets	3.4	462.0	922.9
(g) **Deferred tax assets (net)**	3.7C	7,076.3	6,556.1
(h) **Non current tax assets (net)**	3.7D	392.7	292.5
(i) **Other non-current assets**	3.5	661.9	900.3
Total non-current assets		**39,920.6**	**36,524.1**
2 Current assets			
(a) **Inventories**	3.6	14,998.7	14,421.9
(b) **Financial assets**			
(i) Investments	3.2	2,278.8	3,458.2
(ii) Trade receivables	3.8	12,484.1	10,805.0
(iii) Cash and cash equivalents	3.9	2,490.5	1,667.1
(iv) Bank balances other than (iii) above	3.10	4,125.5	4,100.7
(v) Loans	3.3	308.0	379.2
(vi) Other financial assets	3.4	1,064.6	1,357.0
(c) **Other current assets**	3.11	4,293.8	3,943.1
		42,044.0	**40,132.2**
(d) **Non-current assets held for sale**	3.46	117.3	-
Total Current assets		**42,161.3**	**40,132.2**
TOTAL ASSETS		**82,081.9**	**76,656.3**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	54,154.3	48,398.6
Equity attributable to owners of the Company		54,393.4	48,637.7
(c) **Non-controlling interest**	3.38	1,326.1	1,215.5
Total Equity		**55,719.5**	**49,853.2**
2 Liabilities			
2a Non-Current Liabilities			
(a) **Financial Liabilities**			
(i) Borrowings	3.13	2,313.0	1,307.3
(b) **Provisions**	3.14	2,010.3	1,502.7
(c) **Deferred tax liabilities (net)**	3.7C	3.0	16.7
(d) **Other non-current liabilities**	3.15	133.9	143.3
Total Non-Current Liabilities		**4,460.2**	**2,970.0**
2b Current liabilities			
(a) **Financial Liabilities**			
(i) Borrowings	3.13	6,712.7	7,612.7
(ii) Trade payables			
Dues of Micro and Small Enterprises	3.16	606.3	1,228.7
Dues of Creditors other than Micro and Small Enterprises	3.16	9,016.2	8,378.4
(iii) Other financial liabilities	3.17	3,428.7	4,344.9
(b) **Other current liabilities**	3.18	852.1	855.5
(c) **Provisions**	3.14	1,265.1	1,239.4
(d) **Current Tax Liabilities (net)**	3.7D	21.1	173.5
Total Current Liabilities		**21,902.2**	**23,833.1**
Total Liabilities		**26,362.4**	**26,803.1**
TOTAL EQUITY AND LIABILITIES		**82,081.9**	**76,656.3**
Significant Accounting Policies	2A		
Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

Mumbai
30 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2019

(₹ in Million)

	Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
1	**Income**			
	(a) Revenue from Operations	3.19	73,571.9	64,011.7
	(b) Other Income	3.20	877.0	1,154.2
	Total Income		**74,448.9**	**65,165.9**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	18,111.4	16,515.1
	(b) Purchases of Stock-in-Trade		11,301.9	8,262.3
	(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.22	36.4	(949.9)
	(d) Employee benefits expense	3.23	13,624.6	11,916.4
	(e) Finance Costs	3.24	546.3	553.3
	(f) Depreciation and amortisation expense	3.1	1,931.8	1,430.3
	(g) Other expenses	3.25	19,349.9	18,178.6
	Total Expenses		**64,902.3**	**55,906.1**
3	**Profit before tax (1) - (2)**		**9,546.6**	**9,259.8**
4	**Tax expense**	3.7A		
	(a) Current tax		2,291.7	2,425.2
	(b) Deferred tax charge/(credit) (net)		(481.5)	450.4
	Total Tax Expenses		**1,810.2**	**2,875.6**
5	**Profit for the year (3) - (4)**		**7,736.4**	**6,384.2**
6	**Profit attributable to Non-Controlling Interest**	3.38	**131.3**	**74.8**
7	**Profit attributable to Owners of the Company (5) - (6)**		**7,605.1**	**6,309.4**
8	**Other Comprehensive Income**			
	(a) Items that will not be reclassified subsequently to profit or loss			
	(i) Remeasurements of defined benefit plans	3.29	(69.4)	(105.4)
	(ii) Tax on Remeasurements of defined benefit plans	3.7A	23.7	37.1
	(b) Items that will be reclassified to profit or loss			
	(i) Foreign currency translation difference of foreign operations		355.7	(121.3)
	(ii) Tax on Remeasurements of foreign currency translation difference of foreign operations		-	-
	Total of Other Comprehensive Income/(Loss) for the year, net of tax		**310.0**	**(189.6)**
9	**Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest**	3.38	**(1.1)**	**1.1**
10	**Other Comprehensive Income/(Loss) attributable to Owners of the Company (8) - (9)**		**311.1**	**(190.7)**
11	**Total Comprehensive Income for the year (5) + (8)**		**8,046.4**	**6,194.6**
12	**Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (6) + (9)**		**130.2**	**75.9**
13	**Total Comprehensive Income/(Loss) attributable to Owners of the Company (11) - (12)**		**7,916.2**	**6,118.7**
14	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.34	63.61	52.77
	Significant Accounting Policies	2A		
	Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

(a) Equity share capital

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	119,565,000	239.1	119,565,000	239.1

(b) Other Equity

(₹ in Million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to Owners of the Parent	Total other equity attributable to Non-controlling interest	Total Other Equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained Earnings	Exchange differences on translation of Foreign operations	Remeasurement of Defined benefit plans			
Balance as at 1 April 2017	7.2	3.9	19,690.5	24,818.7	(39.8)	(43.2)	44,437.3	1,152.3	45,589.6
Total Comprehensive Income for the year ended 31 March 2018									
Profit for the year	-	-	-	6,309.4	-	-	6,309.4	74.8	6,384.2
Other Comprehensive Income for the year (net of tax)	-	-	-	-	(121.3)	(69.4)	(190.7)	1.1	(189.6)
Total Comprehensive Income for the year	**-**	**-**	**-**	**6,309.4**	**(121.3)**	**(69.4)**	**6,118.7**	**75.9**	**6,194.6**
Dividend on Equity Shares **(Refer Note 3.36)**	-	-	-	(1,793.5)	-	-	(1,793.5)	(12.8)	(1,806.3)
Dividend Distribution Tax	-	-	-	(370.2)	-	-	(370.2)	-	(370.2)
Employee Stock option exercised	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Employee compensation expense for the year **(Refer Note 3.45)**	-	6.5	-	-	-	-	6.5	-	6.5
Transfer to General Reserve from Employee stock option outstanding account	-	(0.3)	0.3	-	-	-	-	-	-
Transfer to General Reserve from Retained Earnings	-	-	180.0	(180.0)	-	-	-	-	-
Balance as at 31 March 2018	**7.2**	**9.9**	**19,870.8**	**28,784.4**	**(161.1)**	**(112.6)**	**48,398.6**	**1,215.5**	**49,614.1**
Total Comprehensive Income for the year ended 31 March 2019									
Profit for the year	-	-	-	7,605.1	-	-	7,605.1	131.3	7,736.4
Other Comprehensive Income for the year (net of tax)	-	-	-	-	355.7	(44.6)	311.1	(1.1)	310.0

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March 2019

(₹ in Million)

Particulars	Attributable to Owners of the Parent						Total other equity attributable to Owners of the Parent	Total other equity attributable to Non-controlling interest	Total Other Equity
	Reserves and Surplus				Items of OCI				
	Capital reserve	Employee stock option outstanding account	General reserve	Retained Earnings	Exchange differences on translation of Foreign operations	Remeasurement of Defined benefit plans			
Total Comprehensive Income for the year	-	-	-	**7,605.1**	**355.7**	**(44.6)**	**7,916.2**	**130.2**	**8,046.4**
Dividend on Equity Shares **(Refer Note 3.36)**	-	-	-	(1,793.5)	-	-	(1,793.5)	(19.6)	(1,813.1)
Dividend Distribution Tax	-	-	-	(372.8)	-	-	(372.8)	-	(372.8)
Employee Stock option exercised	-	-	-	-	-	-	-	-	-
Employee compensation expense for the year **(Refer Note 3.45)**	-	5.8	-	-	-	-	5.8	-	5.8
Transfer to General Reserve from Employee stock option outstanding account	-	(0.7)	0.7	-	-	-	-	-	-
Transfer to General Reserve from Retained Earnings	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	**7.2**	**15.0**	**19,871.5**	**34,223.2**	**194.6**	**(157.2)**	**54,154.3**	**1,326.1**	**55,480.4**

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: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
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President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

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CONSOLIDATED **STATEMENT OF CASH FLOW**

for the year ended 31 March 2019

(₹ in Million)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before Tax	9,546.6	9,259.8
	Adjustment to reconcile profit before tax to net cash flow:		
	Depreciation and amortisation expense	1,931.8	1,430.3
	Profit on sale of investments	(73.3)	(46.1)
	Unrealised loss on fair valuation of investments (net)	45.5	265.0
	Loss on sale of property plant and equipment (net)	54.8	5.6
	Employee stock compensation expenses	5.8	6.5
	Unrealised foreign currency gain on revaluation (net)	(113.8)	(318.4)
	Dividend Income	(1.2)	-
	Interest Income	(412.8)	(787.2)
	Interest expenses	546.3	553.3
	Allowances for doubtful debts	185.9	61.0
	Rent income	(5.3)	(5.3)
	Subtotal of Adjustments	**2,163.7**	**1,164.7**
	Operating profit before working capital changes	11,710.3	10,424.5
	Changes in working capital:		
	Increase in trade receivables	(1,558.5)	(5,451.7)
	Decrease/(Increase) in loans, other financial assets and other assets	134.4	(1,215.4)
	Increase in inventories	(373.0)	(2,356.5)
	(Decrease)/Increase in trade payable, other financial liabilities and other liabilities	(109.5)	2,939.6
	Increase in provisions	481.5	351.6
	Subtotal of adjustments	**(1,425.1)**	**(5,732.4)**
	Cash generated from operations	10,285.2	4,692.1
	Less: Income taxes paid (net of refund)	(2,511.1)	(2,031.7)
	Net Cash generated from operating activities	**7,774.1**	**2,660.4**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchases of property, plant and equipment	(5,291.6)	(6,837.5)
	Sale of property, plant and equipment	22.3	67.1
	Proceeds from sale of investments (net)	1,244.8	867.7
	Purchase of Investments (net)	(10.1)	-
	Redemption in bank deposits having maturity of more than 3 months	449.9	1,436.5
	Dividend received	1.2	-
	Interest received	436.7	888.6
	Rent received	5.3	5.3
	Net cash (used in) investing activities	**(3,141.5)**	**(3,572.3)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	(Repayment) of / Proceeds from non-current borrowings (net)	(70.6)	146.1
	(Repayment) of / Proceeds from current borrowings (net)	(986.7)	3,428.1
	Proceeds from issue of shares	-	0.6
	Dividends and corporate dividend tax paid	(2,185.8)	(2,175.9)
	Interest and bank charges paid	(546.3)	(553.3)
	Net cash (used in)/generated from financing activities	**(3,789.4)**	**845.6**

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 March 2019

(₹ in Million)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
D	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	843.2	(66.3)
E	CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	1,667.1	1,666.3
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	(19.8)	67.1
F	CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR (D+E)	2,490.5	1,667.1

Notes:

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

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

3. Debt reconciliation in accordance with Ind AS 7: (₹ in Million)

Particulars	Non current borrowings (including current maturity of non-current borrowings)	Current borrowings
As at 1 April 2017	1,870.9	4,723.7
Cash flows from borrowing during the year (net)	146.1	3,428.1
Non Cash Items (Foreign exchange changes)	345.9	(539.1)
As at 31 March 2018	**2,362.9**	**7,612.7**
Cash flows from borrowing during the year (net)	(70.6)	(986.7)
Non Cash Items (Foreign exchange changes)	435.7	86.7
As at 31 March 2019	**2,728.0**	**6,712.7**
Significant Accounting Policies	**Note 2A**	
Notes to the Consolidated Financial Statements	**Note 3**	

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

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

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P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

Mumbai
30 May 2019

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

2A SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of Consolidated Financial Statements ("financial statements"):

a) Statement of compliance

The consolidated financial statements of the Group as at and for the year ended 31 March 2019 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 consolidated financial statements are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The consolidated financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 30 May 2019.

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 Consolidated 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 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 consolidated financial statements are prepared under historical cost convention unless otherwise indicated.

d) Functional and Presentation Currency

These consolidated 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 consolidated financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The consolidated 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 2019	As at 31 March 2018
Alkem Laboratories Corporation	Philippines	100%	100%
Alkem Laboratories Pty Ltd	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%
The PharmaNetwork LLC* ("TPN 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 ("EBL")	India	99.98%	99.98%
Ascend Laboratories, LLC**	USA	100%	100%
Alkem Laboratories, Korea Inc	Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
Alkem Laboratories (NIG) Limited #	Nigeria	-	100%
Cachet Pharmaceuticals Private Limited ("CPPL")	India	58.8%	58.8%
Indchemie Health Specialities Private Limited ("IHSPL")	India	51%	51%
Ascend Laboratories Ltd. (with effect from 7 September 2017) ##	Canada	0%	0%
Pharma Network SpA (with effect from 27 March 2018) ###	Chile	100%	100%
Alkem Foundation (with effect from 14 December 2017)	India	100%	100%

*Ownership interest held through S & B Holding B.V., Netherlands

** Ownership interest held through The PharmaNetwork LLC

Liquidated with effect from 6 May 2018

Control over composition of a Board of Directors of Ascend Laboratories Ltd., Canada

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 consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment **(Refer Note 3.37)**. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities is restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

2.3 Property, plant and equipment ("PPE")

i) Recognition and Measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment is recognised in consolidated statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use /(disposed of). Freehold land is not depreciated.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

In case of following assets, the assessed useful life is as under:-

PPE	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines, United Kingdom and Kenya	Subsidiary in South Africa	Subsidiaries in Chile	Subsidiary in Kazakhstan
Buildings	5-59 years	-	-	-	-	-	-
Leasehold land	Over the period of lease	7 - 40 years	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-
Furniture and fixtures	10 years	5 - 7 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years
Office equipment	3 - 6 years	5 years	2.5 - 5 years	3 Years	3 Years	3 - 10 years	2.5 - 4 Years
Vehicles	8 years	5 years	-	-	-	8 years	3 - 6 Years

2.4 Intangible Assets:

I. Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred.
	Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations **(refer note 2.2 (e)**). These assets are not amortised but are tested for impairment annually.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Consolidated 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 Consolidated Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

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

Intangible Assets	Company and Subsidiaries in India	Step down Subsidiary TPN LLC, USA and Subsidiary S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines, Kazakhstan
Trademark and patents	5 years	5 years	-	-
Computer Software	3 - 6 years	3 years	3 years	3 Years
Technology	-	15 years	-	-

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 Operating Leases/Finance leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognized in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

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

2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the 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

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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) Effective 1 April 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

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.

Additionally in case of subsidiaries in the U.S. customer rebates are estimated at the end of every reporting

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

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

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.

d) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

e) Dividend from investment is recognised as revenue when right to receive the payments is established.

f) Interest income is recognized using the effective interest rate (EIR) method.

2.11 Foreign currencies

i. Foreign Exchange Transactions:

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

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

ii. Foreign operations:

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss The Group's contribution towards provident fund and superannuation fund for eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short term Employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

2.13 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates {and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the company 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 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.

2.14 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.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

2.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount 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.

2.16 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.17 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its 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 fair value determined at the grant date of the equity-settled share-based payments, is charged to Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The employee stock option outstanding account is shown net of unamortised deferred employee compensation expenses.

2.20 Segment Reporting

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

2.21 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

2B Key accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 2A** to the consolidated financial statements, 'Significant accounting policies'.

a. Determination of control of subsidiaries and joint arrangement

Judgement is required to determine whether the Company has control or joint control, which requires an assessment of the relevant activities (those including establishing operating and capital decisions of the arrangement, such as: the approval of the budget including capital expenditure of the programme for each year, determining the funding structure and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of the Company or require unanimous consent. Judegement is also required in determining the classification of joint arrangement between a joint venture and a joint operation through an evaluation of the rights and obligations arising from the arrangement. Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements-under full consolidation method, equity method or proportionate share of assets and liabilities.

b. Determination of functional currency of foreign operations

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include :-

(i) the currency that mainly influences sales price for goods;

(ii) the currency of the country whose competitive forces and regulations mainly determine the the sales price of goods;

(iii) the currency that mainly influences labour, material and other costs of providing goods or services;

(iv) the currency in which funds from financing activities;

(v) the currency in which receipts from operating activities are usually retained.

(vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

Differing conclusions around these judgements may materially impact how foreign exchage diffences arising on translation of these foreign operations are reported in the consolidated financial statements.

c. 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 Consolidated Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

d. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the company 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.

e. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of 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.

f. 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.

g. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in **Note 3.39**.

h. Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

i. Provision for anticipated sales return:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

(₹ in Million)

Particulars	Property plant and equipment								Other Intangible assets				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	Total	
As at 1 April 2017	1,228.4	502.9	4,215.1	8,574.7	273.4	276.4	455.0	15,525.9	163.9	266.1	157.3	587.3	
Additions	0.2	286.9	1,990.8	3,305.0	125.5	108.8	345.0	6,162.2	122.2	86.5	-	208.7	
Deletions	-	(7.5)	(21.4)	(56.0)	(1.4)	(28.9)	(9.4)	(124.6)	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.3	5.8	5.4	0.0	0.2	1.0	12.7	(0.3)	0.5	0.8	1.0	
As at 31 March 2018	**1,228.6**	**782.6**	**6,190.3**	**11,829.1**	**397.5**	**356.5**	**791.6**	**21,576.2**	**285.8**	**353.1**	**158.1**	**797.0**	
As at 1 April 2018	**1,228.6**	**782.6**	**6,190.3**	**11,829.1**	**397.5**	**356.5**	**791.6**	**21,576.2**	**285.8**	**353.1**	**158.1**	**797.0**	
Additions	-	-	1,008.3	2,809.2	54.4	77.7	198.2	4,147.8	95.0	65.4	-	160.4	
Adjustments	-	-	-	-	(0.0)	-	(3.6)	(3.6)	3.6	-	-	3.6	
Deletions	-	-	(8.2)	(172.0)	(5.3)	(36.3)	(14.6)	(236.4)	(0.3)	-	-	(0.3)	
Reclassification to non-current assets held for sale	(3.5)	-	-	(161.6)	(0.5)	-	(1.0)	(166.6)	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	8.7	67.6	72.0	1.4	(2.5)	10.9	158.1	7.8	0.7	10.6	19.1	
As at 31 March 2019	**1,225.1**	**791.3**	**7,257.8**	**14,376.7**	**447.5**	**395.4**	**981.5**	**25,475.5**	**391.9**	**419.2**	**168.7**	**979.8**	
Depreciation and Amortisation													
As at 1 April 2017	**0.1**	**10.8**	**169.0**	**1,140.6**	**64.2**	**58.5**	**138.2**	**1,581.4**	**78.5**	**116.4**	**25.3**	**220.2**	
Depreciation/amortisation for the year	-	8.0	149.4	916.1	50.4	46.4	122.9	1,293.2	57.5	67.0	12.6	137.1	
Deductions	-	(0.2)	(0.1)	(14.8)	(1.0)	(16.5)	(0.8)	(33.4)	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.0	0.2	1.6	(0.0)	0.1	0.1	2.0	0.2	1.2	-	1.4	
As at 31 March 2018	**0.1**	**18.6**	**318.5**	**2,043.5**	**113.6**	**88.5**	**260.4**	**2,843.2**	**136.2**	**184.6**	**37.9**	**358.7**	
As at 1 April 2018	**0.1**	**18.6**	**318.5**	**2,043.5**	**113.6**	**88.5**	**260.4**	**2,843.2**	**136.2**	**184.6**	**37.9**	**358.7**	
Depreciation/amortisation for the year	-	12.8	206.3	1,256.5	48.5	51.9	181.0	1,757.0	80.1	81.0	13.6	174.8	
Deductions	-	-	(0.3)	(115.7)	(3.1)	(22.7)	(8.7)	(150.5)	(0.2)	-	-	(0.2)	
Reclassification to non-current assets held for sale	-	-	-	(48.9)	(0.1)	-	(0.3)	(49.3)	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	0.1	3.0	14.7	0.6	(1.5)	2.0	18.9	1.4	(0.0)	2.5	3.9	
As at 31 March 2019	**0.1**	**31.5**	**527.5**	**3,150.1**	**159.5**	**116.2**	**434.4**	**4,419.3**	**217.5**	**265.6**	**54.0**	**537.2**	
Net Book Value													
As at 31 March 2018 / 1 April 2018	1,228.5	764.0	5,871.8	9,785.6	283.9	268.0	531.2	18,733.0	149.6	168.5	120.2	438.3	**3,809.7**
As at 31 March 2019	**1,225.0**	**759.8**	**6,730.3**	**11,226.6**	**288.0**	**279.2**	**547.1**	**21,056.2**	**174.4**	**153.6**	**114.7**	**442.6**	**4,929.6**

Refer **Note 3.13** on Borrowings, for the details related to charge on Property, plant and equipment of the Group.

1. Addition to PPE include items of PPE aggregating ₹ **222.6 Million** (For the year ended 31 March 2018: ₹ 387.4 Million) located at Research and Development Centres of the Group.
2. Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is ₹ **4,929.6 Million** as at 31 March 2019 (31 March 2018: ₹ 3,809.7 Million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **70.3 Million** (For the year ended 31 March 2018: ₹ 56.6 Million).

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3. **Refer Note 3.27(1)** for contractual commitments with respect to property plant and equipments.
4. **Refer Note 3.30(b)** for future obligation pertaining to finance lease.
5. Exclusive charge by way of hypothecation over the whole of the moveable properties (save and except current assets) including Company's movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150.0 Million** - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of USD 35.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company.
6. Depreciation and amortisation expense : (₹ in Million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation expense	1,757.0	1,293.2
Amortisation expense	174.8	137.1
Total	**1,931.8**	**1,430.3**

3.2 Investments:

A) Non-current Investments (₹ in Million)

	Particulars	As at 31 March 2019		As at 31 March 2018	
		(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
1	**In Equity Shares: [at fair value through profit and loss] Unquoted:**		3.4		3.5
2	**Investment In Venture Capital Funds Unquoted: [at fair value through profit and loss]:**		384.2		410.8
3	**Non Convertible Debentures: [at amortised cost]:**				
	Unquoted	20.0		20.0	
	Quoted	175.0	195.0	175.0	195.0
4	**Bonds: [at amortised cost]:**				
	Quoted		374.8		375.2
TOTAL			**957.4**		**984.5**

B) Current Investments (₹ in Million)

	Particulars	As at 31 March 2019		As at 31 March 2018	
		(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
1	**Investment in funds: (Unquoted) [at fair value through profit and loss]**				
	Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) (**Refer sub note 4 of Note 3.2**)	2,003.4		2,245.9	
			2,003.4		2,245.9
2	**Equity Shares: Quoted [at fair value through profit and loss]**		87.0		47.4
3	**Investment In Mutual Funds: Quoted: [at fair value through profit and loss]:**		180.3		176.6
4	**Preference Shares: (Unquoted): [at amortised cost]**		8.1		8.1
4	**Bonds: [at amortised cost]: -** Quoted		-		980.2
TOTAL			**2,278.8**		**3,458.2**

Notes:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	817.1	817.1	1,754.4	1,754.4
2) Aggregate value of Unquoted investments	2,419.1	N.A.	2,688.3	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 for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. During the year the Company has renewed the option agreement as approved in its Board meeting held on 9 February 2018 for a period of 2 years.

3.3 Loans

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non Current Loans		
Security Deposits	64.6	145.3
Other receivables	71.7	76.9
TOTAL	**136.3**	**222.2**
B. Current Loans		
Loans and advances to employees*	197.9	273.5
Security Deposits	110.1	105.7
TOTAL	**308.0**	**379.2**
* Loans and advances to employees includes loan to related party of ₹ **0.5 Million** (31 March 2018: ₹ 10.9 Million) **(Refer Note 3.32)**		
Break-up of security details		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	444.3	601.4
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**444.3**	**601.4**
Less: Loss allowance	-	-
TOTAL	**444.3**	**601.4**

3.4 Other financial assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Other Non Current Financial Assets		
(Unsecured, Considered Good unless otherwise stated)		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months	365.9	830.0
Interest on Deposits, accrued but not due	26.2	15.8
Other Receivable	19.9	27.1
Incentive Receivable from Government	50.0	50.0
	462.0	**922.9**

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

Note:

Bank Deposits of ₹ **245.6 Million** (31 March 2018: ₹ 272.0 Million) are under lien with the Banks against Overdraft facility. Bank Deposits of ₹ **Nil** (31 March 2018: ₹ 55.0 Million) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
B. Other Current Financial Assets		
(Unsecured, Considered Good unless otherwise stated)		
Interest on Deposits, accrued but not due	99.7	134.0
Other Receivables*	60.4	34.7
Incentive Receivable from Government	904.5	1,188.3
TOTAL	**1,064.6**	**1,357.0**

Note:

*Includes insurance claim receivable ₹ **36.5 Million** (31 March 2018: ₹ 24.7 Million)

3.5 Other non-current assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	389.4	691.9
Balances with Government Authorities	265.8	189.4
Other advances	2.2	17.7
Prepaid expenses	4.5	1.3
TOTAL	**661.9**	**900.3**

3.6 Inventories

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw and packing materials	4,327.6	3,999.9
Goods-in-transit	141.6	20.7
	4,469.2	**4,020.6**
Work-in-progress	729.4	530.0
Finished goods	5,015.5	3,139.5
Goods-in-transit	1,577.6	955.4
	6,593.1	**4,094.9**
Stock-in-trade	3,102.2	5,575.2
Goods-in-transit	104.8	201.2
	3,207.0	**5,776.4**
TOTAL	**14,998.7**	**14,421.9**

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 ended 31 March 2019 is ₹ **643.4 Million** (31 March 2018: ₹ 332.9 Million)

2. **Refer Note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

3.7 Income tax

(A) Components of Income Tax Expenses

(i) Amounts recognised in profit and loss

(₹ in Million)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
Current period tax	2,291.7	2,425.2
	2,291.7	**2,425.2**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	(605.6)	-
Decrease in Tax Rate in US #	(82.3)	448.7
Origination and reversal of temporary differences	206.4	1.7
	(481.5)	**450.4**
Tax expense for the year	**1,810.2**	**2,875.6**

(ii) Amounts recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(69.4)	23.7	(45.7)	(105.4)	37.1	(68.3)
	(69.4)	**23.7**	**(45.7)**	**(105.4)**	**37.1**	**(68.3)**

(B) Reconciliation of effective tax rate

(₹ in Million)

Particulars	(%)	For the year ended 31 March 2019	(%)	For the year ended 31 March 2018
Profit before tax		9,546.6		9,259.8
Tax using the Company's statutory tax rate	34.9%	3,335.6	34.6%	3,203.9
Tax effect of:				
Decrease in Tax Rate in US #	-0.9%	(82.3)	4.8%	448.7
Additional deduction allowed under Income Tax Act	-18.2%	(1,733.1)	-7.9%	(734.7)
Expense not deductible for tax purposes	0.4%	37.3	0.5%	44.8
Additional allowances under Income Tax Act	-2.9%	(277.0)	-2.1%	(195.6)
Unrecognised deferred tax asset in subsidiaries	4.2%	402.7	2.7%	247.4
Utilization of previously derecognised MAT credit ##	-1.4%	(136.7)	-2.4%	(217.7)
Others	2.8%	263.7	0.9%	78.8
	19.0%	**1,810.2**	**31.1%**	**2,875.6**

In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on 22 December 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Group has re-measured the deferred tax assets and liabilities pertaining to the US operations based on the new tax law and this resulted in a one time charge of ₹ 448.7 Million for the year ended 31 March 2018.

During the year ended 31 March 2019, the Group has utilized Minimum Alternate Tax ("MAT") credit amounting to ₹ **136.7 Million** (31 March 2018: ₹ 217.7 Million) derecognised in the year ended 31 March 2016. The current tax charge for year ended 31 March 2019 and 31 March 2018 is after utilizing MAT credit of said amount.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

(C) Movement in deferred tax assets and liabilities

(₹ in Million)

Particulars	31 March 2019						
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Exchange Rate difference	Net	Deferred tax asset	Deferred tax liability
Deferred Tax Liabilities							
Property, plant and equipment and Intangible assets	(1,337.2)	(246.1)	-	-	(1,583.3)	-	1,583.3
Investments	(228.0)	15.9	-	-	(212.1)	-	212.1
Borrowings	(0.1)		-	-	(0.1)	-	0.1
Deferred Tax Assets							
Inventories	269.7	(112.6)			157.1	157.1	-
Employee benefits	545.8	130.5	23.7	-	700.0	700.0	-
Trade Receivable	96.4	39.7	-	-	136.1	136.1	-
Deferred government grant	55.1	(4.5)	-	-	50.6	50.6	-
Other items	44.8	19.6	-	28.6	93.0	93.0	-
Tax Losses Carried Forward	89.2	33.5	-	-	122.7	122.7	-
MAT credit entitlement	7,003.7	605.5	-	-	7,609.2	7,609.2	-
Tax Assets / (Liabilities)	**6,539.5**	**481.5**	**23.7**	**28.6**	**7,073.3**	**8,868.8**	**1,795.5**
Offsetting of deferred tax assets and deferred tax liabilities						(1,792.5)	(1,792.5)
Net tax assets	**6,539.5**	**481.5**	**23.7**	**28.6**	**7,073.3**	**7,076.3**	**3.0**

(₹ in Million)

Particulars	31 March 2018						
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Exchange Rate difference	Net	Deferred tax asset	Deferred tax liability
Deferred Tax Liabilities							
Property, plant and equipment and Intangible assets	(674.4)	(662.8)	-	-	(1,337.2)	-	1,337.2
Investments	(319.6)	91.7	-	-	(228.0)	-	228.0
Borrowings	(0.1)		-	-	(0.1)	-	0.1
Deferred Tax Assets							
Inventories	229.8	39.9	-	-	269.7	269.7	-
Employee benefits	430.8	78.0	37.1	-	545.8	545.8	-
Trade Receivable	119.0	(22.6)	-	-	96.4	96.4	-
Deferred government grant	45.8	9.3	-	-	55.1	55.1	-
Other items	62.3	(12.3)	-	(5.3)	44.8	44.8	-
Tax Losses Carried Forward	55.5	33.7	-	-	89.2	89.2	-
MAT credit entitlement	7,009.0	(5.3)	-	-	7,003.7	7,003.7	-
Tax assets (Liabilities)	**6,958.1**	**(450.4)**	**37.1**	**(5.3)**	**6,539.4**	**8,104.7**	**1,565.3**
Offsetting of deferred tax assets and deferred tax liabilities						(1,548.6)	(1,548.6)
Net tax assets	**6,958.1**	**(450.4)**	**37.1**	**(5.3)**	**6,539.4**	**6,556.1**	**16.7**

The Company offsets tax assets and liabilities only if it has a legally enforceable right to set off current tax assets and current 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 income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(D) Tax assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non Current tax assets (net)	392.7	292.5
Current tax liabilities (net)	21.1	173.5

(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 ₹ **1,852.3 Million** (31 March 2018: ₹ 1,462.8 Million) because the Group controls the dividend policy of its subsidiaries and the management is not expecting to distribute profit in the foreseeable future.

(F) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	14.9	3.9	28.3	8.1
Tax Losses	4,743.0	1,243.6	1,895.4	437.4
Unrecognised MAT Credit Entitlement		479.7		616.4
TOTAL	**4,757.9**	**1,727.2**	**1,923.7**	**1,061.9**

Tax Losses carried forward

(₹ in Million)

Particulars	Expiry Date	As at 31 March 2019	Expiry Date	As at 31 March 2018
Brought forward losses (allowed to carry forward for specified period)	2021-28	412.6	2021-27	311.1
Brought forward losses (allowed to carry forward for specified period)	2033-37	208.4	2033-37	11.4
Brought forward losses (allowed to carry forward for infinite period)		622.6		114.9
TOTAL		**1,243.6**		**437.4**

3.8 Trade receivables

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured)		
Considered good	12,484.1	10,805.0
Credit impaired	383.8	261.8
Less: Loss allowance	(383.8)	(261.8)
TOTAL	**12,484.1**	**10,805.0**

Note :

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

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.9 Cash and cash equivalents

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	6.1	5.3
Cheques and Drafts on hand	81.4	33.2
Balance with Banks:		
In Current Accounts	894.2	1,490.3
In Deposit Accounts:		
Deposit with original maturity within three months	1,508.8	138.3
TOTAL	**2,490.5**	**1,667.1**

3.10 Bank Balances other than Cash and Cash Equivalents:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Unpaid dividend account	0.8	0.6
Bank Deposits with maturity within 12 months	4,124.7	4,100.1
TOTAL	**4,125.5**	**4,100.7**

Note:

Bank Deposits of ₹ **2,296.8 Million** (31 March 2018: ₹ 3,429.4 Million) is under lien with banks against Overdraft facilities availed. Bank Deposits of ₹ **55.0 Million** (31 March 2018: ₹ Nil) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

3.11 Other current assets

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured, Considered Good unless otherwise stated)		
Balances with Government Authorities	3,382.0	3,013.0
Export Incentive Receivable	230.6	210.4
Advance to Suppliers:		
Considered Good	360.0	514.1
Considered Doubtful	110.6	66.8
	470.6	**580.9**
Less: Loss allowance	(110.6)	(66.8)
	360.0	**514.1**
Prepaid Expenses	321.2	205.6
TOTAL	**4,293.8**	**3,943.1**

3.12A Equity share capital

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised:		
250,000,000 equity shares of ₹ 2/- each (31 March 2018: 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 2018: 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 2019		As at 31 March 2018	
	Number	(₹ in Million)	Number	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders:	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:				
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	25,205,800	21.08%	25,205,800	21.08%
Mr. Basudeo Narain Singh	8,662,100	7.24%	8,586,100	7.18%
Mr. Tushar Kumar (shares held on behalf of Prasid Uno Family Trust)	5,295,820	4.43%	7,533,360	6.30%
Mr. Mritunjay Kumar Singh	7,604,000	6.36%	7,511,875	6.28%
Mr. Dhananjay Kumar Singh	7,466,260	6.24%	7,466,260	6.24%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%

(d) Aggregate Number of Bonus Shares Issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

3.12B OTHER EQUITY

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital Reserve:		
At the commencement of the year	7.2	7.2
Add: Addition during the year	-	-
At the end of the year	**7.2**	**7.2**
Employee stock options outstanding account:		
At the commencement of the year	9.9	3.9
Add: Employee compensation expenses for the year	5.8	6.5
Less: Employee Stock Option exercised	-	0.2
Less: Transfer to General Reserve	0.7	0.3
At the end of the year	**15.0**	**9.9**
General Reserve:		
At the commencement of the year	19,870.8	19,690.5
Add: Transferred from Retained Earnings/Employee Stock option outstanding account	0.7	180.3
At the end of the year	**19,871.5**	**19,870.8**

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.12B OTHER EQUITY

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Retained Earnings:		
At the commencement of the year	28,784.4	24,818.7
Add: Profit for the year	7,605.1	6,309.4
	36,389.5	**31,128.1**
Less: Appropriations:		
Transfer to General Reserve	-	180.0
Dividend on Equity Shares	1,793.5	1,793.5
Dividend Distribution Tax	372.8	370.2
At the end of the year	**34,223.2**	**28,784.4**
Other Comprehensive Income:		
At the commencement of the year	(273.7)	(83.0)
Add: Other Comprehensive Income for the year	311.1	(190.7)
At the end of the year	**37.4**	**(273.7)**
TOTAL	**54,154.3**	**48,398.6**

3.13 Borrowings

(₹ in Million)

Particulars	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
A. Non-current borrowings				
Secured:				
Term loans				
- from banks	2,123.5	1,155.1	415.0	1,055.6
- from other parties	11.3	2.8	-	
Finance Lease obligation **(Refer Note 3.30 (b))**	63.2	63.3	-	-
Unsecured				
Term loans				
- from related parties (**Refer Note 3.32)**	99.8	72.2	-	-
- from other parties	15.2	13.9	-	-
TOTAL	**2,313.0**	**1,307.3**	**415.0**	**1,055.6**

Notes :

S&B Pharma Inc

Term loan from bank includes loan from Citi Bank of **USD 12.5 Million (₹ 866.5 Million)**; (31 March 2018: USD 15 Million (₹ 973.8 Million)) due and payable on 15 August 2022, net of short term loan payable of **USD 2.5 Million** due on 15 February 2020. The outstanding principal balance of the loan shall be repaid in 6 equal semi-annual installments beginning 15 February 2020. Quarterly interest payments are required on the borrowing until maturity at a variable rate equal to 1.25 percentage points over the 1-month LIBOR rate as at 31 March 2019 and 2018, respectively. The applicable monthly LIBOR rate at 31 March 2019 and 2018 was 2.4898% and 1.8175%, respectively.

Term loan from bank includes loan from Citi Bank of **USD 16 Million (₹ 1,109.2 Million)** (31 March 2018: Nil) is due and payable on 7 December 2023. The outstanding principal balance of the loan shall be repaid in 6 equal semi-annual installments beginning 7 June 2021. Quarterly interest payments are required on the borrowing until maturity at a variable rate equal to 1.25 percentage points over the 1-month LIBOR rate. The applicable monthly LIBOR rate at 31 March 2019 was 2.4898%.

Term loan from bank includes loan from Citi bank of **USD 3.0 Million (₹ 208.0 Million)**; due and payable on 30th April 2019. Quarterly interest only payments are required at a variable rate equal to 2.4898 percentage points over the LIBOR rate.

Term loan from bank includes loan from Citi bank of **USD 2.5 Million (₹ 173.3 Million)**; due and payable on 15th February 2020. Quarterly interest only payments are required at a variable rate equal to 2.4898 percentage points over the LIBOR rate.

Term loan from bank includes loan from Citi bank **USD 5.9 Million (₹ 386.3 Million)**; and paid on 30th April 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.

Term loan from bank includes loan from Citi bank **USD 9.9 Million (₹ 644.3 Million)**;and paid on 20th September 2018. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.

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

The loans taken by S&B Pharma Inc are secured by way of hypothecation over the whole of the moveable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable, both present and future subject to a maximum book value of ₹ **2,150 Million** - situated at Daman and Sikkim in India.

Cachet Pharmaceuticals Private Limited ('CPPL')

Term loan from bank includes loan from The Saraswat Co-op Bank Ltd of ₹ **147.8 Million** (31 March 2018: ₹ 181.3 Million) secured against mortgage of CPPL's land and building, plant and machinery situated at its Factories at Khasara No. 341 (P) & 354 Village, Jholungey, Namthang Namchi Dist. South Sikkim State; Plot No- 1582 to 1586 Baddi at Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi, Rajasthan. The Loan is further guaranteed by the Directors of CPPL. The loan carries interest at the rate of 12.50% p.a payable till 11 November 2020 in unequal installments.

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 9.65% to 12.5 % rate payable till 5 February 2019.

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

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

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
B. Current borrowings		
Secured		
Loans repayable on demand from banks	1,979.7	3,244.6
	1,979.7	**3,244.6**
Unsecured		
Working capital loan from banks	4,733.0	4,368.1
	4,733.0	**4,368.1**
TOTAL	**6,712.7**	**7,612.7**

Notes :

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from Banks ₹ **260.6 Million** (31 March 2018: ₹ 1,043.8 Million) are secured against pledge of Fixed Deposits with the banks.
2. Overdraft Facilities carry a rate of Interest ranging between 7.00% to 8.00% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

Overdraft from banks ₹ **237.6 Million** (31 March 2018: ₹ 331.0 Million) are secured against fixed deposits placed with respective banks. This facility carries interest in the range of 6.50% to 6.80%.

Cachet Pharmaceuticals Private Limited ('CPPL')

1. Overdraft from bank of ₹ **49.6 Million** (31 March 2018: ₹ 50.0 Million) is against fixed deposit of ₹ **100 Million**.
2. Cash credit from banks of ₹ **135.1 Million** (31 March 2018: ₹ 189.5 Million) is secured against CPPL's inventory, book debts and receivables.
3. Packing Credit (post shipment) from banks of ₹ **45.5 Million** (31 March 2018: ₹ 56.7 Million) is secured against the export receivables backed by the letter of credit.
4. The above loan facilities carry interest in the range of 2.5% to 12.5% and are repayable on demand.

Above are further Guaranteed by the Directors of the company.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

Enzene Biosciences Limited

1. Overdraft from banks ₹ **235.8 Million** (31 March 2018: ₹ 9 Million) are secured against pledge of fixed deposit with the banks.
2. Overdraft facilities carry a rate of interest ranging between 7.0% to 7.50% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

Loan facilities of **CLP 1,117.5 Million (₹ 113.9 Million)** by HSBC Bank Chile are comprised by a Fund Based facility (overdraft/working capital credits) with a limit of CLP 1,487 Million. This facility is backed by a Corporate Guarantee from the Company. The interest rate is 5.7% p.a.

Loan of **CLP 530 Million (₹ 56.8 Million))** from Banco de Chile as at 31 March 2018 which was repayable on demand is repaid in the current year.

Pharmacor Pty Limited, Australia

Term loan from bank of **AUD 5.5 Million (₹ 270.5 Million)** (31 March 2018: AUD 5.5 Million (₹ 274.4 Million)) is repayable on demand with quarterly interest payable @ 3.5% p.a. This loan is secured by corporate guarantee given by the Company.

The Pharma Network, LLC, USA

Working Capital loan of **USD 9.1 Million (₹ 631.1 Million)** (31 March 2018: USD 19 Million (₹ 1,233.4 Million)) from bank includes revolving credit line taken on 3 October 2017 by The Pharma Network, LLC (along with by Ascend Laboratories, LLC) are secured upto USD 30 Million by issue of ABF Revolving Credit Facility by Citi bank NA which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to 1.55% plus daily LIBOR. This facility will mature three years after the closing date.

Unsecured:

The Company:

1. Working Capital Loan from banks comprises of Overdraft in INR of ₹ **72.4 Million** (31 March 2018: ₹ 359.9 Million) and Packing Credit in Foreign Currencies of ₹ **4,633.4 Million** (31 March 2018: ₹ 4,008.3 Million) and are repayable on demand.
2. Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 2.50% to 3.50% and those in Indian Rupees carries Interest rate in the range of 8% to 9% p.a.

Cachet Pharmaceuticals Private Limited ('CPPL'):

Working Capital Loan from banks comprises of Book Overdraft in INR of ₹ **27.2 Million** (31 March 2018: ₹ Nil)

3.14 Provisions

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non current provisions		
Provisions for employee benefits		
Gratuity **(Refer Note 3.29)**	893.2	871.6
Compensated absences	445.3	276.9
Provision for anticipated sales returns **(Refer Note.3.35)**	671.8	354.2
TOTAL	**2,010.3**	**1,502.7**
B. Current provisions		
Provision for employee benefits:		
Gratuity **(Refer Note 3.29)**	372.9	176.3
Compensated absences	356.0	328.2
Provision for anticipated sales returns **(Refer Note.3.35)**	536.2	734.9
TOTAL	**1,265.1**	**1,239.4**

3.15 Other non current liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred Income on government grant **(Refer Note 3.45)**	133.9	143.3
TOTAL	**133.9**	**143.3**

3.16 Trade payables

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Dues of Micro and Small Enterprises **(Refer Note 3.28)**	606.3	1,228.7
Dues of Creditors other than Micro and Small Enterprises	9,016.2	8,378.4
TOTAL	**9,622.5**	**9,607.1**

Note:-

Due to related parties ₹ **27.9 Million** (31 March 2018: ₹ 80.7 Million) **(Refer Note 3.32)**

3.17 Other financial liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Current maturities of long-term debts in foreign currencies **(Refer Note 3.13)**	381.3	1,030.6
Current maturities of long-term debts in domestic currency **(Refer Note 3.13)**	33.7	25.0
Interest accrued but not due on borrowings	9.1	19.0
Employee payables	1,557.9	1,210.3
Security Deposits	223.8	198.7
Accrual for Expenses	1,222.1	1,860.7
Unpaid dividend*	0.8	0.6
TOTAL	**3,428.7**	**4,344.9**

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 2018: ₹ Nil).

3.18 Other current liabilities

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Due to statutory authorities*	534.0	492.0
Advances from customers	302.2	343.5
Deferred Income on government grant **(Refer Note 3.45)**	15.9	20.0
TOTAL	**852.1**	**855.5**

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

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.19 Revenue from operations

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Sale of products- (A) #	72,658.5	63,130.3
Other operating revenues:		
Processing Income	27.1	23.7
Export incentives	481.4	408.2
Scrap sales	87.7	77.3
Government subsidy income	22.0	15.6
Royalty income	-	21.6
Budgetary Support Benefit under GST/Excise duty	276.8	326.1
Miscellaneous income/receipts	18.4	8.9
Total other operating revenue: - (B)	**913.4**	**881.4**
TOTAL (A) + (B)	**73,571.9**	**64,011.7**

Post implementation of GST with effect from 1 July 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2018 included excise duty up to 30 June 2017. Accordingly, revenue from operations for the year ended 31 March 2019 are not comparable with those of the previous periods presented.

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 2019	For the Year ended 31 March 2018
Revenue from contract with customers as per contracted price	106,175.9	84,945.3
Adjustments made to contract price on account of:		
Less: Sales Return	1,770.5	1,406.1
Less: Discounts / Rebates / Chargebacks	31,746.9	20,408.9
Revenue from contract with customers	**72,658.5**	**63,130.3**
Other operating revenue	913.4	881.4
Revenue from Operations	**73,571.9**	**64,011.7**

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

3.20 Other income

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Interest income on		
-Bank deposits	325.1	446.3
-Bonds,debentures and loans at amortised cost	87.7	340.9
Dividend income on equity securities at FVTPL	1.2	1.7
Foreign currency transactions and translation gain (net)	294.7	187.0
Rental income	5.3	5.3
Net profit on sale of equity securities at FVTPL	73.3	46.1
Profit on sale of property plant and equipments (net)	-	5.6
Miscellaneous income	89.7	121.3
TOTAL	**877.0**	**1,154.2**

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.21 Cost of materials consumed

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Raw material consumed	14,689.4	12,552.0
Packing material consumed	3,422.0	3,963.1
TOTAL	**18,111.4**	**16,515.1**

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

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Opening Stock:		
Finished goods	4,094.9	3,757.7
Stock-in-trade	5,776.4	5,064.3
Work-in-progress	530.0	587.0
	10,401.3	**9,409.0**
Less: Closing stock:		
Finished goods	6,593.2	4,094.9
Stock-in-trade	3,207.0	5,776.4
Work-in-progress	729.4	530.0
	10,529.6	**10,401.3**
Effect of foreign exchange translation reserve	**164.7**	**42.5**
TOTAL	**36.4**	**(949.8)**

3.23 Employee benefits expense

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Salaries, wages and bonus	12,463.0	10,822.4
Contribution to provident and other fund **(Refer Note 3.29)**	585.9	491.0
Employees' welfare expenses	569.9	596.5
Employee stock compensation expenses **(Refer Note 3.44)**	5.8	6.5
TOTAL	**13,624.6**	**11,916.4**

3.24 Finance cost

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Interest expenses on		
-Bank overdraft and others	427.7	452.5
-Defined benefit liabilities **(Refer Note 3.29)**	70.1	52.2
Other borrowing cost	48.5	48.6
TOTAL	**546.3**	**553.3**

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.25 Other expenses

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Consumption of stores and spare parts	814.1	730.9
Power and fuel	1,214.8	1,126.4
Excise duty	-	93.3
Processing charges	1,183.4	1,386.6
Contract labour charges	750.6	722.2
Rent **(Refer Note 3.30(a))**	315.0	262.1
Rates and taxes	241.2	354.6
Insurance	297.5	255.1
Marketing and promotions	4,705.7	4,316.3
Financial Assets at FVTPL -net change in fair value	45.5	263.1
Selling and distribution expenses	1,987.6	1,850.0
Legal and professional Fees	1,202.7	815.5
Sales commission	437.1	469.9
Travelling and conveyance	2,104.4	2,001.8
Repairs:		
- Buildings	159.2	140.6
- Plant and machineries	380.8	296.8
- Others	187.9	161.2
Loss on sale of property plant and equipments (net)	55.5	-
Commission to Directors	144.6	144.6
Donation	14.4	8.4
Communication and printing expenses	199.2	206.7
Vehicle expenses	131.7	118.1
Clinical and analytical charges	642.5	660.0
Allowances for doubtful debts	185.9	61.0
Corporate Social Responsibility (CSR) expenditure **(Refer Note 3.41)**	119.2	113.9
Royalty Expenses	521.2	327.3
License, registration & technology fees	596.5	634.1
Foreign currency transactions and translation loss (net)	164.9	19.1
Miscellaneous expenses	546.8	639.0
TOTAL	**19,349.9**	**18,178.6**

3.26 Contingent Liabilities and Commitments

a) Contingent Liabilities not provided for

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	Claims against the Company not acknowledged as debt:		
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ **23.2 Million** (31 March 2018: ₹ 20.1 Million)}	209.2	157.8
(ii)	Sales Tax demand disputed in appeal {advances paid in dispute ₹ **41.7 Million** (31 March 2018: ₹ 35.2 Million)}	255.9	189.7
(iii)	Service Tax demand disputed in appeal	-	0.7
(iv)	Income Tax demand disputed in appeal {advances paid dispute in ₹ **98.3 Million** (31 March 2018: ₹ 23.9 Million)}	623.3	64.8
(v)	Other matters:	2,113.4	2,091.7
a.	In relation to purchase commitments: ₹ **968.1 Million*** (31 March 2018: ₹ 968.1 Million)		
b.	Supply of Goods: ₹ **399.0 Million** (31 March 2018: ₹ 377.3 Million)**		
c.	in relation to CCI: ₹ **746.3 Million** (31 March 2018: ₹ 746.3 Million)		
	Total	**3,201.8**	**2,504.7**

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

The State Attorneys' Generals', Marion Diagnostic Center, and United Healthcare Services ('the plaintiffs') had filed complaints against various companies including the Company's wholly owned step-down subsidiary, Ascend Laboratories LLC, USA ('Ascend') with the Eastern District of Pennsylvania which alleges a conspiracy between 'Ascend and other parties' for increase in prices, allocate markets, rig bids, and decrease in the production of the product - Nimodipine. Basis the consultation with the legal counsel, the Group's management is of the opinion that it has strong arguments to counter the plaintiffs' allegations and thus believes that the matter will not have any material impact on the consolidated financial statements.

The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, based on legal advice obtained, the liability for the period from date of the SC order to 31 March 2019 is not significant and has been provided in the books of account. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a contingent liability in the consolidated financial statements.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Group does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

3.27 Commitments

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ **389.4 Million** (31 March 2018: ₹ 691.9 Million)	859.4	1,825.9
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	104.0	145.8
3	Other Commitments: Commitment towards research and development - **USD 2.5 Million** (31 March 2018: USD 4.7 Million)	172.9	306.3
4	Letter of Credit opened by the Banks	207.9	117.0
5	Pending Export Obligation under advance licence / EPCG Scheme	27.9	53.9
6	Other Commitments - Non Cancellable Operating Lease - **Refer Note.3.30(a)**		

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.28 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
a)	Principal amount remaining unpaid to any supplier as at the year end	606.3	1,228.7
	Interest due thereon	24.9	25.3
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act, 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	24.9	25.3
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.	24.9	25.3

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

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

The Company:

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of salary cost of the eligible employee to the superannuation plan to fund the benefit.

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

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to Provident Fund	378.4	325.5
- Contribution to Superannuation fund	-	1.6
- Contribution to Employee state insurance corporation	44.4	47.1
Total	**422.8**	**374.2**

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 2019 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2019:

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	126.6	99.1
	Interest Cost	59.3	43.7
	Actuarial (gain) / loss	64.3	111.1
	Benefits paid	(73.2)	(41.2)
	PVO at the beginning of the year	887.0	674.3
	PVO at end of the year	1,064.0	887.0
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	1,064.0	887.0
	Fair Value of planned assets at end of year	-	-
	Funded status	(1,064.0)	(887.0)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(1,064.0)	(887.0)
III)	**Net cost for the year**		
	Current Service cost	126.6	99.1
	Interest cost	59.3	43.7
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	64.3	111.1
	Net cost	250.2	253.9
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.10	7.29
	Attrition rate (%)	10% - 20%	10% - 20%
	Salary escalation rate (%)	9% in Next one year and 7% thereafter	9% in Next one year and 7% thereafter

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation at end of the year	1,064.0	887.0	674.3	536.0	586.7
Experience (Gain)/Loss Adjustment on plan Liabilities	56.0	46.8	36.5	(11.2)	(16.4)
Actuarial (Gain)/Loss due to change on assumption	8.3	64.3	19.6	10.6	92.7

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(42.1)	46.6	(33.6)	37.4
Future salary growth (1% movement)	46.1	(42.5)	34.6	(31.7)

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **6.18 years** (Previous year: 5.14 years)

Indchemie Health Specialities Private Limited ("IHSPL")

(i) Defined contribution plans:

IHSPL makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, IHSPL 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 IHSPL make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the government.

IHSPL has recognised the following amount in the Statement of Profit and Loss:

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to Provident Fund	43.5	37.9
- Contribution to ESIC	5.7	5.3

(ii) Defined benefit plan

IHSPL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service."

b) On death in service

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019 by the actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the IHSPL's financial statements as at 31 March 2019.

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	12.8	10.9
	Interest Cost	5.8	4.3
	Actuarial (gain) / loss	1.3	2.6
	Past Service Cost (Vested benefits)	-	5.4
	Benefits paid	(1.3)	(2.9)
	PVO at the beginning of the year	85.5	65.2
	PVO at end of the year	104.1	85.5

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(loss)	-	-
	Contributions by the employer	1.3	2.9
	Benefits paid	(1.3)	(2.9)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	104.1	85.5
	Fair Value of planned assets at end of year	-	-
	Funded status	(104.1)	(85.5)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(104.1)	(85.5)
IV)	**Net cost for the year**		
	Current Service cost	12.8	10.9
	Interest cost	5.8	4.3
	Past Service Cost (Vested benefits)	-	5.4
	Actuarial (gain) / loss	1.3	2.6
	Net cost	19.9	23.2
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.35	6.88
	Salary escalation rate (%)	7.00	7.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(10.6)	12.6	(4.6)	5.2
Future salary growth (1% movement)	12.0	(10.3)	4.5	(4.1)

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 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation at end of the year	104.1	85.5	65.2	50.3	41.0
Experience Gain/Loss Adjustment on plan Liabilities	3.6	3.2	0.7	0.1	(7.4)
Actuarial Gain/(Loss) due to change on assumption	(2.3)	(0.6)	3.2	2.0	(0.3)

Cachet Pharmaceuticals Private Limited ("CPPL")

(i) Defined contribution plans:

CPPL makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, CPPL is required to contribute a specified percentage of 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 CPPL make monthly contribution to the funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the Government.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

CPPL has recognised the following amounts in the Statement of Profit and Loss:

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to Provident Fund	28.8	26.0
- Contribution to ESIC	7.7	6.8

(ii) Defined benefit plan:

CPPL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019 by the Actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in CPPL's financial statements as at 31 March 2019:

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	7.6	7.7
	Past Service Cost	-	4.2
	Interest Cost	4.8	4.1
	Actuarial (gain) / loss	2.4	(7.0)
	Benefits paid	(5.1)	(6.3)
	PVO at the beginning of the year	67.5	64.8
	PVO at end of the year	77.2	67.5
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(loss)	-	-
	Contributions by the employer	5.1	6.3
	Benefits paid	(5.1)	(6.3)
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	77.2	67.5
	Fair Value of planned assets at end of year	-	-
	Funded status	(77.2)	(67.5)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	77.2	67.5
IV)	**Net cost for the year:**		
	Current Service cost	7.6	7.7
	Past Service Cost	-	4.2
	Interest cost	4.8	4.1
	Expected return on plan assets		
	Actuarial (gain) / loss	2.4	(7.0)
	Net cost	14.8	9.0
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.35	6.69
	Salary escalation rate (%)	5.00	5.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(5.0)	5.7	(4.5)	5.2
Future salary growth (1% movement)	5.3	(4.9)	4.9	(4.4)

Enzene Biosciences Limited ("EBL"):

i) Defined contribution plans:

EBL makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, EBL is required to contribute a specified percentage of 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 EBL make monthly contribution to the funds plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

EBL has recognised the following amount in the Statement of Profit and Loss:

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to Provident Fund	6.4	4.7
- Contribution to ESIC	0.4	0.3

Defined benefit plan:

EBL earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement / early retirement / withdrawal / resignation:

As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in EBL's financial statements as at 31 March 2019:

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
I)	**Reconciliation in present value of obligations**		
	Obligations at period beginning	2.1	1.4
	Current Service Cost	1.5	1.1
	Interest Cost	0.1	0.1
	Benefits paid	(0.5)	(0.1)
	Actuarial (gain) / loss	1.3	(0.4)
	PVO at end of the year	4.5	2.1

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
II)	**Change in fair value of plan assets**		
	Expected return on plan assets	-	-
	Actuarial gain/(loss)	-	-
	Contributions by the employer	0.5	0.1
	Benefits paid	(0.5)	(0.1)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	4.5	2.1
	Fair Value of planned assets at end of year	-	-
	Funded status	(4.5)	(2.1)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(4.5)	(2.1)
IV)	**Net cost for the year**		
	Current Service cost	1.5	1.1
	Interest cost	0.1	0.1
	Expected return on plan assets		
	Actuarial (gain) / loss	1.3	(0.4)
	Net cost	2.9	0.8
V)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	6.94	7.23
	Salary escalation rate (%)	9.00	6.25

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Million)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.3)	0.3	(0.1)	0.1
Future salary growth (1% movement)	0.3	(0.3)	0.1	(0.1)

The PharmaNetwork LLC, USA ("TPN"):

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Merrill Lynch, Bank of America.

TPN matching contributions to the Plan

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
- Contribution to 401(k) Plan - **USD 167,120** (31 March 2018: USD 169,247)	11.6	11.0

No discretionary contribution were made in either year.

S&B Pharma Inc., USA:

The Company sponsors a 401 (k) profit sharing plan that covers eligible employees at its Norac Pharma location. The profit sharing portion of the plan provides for discretionary contributions to eligible employees based on a percentage of total compensation, which is reviewed and determined annually. For the years ended 31 March 2019 and 2018, the Company's contributions to the plan were

USD 365,734 (₹ 25.4 Million) and USD 318,662 (₹ 20.7 Million), respectively. Of these amounts, **USD 84,738 (₹ 5.9 Million)** and USD 89,388 (₹ 5.8 Million) were accrued and not paid as at 31 March 2019 and 2018 respectively.

The Company sponsors a 401(k) plan that covers eligible employees at its Alkem-St. Louis location which provides for voluntary salary deferrals for eligible employees. The Company matches half (50%) of the employee's elective deferral up to 5% of eligible earnings, or a 2.5% maximum matching contribution. For the years ended 31 March 2019 and 2018, the Company's matching contributions accrued and paid were **USD 109,836 (₹ 7.6 Million)** and USD 93,467 (₹ 6.1 Million) respectively.

Ascend Laboratories (UK) Limited:

Ascend Laboratories (UK) Limited operates a defined contributions pension scheme. The assets of the scheme are held separately from those of Ascend Laboratories (UK) Limited in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to **GBP Nil** (31 March 2018: GBP 63).

Contributions totalling **GBP Nil** (31 March 2018: GBP 54) were payable to the fund at the balance sheet date.

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Rent expense	315.0	262.1
Total	**315.0**	**262.1**

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Not later than one year	126.2	76.4
Later than one year but not later than five years	298.3	249.1
Later than five years	-	38.3
Total	**424.5**	**363.8**

(b) The Company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. The future obligation in respect of the above are as under:

(₹ in Million)

Particulars	Present value of minimum lease payment	Future interest Cost	Minimum lease payment
Not later than one year	-	2.8	2.8
Later than one year but not later than five years	0.2	11.4	11.6
Later than five years	63.0	203.5	266.5
Total	**63.2**	**217.7**	**280.9**

3.31 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Executive Chairman of the Company who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The geographical information analyses the group's revenues and non-current assets by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.31 Segment Reporting (Continued)

(₹ in Million)

Sr. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a)	**Revenue from Operations:**		
	Country of Domicile - India	49,642.5	45,779.7
	United States of America	18,979.2	13,666.6
	Other Countries	4,950.1	4,565.4
		73,571.9	**64,011.7**
b)	**Non-current assets (Refer note below)**		
	Country of Domicile - India	24,685.8	21,800.6
	United States of America	5,369.5	4,669.4
	Other Countries	178.7	175.7
		30,234.0	**26,645.7**

Note:- Non-current assets for this purpose consist of property, plant and equipments, intangibles, goodwill and goodwill on consolidation.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year.

3.32 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures

The Group's prinicipal related parties consist of Key Management 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 Management Personnel

Mr. Samprada Singh	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mritunjay Kumar Singh	Director
Mr. Sandeep Singh	Managing Director
Mr. M.C.Shah (up to 17 May 2017)	Independent Director
Mr. A.K.Purwar	Independent Director
Mr. A.M.Prasad	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma (effective from 26 May 2017)	Independent Director
Mr. Prabhat Agrawal (up to 31 March 2018)	Chief Executive Officer
Mr. Rajesh Dubey	Chief Financial Officer
Mr. Manish Narang	Compliance Officer

B. Relatives of Key Management Personnel with whom transaction have taken place during the year

Mr. Satish Kumar Singh	Son of Samprada Singh
Mrs. Jayanti Sinha	Sister of Samprada Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sarvesh Singh	Brother of Sandeep Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Arora	Wife of Sandeep Singh
Mrs.Rekha Singh	Wife of Basudeo Narain Singh
Mr. Nawal Kishore Singh	Son of Samprada Singh

3.32 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

C. Entities in which Key Management Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Affiliates"):

M/s Galpha Laboratories Ltd., M/s. Samprada Singh (HUF), M/s. Samprada and Nanhamati Singh Family Trust

Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2019			
		Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		A	B	C	
1	Remuneration*	642.0	135.0		777.0
		(683.8)	(107.2)	-	(791.0)
2	Loans taken		20.0		20.0
		-	(13.0)	-	(13.0)
3	Interest expense on loans taken		8.4		8.4
		-	(6.6)	-	(6.6)
4	Purchase of stock in trade			449.5	449.5
		-	-	(359.4)	(359.4)
5	Sale of finished goods			0.4	0.4
		-	-	(1.6)	(1.6)
6	Sale of raw and packing materials			0.6	0.6
		-	-	(0.3)	(0.3)
7	Purchase of raw and packing materials			7.2	7.2
		-	-	(115.0)	(115.0)
8	Services received			0.7	0.7
		-	-	(1.0)	(1.0)
9	Services rendered			25.9	25.9
		-	-	(23.2)	(23.2)
10	Rental income			3.3	3.3
		-	-	(3.3)	(3.3)
11	Rent expenses	0.6	3.5	-	4.1
		(0.6)	(3.5)	-	(4.1)
12	Dividend paid	381.4	372.3	380.3	1,134.0
		(348.5)	(376.9)	(380.3)	(1,105.7)
13	Loans Given	-	-	-	-
		(11.0)	-	-	(11.0)
14	Repayment of loan given	10.4	-	-	10.4
		(7.0)	-	-	(7.0)

*Key management personnel remuneration

Key management personnel remuneration comprise the following :

(₹ in Million)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Short term employee benefits	408.0	421.8
Post-employment benefits	59.3	96.3
Other long-term benefits	21.7	13.6
Remuneration paid to Chairman Emeritus	142.7	141.1
Commission/sitting fees to Independent Directors	10.3	11.0
Total	**642.0**	**683.8**

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.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.32 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

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.

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

Balance due from / to the related Parties

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2019			
		Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		A	B	C	
1	Outstanding Payables	-	-	27.9	27.9
2	Loan Payable	-	99.8	-	99.8
3	Loan Receivable	0.5	-	-	0.5

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2018			
		Key Management Personnel	Relatives of Key Management Personnel	Affiliates	Total
		A	B	C	
1	Outstanding Payables	-	-	80.7	80.7
2	Loan payable	-	72.2	-	72.2
3	Loan Receivable	10.9	-	-	10.9

3.33 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **4,621.5 Million** (31 March 2018: ₹ 3,646.2 Million).

3.34 Earnings per share (EPS)

Particulars			For the Year ended 31 March 2019	For the Year ended 31 March 2018
Profit for the year attributable to Owners of the Parent	₹ in Million	A	7,605.1	6,309.4
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	63.61	52.77

3.35 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for anticipated sales return:

The Group as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Carrying amount at the Beginning of the year	1,089.1	947.9
Add: Provision made during the year	1,182.4	881.7
Less: Amount utilized during the year	1,063.5	740.5
Carrying amount at the end of the year	**1,208.0**	**1,089.1**

3.35 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under: (Continued)

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non current provision	671.8	354.2
Current provision	536.2	734.9
Total	**1,208.0**	**1,089.1**

3.36 Dividend paid and proposed:

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

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2019 (₹ in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2018 (₹ in Million)
Dividend on Equity Shares	15.00	1,793.5	15.00	1,793.5
Dividend Distribution Tax		372.8		370.2
Total		**2,166.3**		**2,163.7**

After the reporting dates the following dividend (excluding dividend distribution tax) was proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2019 (₹ in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2018 (₹ in Million)
Final Dividend on Equity Shares	8.00	**956.5**	7.00	837.0
Dividend Distribution Tax		**194.7**		170.3
Total		**1,151.2**		1,007.3

3.37 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level and goodwill acquired separately are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next six years and the Terminal Value at the end of the sixth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's

(₹ in Million)

Name of the Entities	As at 31 March 2019	As at 31 March 2018
Goodwill on Consolidation		
The Pharmanetwork LLC, United States of America	1,925.5	1,803.2
Pharmacor Pty Ltd, Australia	154.4	156.6
Enzene Biosciences Limited	106.0	106.0
Cachet Pharmaceuticals Pvt. Ltd,("CPPL")	487.9	487.9
Indchemie Health Specialities Pvt. Ltd ("IHSPL")	900.3	900.3
Sub-Total	**3,574.1**	**3,454.0**
Goodwill acquired separately in		
The Pharmanetwork LLC & Subsidiaries, United States of America	28.4	24.6
S&B Pharma Inc., United States of America	203.1	186.0
Sub-Total	**231.5**	**210.6**
Total	**3,805.6**	**3,664.6**

3.37 Impairment testing for cash generating unit (CGU) containing goodwill (Continued)

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 %)	11.9%	24.0%	12.4%	14.2%	14.5%
Long-term growth rate (in %)	2.0%	5.0%	2.0%	4.0%	5.0%

The table below shows the key assumptions used in the value in use calculations for goodwill acquired separately:

Particulars	The Pharmanetwork LLC & Subsidiaries	S&B Pharma Inc.
Pre-tax adjusted discount rate (in %)	11.9%	14.3%
Long-term growth rate (in %)	2.0%	2.0%

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports
Pre-tax risk adjusted discount rate	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC)

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the CGU and for goodwill acquired separately as at 31 March 2019, 31 March 2018 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.

3.38 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest, before any intra-group eliminations.

31 March 2019 (₹ in Million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.02%	
Non- current assets	1,119.7	1,200.8	1,505.1	3,825.6
Current assets	901.6	2,178.0	1,010.3	4,089.9
Non-current liabilities	408.2	221.8	9.5	639.5
Current liabilities	1,233.4	770.8	458.6	2,462.8
Net assets	**379.7**	**2,386.2**	**2,047.3**	**4,813.2**
Net assets attributable to the non-controlling interest	156.4	1,169.3	0.4	1,326.1
Revenue from operations	3,381.1	3,927.7	3.2	7,312.0
Profit after tax	(53.0)	324.5	(657.2)	(385.7)
Other comprehensive income (net of tax)	(1.7)	(0.9)	(1.3)	(3.9)
Total comprehensive income	**(54.7)**	**323.6**	**(658.5)**	**(389.6)**
Profit/(loss) allocated to non-controlling interest	(24.7)	156.1	(0.1)	131.3
Other comprehensive income allocated to non-controlling interest	(0.7)	(0.4)	(0.0)	(1.1)
Total comprehensive income allocated to non-controlling interest	**(25.4)**	**155.7**	**(0.1)**	**130.2**
Cash flows from operating activities	127.8	399.1	(640.0)	(113.1)
Cash flows from investing activities	(42.4)	(98.5)	(639.5)	(780.4)
Cash flows from financing activities (dividends to NCI : ₹ 19.6 Million)	(102.7)	(300.1)	1,211.2	808.5
Net increase (decrease) in cash and cash equivalents	**(17.3)**	**0.5**	**(68.3)**	**(85.0)**

31 March 2018 (₹ in Million)

	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	41.2%	49.0%	0.02%	
Non- current assets	1,127.0	1,439.6	887.1	3,453.7
Current assets	1,112.0	1,938.4	998.6	4,049.0
Non-current liabilities	399.8	168.7	3.0	571.5
Current liabilities	1,405.0	1,098.6	182.8	2,686.4
Net assets	**434.2**	**2,110.7**	**1,699.9**	**4,244.8**
Net assets attributable to the non-controlling interest	179.9	1,035.2	0.3	1,215.5
Revenue from operations	3,115.9	3,551.6	52.9	6,720.4
Profit after tax	(115.4)	249.6	(404.4)	(270.2)
Other comprehensive income (net of tax)	4.8	(1.7)	-	3.1
Total comprehensive income	**(110.6)**	**247.9**	**(404.4)**	**(267.1)**
Profit/(loss) allocated to non-controlling interest	(47.5)	122.4	(0.1)	74.8
Other comprehensive income allocated to non-controlling interest	2.0	(0.8)	-	1.1
Total comprehensive income allocated to non-controlling interest	**(45.5)**	**121.6**	**(0.1)**	**75.9**
Cash flows from operating activities	201.2	113.1	(415.1)	(100.8)
Cash flows from investing activities	(156.4)	(9.3)	(799.6)	(965.2)
Cash flows from financing activities (dividends to NCI : ₹ 12.3 Million)	(46.1)	(106.3)	1,254.4	1,102.0
Net increase (decrease) in cash and cash equivalents	**(1.3)**	**(2.5)**	**39.7**	**36.0**

3.39 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

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

(₹ in Million)

Particulars	As at 31 March 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,490.5	2,490.5	-	-	-	-
Other Bank Balances	-	-	4,125.5	4,125.5	-	-	-	-
Non-current investments	387.6	-	569.9	957.4	-	387.6	-	387.6
Current investments	2,270.6	-	8.2	2,278.8	267.3	-	2,003.4	2,270.6
Non current loans	-	-	136.3	136.3	-	-	-	-
Current loans	-	-	308.0	308.0	-	-	-	-
Trade receivables	-	-	12,484.1	12,484.1	-	-	-	-
Other Non-current financial assets	-	-	462.0	462.0	-	-	-	-
Other Current financial assets	-	-	1,064.6	1,064.6	-	-	-	
	2,658.2	**-**	**21,649.1**	**24,307.2**	**267.3**	**387.6**	**2,003.4**	**2,658.2**
Financial liabilities								
Non current borrowings (Including current maturity of Long term debts)	-	-	2,728.0	2,728.0	-	-	-	-
Current borrowings	-	-	6,712.7	6,712.7	-	-	-	-
Trade payables	-	-	9,622.5	9,622.5	-	-	-	-
Other Current financial liabilities	-	-	3,013.8	3,013.8	-	-	-	-
	-	**-**	**22,077.0**	**22,077.0**	**-**	**-**	**-**	**-**

(₹ in Million)

Particulars	As at 31 March 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,667.1	1,667.1	-	-	-	-
Other Bank Balances	-	-	4,100.7	4,100.7	-	-	-	-
Non-current investments	414.3	-	570.2	984.5	-	414.3	-	414.3
Current investments	2,469.9	-	988.3	3,458.2	224.0	-	2,245.9	2,469.9
Non current loans	-	-	222.2	222.2	-	-	-	-
Current loans	-	-	379.2	379.2	-	-	-	-
Trade receivables	-	-	10,805.0	10,805.0	-	-	-	-
Other Non-current financial assets	-	-	922.9	922.9	-	-	-	-
Other Current financial assets	-	-	1,357.0	1,357.0	-	-	-	-
	2,884.2	**-**	**21,012.6**	**23,896.8**	**224.0**	**414.3**	**2,245.9**	**2,884.2**
Financial liabilities								
Non current borrowings (Including current maturity of Long term debts)	-	-	2,362.9	2,362.9	-	-	-	-
Current borrowings	-	-	7,612.7	7,612.7	-	-	-	-
Trade payables	-	-	9,607.1	9,607.1	-	-	-	-
Other Current financial liabilities	-	-	3,289.3	3,289.3	-	-	-	-
	-	**-**	**22,872.0**	**22,872.0**	**-**	**-**	**-**	**-**

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.

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

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 2019 and 31 March 2018 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/ (decrease) if: • the sale price were higher/(lower); • the cost of construction were lower/ (higher); or • the absorption timelines will decrease/ (increase).

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

Particulars	(₹ in Million)
Opening Balance (1 April 2017)	2,756.0
Net change in fair value (unrealised)	(380.1)
Repayment	(130.0)
Closing Balance (31 March 2018)	2,245.9
Opening Balance (1 April 2018)	2,245.9
Net change in fair value (unrealised)	(22.5)
Repayment	(220.0)
Closing Balance (31 March 2019)	2,003.4

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 2019		31 March 2018	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	123.5	(123.5)	145.4	(145.4)
Cost of Construction - 5%	(38.0)	38.0	(51.9)	51.9
Absorption Timelines - 1 Year	(125.5)	163.6	(132.6)	223.6

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

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

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/ investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutul fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

At 31 March 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

(₹ in Million)

Particulars	Carrying Amount	
	31 March 2019	31 March 2018
India	4,291.2	4,746.5
US	6,766.8	4,956.8
Other regions	1,426.1	1,101.7
	12,484.1	**10,805.0**

At 31 March 2019 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.

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

The ageing of trade receivables that were not impaired was as follows:

(₹ in Million)

Particulars	Carrying Amount	
	31 March 2019	31 March 2018
Not past due	9,816.9	8,123.7
Past due 1–180 days	2,482.4	2,589.1
Past due more than 180 days	184.8	92.2
	12,484.1	**10,805.0**

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

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

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Balance as at the beginning of the year	261.8	213.6
Impairment loss recognised	185.9	61.0
Amounts written off	(63.9)	(12.8)
Balance as at the end of the year	**383.8**	**261.8**

ii. Credit risk

Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2019 is ₹ **3,236.2 Million** (31 March 2018: ₹ 4,442.7 Million)

Debt securities

The Group has an exposure of ₹ **577.9 Million** as at 31 March 2019 (₹ 1,558.5 Million : 31 March 2018) 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 2019.

Credit Rating of debt securities is given below:

Credit Rating	31 March 2019	31 March 2018
A +	30.0	20.0
AA	200.2	204.6
AA -	153.9	150.0
AA +	20.7	20.6
AAA	165.0	1,145.2
Not Rated	8.1	18.1
Total	**577.9**	**1,558.5**

The Group did not have any debt securities that were past due but not impaired at 31 March 2019, 31 March 2018. The Group has no collateral in respect of these investments.

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

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The majority of the Group's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Million)

31 March 2019	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.2	280.9	2.8	-	2.9	8.7	266.5
Long Term Borrowings (Including Current maturity of Long term borrowings)	2,664.8	2,743.2	191.2	302.3	501.5	1,715.0	33.2
Working Capital Loan from Bank	6,712.7	6,712.7	6,712.7	-	-	-	-
Trade Payables	9,622.5	9,622.5	9,622.5	-	-	-	-
Other Current Financial Liabilities (Other than Current maturity of Long term borrowings)	3,013.8	3,013.8	2,998.6	15.2	-	-	-
	22,077.0	22,373.1	19,527.8	317.5	504.4	1,723.7	299.7

(₹ in Million)

31 March 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance Lease obligation	63.3	283.8	2.9	-	2.9	8.7	269.3
Long Term Borrowings (Including current maturity of long term borrowings)	2,299.6	2,660.5	393.3	777.2	1,173.5	261.0	55.6
Working Capital Loan from Bank	7,612.7	7,612.7	7,612.7	-	-	-	-
Trade Payables	9,607.1	9,607.1	9,607.1	-	-	-	-
Other Current Financial Liabilities (Other than Current maturity of Long term borrowings)	3,289.3	3,289.3	3,286.6	2.7	-	-	-
	22,872.0	23,453.4	20,902.6	779.9	1,176.4	269.7	324.9

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 Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk

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

primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to EUR, GBP, USD, AUD, CAD, KES and CHF. The Group has formulated hedging policy for monitoring its foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019, 31 March 2018 in there respective currencies are as below:

Particulars	31 March 2019						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Trade Receivables	569,905	1,494,355	9,280,413	-	-	-	-
Cash and cash equivalents	-	-	145,558	-	-	789,747	-
	569,905	**1,494,355**	**9,425,971**	**-**	**-**	**789,747**	**-**
Financial liabilities							
Short Term Borrowings	-	-	67,000,000	-	-	-	-
Trade Payables	597,983	119,263	6,378,812	12,938	12,279	-	4,265
Other Current financial liabilities	391,927	50,000	500,028	-	-	-	-
	989,910	**169,263**	**73,878,840**	**12,938**	**12,279**	**-**	**4,265**
Net foreign currency exposure as at 31 March 2019	**(420,005)**	**1,325,092**	**(64,452,869)**	**(12,938)**	**(12,279)**	**789,747**	**(4,265)**

Particulars	31 March 2018						
	EUR	GBP	USD	AUD	CAD	KES	CHF
Financial assets							
Non-Current Loans	-	-	1,004,229	-	-	-	-
Trade Receivables	1,630,415	174,844	10,693,814	-	-	-	-
Cash and cash equivalents	-	-	10,272	-	-	1,547,415	-
	1,630,415	**174,844**	**11,708,315**	**-**	**-**	**1,547,415**	**-**
Financial liabilities							
Short Term Borrowings	-	-	61,500,000	-	-	-	-
Trade Payables	354,419	137,024	8,467,704	13,312	-	-	-
Other Current financial liabilities	391,927	50,000	500,028	-	-	-	-
	746,346	**187,024**	**70,467,732**	**13,312**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2018	**884,069**	**(12,180)**	**(58,759,417)**	**(13,312)**	**-**	**1,547,415**	**-**

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 2019	31 March 2018
EUR	77.67	80.81
GBP	90.53	92.28
USD	69.16	65.18
AUD	49.02	50.05
CAD	51.54	N.A.
KES	0.69	0.65
CHF	69.43	68.50

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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2019		
10% movement		
EUR	(3.3)	3.3
GBP	12.0	(12.0)
USD	(445.7)	445.7
AUD	(0.1)	0.1
CAD	(0.1)	0.1
KES	0.1	(0.1)
CHF	(0.0)	0.0
	(437.1)	**437.1**

Effect ₹ in Million	Profit or (loss) before tax	
	Strengthening	Weakening
31 March 2018		
10% movement		
EUR	7.1	(7.1)
GBP	(0.1)	0.1
USD	(383.0)	383.0
AUD	(0.1)	0.1
KES	0.1	(0.1)
	(375.9)	**375.9**

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 as reported to the management of the Group is as follows.

(₹ in Million)

Particulars	31 March 2019	31 March 2018
Fixed-rate instruments		
Financial assets	9,806.6	10,262.9
Financial liabilities	2,155.0	2,672.7
Total	**7,651.6**	**7,590.2**
Variable-rate instruments		
Financial liabilities	7,285.7	7,302.9
Total	**7,285.7**	**7,302.9**

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

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

3.40 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Borrowings (Including current maturity of Long term debts)	9,440.6	9,975.6
Less : Cash and cash equivalent	2,490.5	1,667.1
Net debt	6,950.1	8,308.5
Total equity	55,719.5	49,853.2
Net debt to equity ratio	0.1	0.2

3.41 The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Group during the year is ₹ **178.8 Million** (Previous Year : ₹ 143.0 Million) The Group has spent ₹ **119.2 Million** (Previous Year : ₹ 113.9 Million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

(₹ in Million)

		In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	-	-	-
		(-)	(-)	(-)
ii)	On purposes other than (i) above	119.2	-	119.2
		(113.9)	(-)	(113.9)

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

Above includes a contribution of ₹ **39.8 Million** (Previous Year : ₹ Nil) to subsidiary Alkem Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as healthcare, women empowerment, education, sanitation, conservation of environment, rural development and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.42 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013.

(₹ in Million)

Name of the enterprises	31 March 2019							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	98%	54,652.0	105%	7,998.4	-13%	(41.8)	101%	7,956.6
Subsidiaries								
Indian								
Enzene Biosciences Limited	4%	2,046.7	-9%	(657.2)	0%	(1.3)	-8%	(658.6)
Cachet Pharmaceuticals Private Limited	1%	379.8	-1%	(53.0)	-1%	(1.7)	-1%	(54.7)
Indchemie Health Specialities Private Limited	4%	2,386.2	4%	324.5	0%	(0.9)	4%	323.6
Foreign								
Alkem Laboratories (NIG) Limited	0%	-	2%	133.4	-22%	(69.1)	1%	64.3
Alkem Laboratories Pty Ltd	0%	82.5	0%	5.3	-4%	(11.8)	0%	(6.5)
Ascend GmbH	0%	(49.0)	-1%	(46.9)	1%	1.8	-1%	(45.0)
Alkem Laboratories Corporation	0%	(32.7)	-1%	(109.0)	-7%	(21.4)	-2%	(130.4)
S & B Holdings B.V	3%	1,413.5	-3%	(241.6)	19%	59.0	-2%	(182.6)
Pharmacor Pty Ltd	0%	159.7	1%	56.0	-1%	(3.3)	1%	52.6
The Pharmanetwork LLC & Subsidiary (Ascend Laboratories LLC)	10%	5,349.3	9%	691.2	94%	292.8	12%	984.0
Ascends Laboratories SDN BHD.	0%	-	0%	-	0%	0.0	0%	0.0
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	1%	349.8	0%	(26.0)	-6%	(18.6)	-1%	(44.6)
Alkem Laboratories, Korea Inc	0%	0.1	0%	-	0%	0.0	0%	0.0
Pharmacor Ltd.	0%	(2.2)	0%	(2.3)	0%	0.0	0%	(2.3)
S&B Pharma Inc.	3%	1,900.2	-9%	(708.3)	34%	106.9	-8%	(601.5)
The PharmaNetwork, LLP	0%	113.9	0%	(21.3)	-4%	(13.7)	0%	(35.0)
Ascend Laboratories (UK) Limited	0%	30.1	0%	5.5	0%	(0.3)	0%	5.2
Ascend Laboratories Ltd	0%	-	0%	-	0%	-	0%	-
Alkem Foundation	0%	0.1	0%	-	0%	-	0%	-
Total Eliminations	-26%	(14,386.8)	5%	387.7	11%	33.4	5%	421.3
Minority Interest	2%	1,326.1	-2%	(131.3)	0%	1.1	-2%	(130.2)
	100%	**55,719.4**	**100%**	**7,605.1**	**100%**	**311.1**	**100%**	**7,916.2**

3.42 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013. (Continued)

(₹ in Million)

Name of the enterprises	31 March 2018							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	98%	48,853.6	113%	7,158.4	38%	(72.7)	116%	7,085.7
Subsidiaries								
Indian								
Enzene Biosciences Limited	3%	1,699.3	-6%	(404.4)	0%	-	-7%	(404.4)
Cachet Pharmaceuticals Private Limited	1%	434.5	-2%	(115.4)	-3%	4.8	-2%	(110.6)
Indchemie Health Specialities Private Limited	4%	2,110.9	4%	249.6	1%	(1.7)	4%	247.9
Foreign								
Alkem Laboratories (NIG) Limited	0%	(55.0)	1%	72.8	-8%	15.9	1%	88.7
Alkem Laboratories Pty Ltd	0%	89.0	0%	7.1	-4%	8.1	0%	15.2
Ascend Gmbh	0%	(4.0)	0%	(1.8)	0%	(0.4)	0%	(2.2)
Alkem Laboratories Corporation	0%	(247.6)	-2%	(115.2)	-4%	7.3	-2%	(107.9)
S & B Holdings B.V	3%	1,596.1	-8%	(509.4)	45%	(86.1)	-10%	(595.5)
Pharmacor Pty Ltd	0%	107.1	1%	34.0	0%	0.4	1%	34.4
The Pharmanetwork LLC & Subsidiary (Ascend Laboratories LLC)	9%	4,365.4	13%	824.3	-8%	15.8	14%	840.1
Ascends Laboratories SDN BHD.	0%	-	0%	-	0%	-	0%	-
Ascend Laboratories SpA & Subsidiary (Pharma Network SpA)	1%	394.4	0%	3.7	-23%	43.8	1%	47.5
Alkem Laboratories, Korea Inc	0%	-	0%	-	0%	-	0%	-
Pharmacor Ltd.	0%	-	0%	-	0%	-	0%	-
Ascend Laboratories Ltd.	0%	-	0%	-	0%	-	0%	-
S&B Pharma Inc.	2%	1,076.3	-5%	(288.4)	-1%	1.3	-5%	(287.1)
The PharmaNetwork, LLP	0%	149.0	0%	9.5	0%	(0.3)	0%	9.2
Ascend Laboratories (UK) Limited	0%	24.9	0%	9.4	-1%	2.2	0%	11.6
Total Eliminations	-24%	(11,956.3)	-9%	(550.0)	67%	(128.0)	-11%	(678.0)
Minority Interest	2%	1,215.5	-1%	(74.8)	1%	(1.1)	-1%	(75.9)
	100%	**49,853.1**	**100%**	**6,309.4**	**100%**	**(190.7)**	**100%**	**6,118.7**

3.43 a) During the year ended 31 March 2019 the Company has made following investments in subsidiaries:

i) During the year, the Company has contributed ₹ **345.3 Million** in wholly owned subsidiary in Philippines viz, "Alkem Laboratories Corporation" by way of conversion of loan into equity.

ii) During the year, the Company has contributed ₹ **740.7 Million** in wholly owned subsidiary in United States of America viz, "S&B Pharma Inc." by way of a capital contribution and ₹ **684.6 Million** by way of conversion of loan into equity.

iii) During the year, the Company has contributed ₹ **1,000 Million** in subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution."

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

3.44 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2019, the company 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 management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

Date of Grant	03 March 2016
Exercise price per Option	₹ 125.80
Number of Options granted	145,600
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
03 March 2017	1 year from the date of grant	5.0%	5.0%
03 March 2018	2 years from the date of grant	15.0%	15.0%
03 March 2019	3 years from the date of grant	20.0%	20.0%
03 March 2020	4 years from the date of grant	30.0%	30.0%
03 March 2021	5 years from the date of grant	30.0%	30.0%
Total		**100%**	**100%**

Date of Grant	27 January 2017
Exercise price per Option	₹ 10
Number of Options granted	56,400
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 4 years from the date of grant as stated below
Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27 January 2018	1 year from the date of grant	15.0%	15.0%
27 January 2019	2 years from the date of grant	25.0%	25.0%
27 January 2020	3 years from the date of grant	30.0%	30.0%
27 January 2021	4 years from the date of grant	30.0%	30.0%
Total		**100.0%**	**100.0%**

Date of Grant	25 May 2017
Exercise price per Option	₹ 125.80
Number of Options granted	18,000
Exercise period	2 years from the date of respective vesting
Vesting Period	1 to 5 years from the date of grant as stated below
Vesting Schedule	As mentioned below

3.44 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

(₹ in Million)

Name of Scheme	For the year ended 31 March 2019	For the year ended 31 March 2018
ESOS 2016	5.8	6.5
Total Expenses recognised in "Employee benefit"	**5.8**	**6.5**

Reconciliation of outstanding share options

Particulars	No.of Options	
	31 March 2019	31 March 2018
Outstanding at 1 April	206,560	202,000
Granted during the year	-	18,000
Forfeited during the year	(15,680)	(8,960)
Exercised during the year	-	(4,480)
Outstanding at 31 March	**190,880**	**206,560**

1. The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is ₹ 69.9
2. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 147.4
3. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 75.5

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	31.9%	31.9%	31.9%

3.45 Government Grant

The Company:

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 Million** with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 Million** for which the Company has subsequently received the claim amount post 31 March 2018. The factory has been constructed and in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

Cachet Pharmaceuticals Private Limited ("CPPL"):

CPPL is eligible for Government grant which is conditional upon construction of new factory in the Sikkim region. The grant is with respect to Samardung facility in Sikkim amounting to ₹ **50.0 Million** which is approved by the State Level Committee and pending for disbursement. The factory has been constructed and been in operation since 10th March 2017. This grant recognised as deferred income, is being amortised over the useful life of the Plant & Machinery in proportion in which the related depreciation expenses is recognised.

NOTES to the Consolidated Financial Statements for the year ended 31 March 2019

The unamortised grant as on 31 March 2019 of the Group amounts to ₹ **149.8 Million** (Previous year: ₹ 163.3 Million), the breakup of which is as below:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Non current	133.9	143.3
Current	15.9	20.0
TOTAL	**149.8**	**163.3**

3.46 Non-current assets held for sale:

(₹ in Million)

Particulars	As at 31 March 2019	As at 31 March 2018
Plant and equipment	112.8	-
Office Equipments	0.6	-
Freehold Land	3.5	-
Furniture and Fixtures	0.4	-
TOTAL	**117.3**	**-**

During the year, the Group has decided to sell various PPE in the category of Land, Plant & Machinery, Office Equipments and Furniture & Fixture being no longer required for business purposes. Accordingly, the said PPE have been stated at lower of its carrying value and its fair value less costs to sell amounting to ₹ **117.3 Million** (Previous Year : ₹ Nil) and are presented as "Non-current assets held for sale" as at 31 March 2019.

3.47 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2019:

Ind AS 116, Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. The Group has assessed the estimated impact that initial application of Ind AS 116 will have on its standalone financial statements, as described below:

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities (**Refer Note 3.30a**). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of ₹ **907.5 Million** as at 1 April 2019.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the Group records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The Group has elected certain available practical expedients on transition.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's standalone financial statements:

- Amendments to **Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements:** The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

- Amendments to **Ind AS 109, Financial Instruments:** amendments relating to the classification of particular pre payable financial assets

- Amendments to **Ind AS 12, Income Taxes**, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

- Amendment to **Ind AS 19, Employee Benefits** - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).

- Amendments to **Ind AS 23, Borrowing Costs**, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

As per our report of even date attached.

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

Sadashiv Shetty
Partner
Membership No. 048648

Mumbai
30 May 2019

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

B.N. Singh
Executive Chairman
DIN. 00760310

Sandeep Singh
Managing Director
DIN. 01277984

D.K. Singh
Joint Managing Director
DIN. 00739153

B.P. Singh
Executive Director
DIN. 00739856

M.K. Singh
Executive Director
DIN. 00881412

Rajesh Dubey
President Finance &
Chief Financial Officer

Manish Narang
President - Legal &
Company Secretary

P.V. Damodaran
Sr.VP - Business Finance

Mumbai
30 May 2019

ALKEM

ALKEM LABORATORIES LIMITED
Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
CIN: L00305MH1973PLC174201
Tel.: +91 22 3982 9999 **Fax:** +91 22 2495 2955
Email: investors@alkem.com **Website:** www.alkemlabs.com

NOTICE

NOTICE is hereby given that the Forty Fifth (45th) Annual General Meeting (AGM) of the Members of **Alkem Laboratories Limited (**the **"Company")** will be held on Tuesday, 27th August, 2019, at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
   (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.
   (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2019 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, 2019.

3. To appoint a Director in place of Mr. Sandeep Singh (DIN: 01277984), who retires by rotation and being eligible, offers himself for re-appointment.

4. Re-appointment of M/s. B S R & Co. LLP as Statutory Auditors:

   To consider, and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, each as amended (the "**Companies Act**") and Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014, as amended, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/ W-100022) be and are hereby re-appointed as the Statutory Auditors of the Company for another term of five (5) years and to hold office from the conclusion of the 45th Annual General Meeting of the Company till the conclusion of the 50th Annual General Meeting 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."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, each as amended (the "**Companies Act**"), Mr. Samprada Singh (DIN: 00760279) in respect of whom Notice has been received from a Member under Section 160 of the Companies Act, proposing his re-appointment as Chairman Emeritus and Non-Executive Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be re-appointed as Chairman Emeritus and Non-Executive Director of the Company, not liable to retire by rotation, for a period of five (5) years w.e.f. 1st April, 2020 upto 31st March, 2025.

   RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), consent of the Members in entire document of the Company be and is hereby accorded for re-appointment/continuance of office of Mr. Samprada Singh, aged about 89 years, as a Chairman Emeritus and Non-Executive Director of the Company for a period of five (5) years w.e.f. 1st April, 2020 upto 31st March, 2025.

   RESOLVED FURTHER THAT pursuant to Sections 197, 198 and other applicable provisions if any, of the Companies Act, consent of the shareholders of the Company be and is hereby accorded for Mr. Samprada Singh to receive commission for each financial year as may be decided by the Board of Directors of the Company subject to the ceiling as approved by shareholders of the Company for payment of commission to Non-Executive Directors and Independent Directors of the Company.

   RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company, be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as amended (the "**Companies Act**") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, and the relevant provisions of the Articles of Association of the Company, Mr. Basudeo N. Singh (DIN: 00760310) in respect of whom Notice has been received from a Member under Section 160 of the Companies Act, proposing his re-appointment as Executive Chairman and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be re-appointed as Executive Chairman of the Company, not liable to retire by rotation, for a term of one (1) year w.e.f. 1st April, 2019 upto 31st March, 2020, at a remuneration of ₹ 63,80,000/- (Rupees Sixty Three Lakhs Eighty Thousand Only) per month, and that he shall also be entitled for the following benefits:

(i) Medical Reimbursement:

Medical reimbursement for himself and his family subject to a ceiling of ₹ 3,00,000/- per year.

(ii) Leave Travel Allowance:

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:

Benefit of Provident Fund and Family Pension as per the company's rules.

(v) Gratuity:

Gratuity payable shall not exceed half month's salary for each completed year of service.

(vi) Encashment of Leave not availed:

Unavailed leaves shall be encashed at the end of the tenure.

(vii) Company's Car and Driver:

He shall be entitled for two company cars with two drivers

(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.

Other terms

(a) Leave

As per rules of the Company.

(b) Sitting fees

He shall not be entitled for sitting fees for attending the Meetings of the Board of Directors or of the Committees constituted by the Board of Directors.

(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 for the financial year 2019-20, calculated in the manner referred to in Section 198 of the Companies Act, as may be decided by the Board of Directors of the Company shall be payable to Mr. Basudeo N. Singh.

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 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."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder, each as amended (the **"Companies Act"**) and Regulations 17(1A) and 17(1B) and other applicable provisions of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended ("SEBI Listing Regulations"), Mr. Basudeo N. Singh (DIN: 00760310), aged about 78 years, be appointed as Non-Executive Director designated as Chairman of the Company, not liable to retire by rotation, for a period of five (5) years w.e.f. from 1st April, 2020 upto 31st March, 2025, upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors, and in respect of whom notice has been received from a Member under Section 160 of the Act, proposing his re-appointment as mentioned above.

RESOVED FURTHER THAT pursuant to Sections 197, 198 and other applicable provisions if any of the Companies Act, the consent of the shareholders of the Company be and is hereby accorded to Mr. Basudeo N. Singh to receive commission for each financial year as may be decided by the Board of Directors of the Company subject to the ceiling as approved by shareholders of the Company for payment of commission to Non-Executive Directors and Independent Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended (the **"Companies Act"**), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Mr. Ranjal Laxmana Shenoy (DIN: 00074761), whose term of office as Independent Director, expires on 15th March, 2020, has given his consent for the appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Companies Act and the relevant provisions of the SEBI Listing Regulations and is eligible for re-appointment and in respect of whom Notice has been received from a Member of the Company proposing his re-appointment as Independent Director and whose re-appointment as Independent Director has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the Company, for a second term of five (5) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI Listing Regulations, the consent of the shareholders of the Company be and is hereby accorded for continuance of office of Mr. Ranjal Laxmana Shenoy, aged about 71 years, as an Independent Director of the Company after attainment of the age of 75 years during second term of five (5) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended (the **"Companies Act"**), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the relevant provisions of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Mr. Arun Kumar Purwar (DIN: 00026383), whose term of office as Independent Director expires on 12th July, 2020, who has given his consent for the appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Companies Act and the SEBI Listing Regulations and is eligible for re-appointment and in respect of whom Notice has been received from a Member of the Company proposing his re-appointment as Independent Director and whose re-appointment as Independent Director has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the Company, for a second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI Listing Regulations, consent of the shareholders of the Company be and is hereby accorded for continuance of office of Mr. Arun Kumar Purwar, aged about 73 years, as Independent Director of the Company after attainment of the age of 75 years during second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended (the **"Companies Act"**), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the relevant provisions of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Ms. Sangeeta Singh (DIN: 06920906), whose term of office as Independent Director expires on 12th July, 2020, who has given her consent for the appointment and has submitted a declaration that she meets the criteria for independence under Section 149 of the Companies Act and the SEBI Listing Regulations and is eligible for re-appointment and in respect of whom Notice has been received from a Member of the Company proposing her re-appointment as Independent Director and whose re-appointment as Independent Director has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the Company, for a second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act, and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

11. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

    "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended (the **"Companies Act"**), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the relevant provisions of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Ms. Sudha Ravi (DIN: 06764496), whose term of office as Independent Director expires on 12th July, 2020, who has given her consent for the appointment and has submitted a declaration that she meets the criteria for independence under Section 149 of the Companies Act and the SEBI Listing Regulations and is eligible for re-appointment and in respect of whom Notice has been received from a Member of the Company proposing her re-appointment as Independent Director and whose re-appointment as Independent Director has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the Company, for a second term of five (5) consecutive years w.e.f. 13th July, 2020 upto 12th July, 2025.

    RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution.

    RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

12. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

    "**RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders of the Company and pursuant the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, as amended and the rules framed thereunder, each as amended (the **"Companies Act"**), the consent of the shareholders of the Company be and is hereby accorded to pay commission to Non-Executive Directors and Independent Directors of the Company as may be decided by the Board of Directors of the Company subject to a maximum limit of 4% of the net profits of the Company, calculated in the manner referred to in Section 198 of the Companies Act, for each financial year.

    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."

13. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

    "RESOLVED THAT pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, as amended (the **"Companies Act"**), read with the Companies (Audit and Auditors) Rules, 2014, as amended and Companies (Cost Record and Audit) Rules, 2014, as amended, the remuneration, as approved by the Board of Directors, amounting to ₹ 10,00,000/- (Rupees Ten Lakhs Only) plus applicable taxes, and re-imbursement towards the out of pocket expenses at actuals upto ₹ 10,000/- (Rupees Ten Thousand Only) incurred in connection with the audit, payable to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), who was appointed by the Board of Directors of the Company as Cost Auditor to conduct audit of cost records maintained by the Company for the financial year ended 31st March, 2019, be and is hereby ratified.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and are hereby authorized to sign, execute, submit and file the relevant forms, documents etc. and to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified by any one of the Directors or Company Secretary be submitted to the concerned authorities and they be requested to act upon the same."

Notes:

1. **The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Companies Act") relating to the Ordinary Business under Item No. 4 and Special Businesses covered under Item Nos. 5 to 13 to be transacted at the AGM is annexed hereto. In respect of Resolution at Item No. 3 and Item Nos. 5 to 11, a statement giving additional information on the Director seeking re-appointment is annexed hereto as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), read with Secretarial Standard – 2 on General Meetings.**

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

3. Pursuant to Section 105 of the Companies Act, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate, not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, and such person shall not act as a proxy for any other person or member.

4. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the time of the meeting. During the period beginning 24 hours before the time fixed for the commencement of meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during business hours of the Company.

5. Corporate Members intending to send their authorised representative(s) to attend the AGM, pursuant to Section 113 of the Companies Act, are requested to send to the Company, certified copy of the relevant Board Resolution together with the specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

6. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip sent along with the Annual Report, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio number.

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 Agents whilst those Members holding shares in dematerialised mode should file their nomination with their Depository Participant.

8. The dividend on shares as recommended by the Board, if approved at the AGM, will be paid on and from 29th August, 2019 and within thirty days from the date of declaration to those Members or their mandatees whose names appear:

   a) as Members in the Register of Members of the Company on the record date i.e. 20th August, 2019, and

   b) as beneficial owners on the record date as per the lists to be furnished by Depositories in respect of shares held in electronic form.

9. The details of unpaid or unclaimed dividends, along with the due dates for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 124 of the Companies Act are provided in the Corporate Governance Report, which forms part of this Annual Report.

10. Members who have not claimed their dividend(s) are requested to make their claim to the Company at the Registered Office or to the Registrar & Share Transfer Agents of the Company at the earliest but not later than the due dates for transfer to IEPF.

11. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:

    - For shares held in physical form: with the Registrar and Share Transfer Agents of the Company.

    - For shares held in dematerialised form: with the Depository Participant with whom they maintain their demat account.

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 Agents 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. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company's Registrar and Share Transfer Agents.

14. Pursuant to Section 101 and Section 136 of the Companies Act read with relevant Sections Rules made thereunder, Companies can send Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request. Members are requested to register/ update their email address with the Company's Registrar and Share Transfer Agents or with the Depository Participant(s) for receiving all communications from the Company electronically.

15. Members desiring any information relating to the Annual Report of the Company, can write to the Company Secretary at the Registered Office address or by sending an email to investors@alkem.com, at least seven days before the date of the AGM.

16. A Route Map showing directions to the venue of the 45th AGM and nearby prominent landmark is given at the end of this Notice.

17. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of Companies Act, will be kept open for inspection at the AGM. All the documents referred to in this Notice as well as in the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the AGM.

18. Pursuant to Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations, the Company is providing facility for voting by electronic means to all Members as on the cut-off date as per the applicable regulations and all the businesses contained in this Notice may be transacted through such voting. The e-voting facility is being provided through Central Depository Services Limited (CDSL). The instructions for Members for voting by electronic means are given below.

A. The instructions for shareholders voting electronically are as under:

i. The voting period begins on 24th August, 2019 at 9.00 a.m. and ends on 26th August, 2019 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 20th August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

ii. The shareholders should log on to the e-voting website www.evotingindia.com.

iii. Click on Shareholders

iv. 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.

v. Next enter the Image Verification as displayed and Click on Login.

vi. 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.

vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
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 (iv).

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, Members 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.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN "190711001" for Alkem Laboratories Limited on which you choose to vote.

xii. 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.

xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv. 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.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xvii. 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.

xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix. Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. The authorisation in respect of Representative(s) of the Corporation shall be received by the scrutiniser /Company before close of e-voting.

xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. Any person having any grievances in connection with remote e-voting may write to:

Name: Mr. Mehboob Lakhani

Designation: Assistant Manager

Address: A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N. M. Joshi Marg, Lower Parel (E), Mumbai – 400013.

Email id: helpdesk.evoting@cdslindia.com

Phone number: 1800225533

B. 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. 20th August, 2019.

C. A copy of this notice has been placed on the website of the Company and the website of CDSL.

D. The Company has appointed CS Manish L. Ghia, Partner, M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai (Membership No. 6252) to act as the Scrutiniser, to scrutinise the entire e-voting / ballot voting process in a fair and transparent manner.

E. The facility for voting through electronic means shall also be made available at the meeting to those Members who have not already cast their vote through remote e-voting. Members may note that, in case of any technical failure or eventuality resulting into non-functionality of tablet based electronic voting system at AGM, the Members would be provided the ballot paper for casting their votes at the AGM.

F. The Members who have casted their votes through remote e-voting prior to the meeting may also attend the Meeting but shall not be entitled to cast their vote again.

G. The Scrutiniser shall submit his report to the Chairman of the Meeting or any person authorised by him. 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 and shall also be displayed on the Notice Board at the Registered Office for at least three days from declaration thereof.

H. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

Place: Mumbai
Date: 30th May, 2019

By Order of the Board

Basudeo N. Singh
Executive Chairman
DIN 00760310

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 4

Pursuant to the resolution passed by Members at the 40th AGM held on 18th August, 2014, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/ W-100022) were appointed as the Statutory Auditors of the Company to hold office for a term of five (5) years from the conclusion of the 40th AGM till the conclusion of the 45th AGM. Accordingly, based on their performance, it is proposed to re-appoint M/s. B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company for another term of five (5) years to hold office from the conclusion of the 45th AGM of the Company till the conclusion of the 50th AGM. M/s. B S R & Co. LLP, Chartered Accountants have provided their consent and confirmed that their re-appointment, if made, would be within the limits specified under section 141(3)(g) of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time.

B S R & Co. ('the firm') was constituted on 27th March, 1990 having Firm Registration No. as 101248W. It was converted into Limited Liability Partnership i.e. B S R & Co. LLP on 14th October, 2013 thereby having a new Firm Registration No. 101248W/ W-100022. The Registered Office of the firm is at 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai, Maharashtra - 400 011. B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. The other entities which are part of the B S R & Affiliates include, B S R & Associates LLP, B S R & Company, B S R and Co., B S R and Associates, B S R and Company, B S S R & Co. and B B S R & Co. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

B S R & Co. LLP has over 3,500 staff and 100 Partners. B S R & Co. LLP audits various companies listed on stock exchanges in India.

Further, as per the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), disclosures regarding proposed fees payable to the Statutory Auditor need to be given in the Explanatory Statement

Details of the proposed fees payable to the Statutory Auditors are as under:

a) ₹ 22.1 Million plus applicable taxes shall be paid as the remuneration for FY 2019-20.

b) Out of pocket expenses, if any, at actual as maybe approved by the Board of Directors.

c) Fees for any other works not covered in the scope of statutory audit will be paid extra as per mutual agreement between the Statutory Auditors and the Company and as approved by the Board of Directors of the Company.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for your approval.

None of the Directors / Key Managerial Personnel of the Company and / or their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Resolution.

ITEM No. 5

The Board of Directors in its meeting held on 20th February, 2015 had approved the appointment of Mr. Samprada Singh (DIN: 00760279) as Chairman Emeritus and Non-Executive Director of the Company, for a period of five (5) years w.e.f. 1 April, 2015. The Members at its meeting held on 16th March, 2015 had approved the appointment of Mr. Samprada Singh as Chairman Emeritus and Non-Executive Director with w.e.f. 1st April, 2015 for a period of five (5) years.

Pursuant to the Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), a listed entity shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect.

Mr. Samprada Singh, aged about 89 years, is the co-founder of the Company and has served on the Board of the Company since its incorporation. He has rich and varied experience of over 45 years in the Indian pharmaceutical industry and has received various prestigious awards for his contribution. He has spearheaded the Company since its incorporation and under his guidance the Company has grown to its current stature. The Board feels that his continued guidance, strategic perspective and vision to continue the Company's growth strategy is required to further improve upon the Company's operations.

On the basis of the recommendation of the Nomination & Remuneration Committee and after taking into considerations various performance factors and advisory role played by Chairman Emeritus and the enlightening guidance provided to the Company, the Board of Directors at its meeting held on 30th May, 2019, decided to re-appoint Mr. Samprada Singh as Chairman Emeritus and Non-Executive Director, not liable to retire by rotation, w.e.f. 1st April, 2020 upto 31st March, 2025 for a period of five(5) years as mentioned in the Special Resolution set out under Item No. 5 of the Notice subject to approval of the Members. The Company has received notice in writing from a member, under Section 160 of the Companies Act, 2013 ("Companies Act") proposing his candidature.

In view of the above it is also necessary to obtain Members' approval by way of a Special Resolution for re-appointment of Mr. Samprada Singh as Chairman Emeritus and Non-Executive Director of the Company for his term valid upto 31st March, 2025, under Regulation 17(1A) of SEBI Listing Regulations.

The Board recommends the Special Resolutions set out in Item No. 5 of the Notice for approval of the Members. Disclosure as required under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is given as Annexure to this explanatory statement.

Except Mr. Samprada Singh, Mr. Sandeep Singh and Mr. Balmiki Prasad 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 Special Resolution.

ITEM Nos. 6 and 7

The Members of the Company at its 40th AGM held on 18th August, 2014 had appointed Mr. Basudeo N. Singh as a Managing Director for a period of five (5) years w.e.f. 1st April 2014 to 31st March, 2019. He was re-designated as the Executive Chairman of the Company in the Extra Ordinary General Meeting held on 16th March, 2015 of the Members of the Company.

Mr. Basudeo N. Singh is the co-founder of the Company and has served on the Board of the Company since its incorporation. He has over 40 years of experience in the Indian Pharmaceutical Industry. As an Executive Chairman of the Company, he drives the Company towards its growth. With the growing operations of the Company, his responsibilities have increased many fold.

Keeping in view outstanding contribution made by Mr. Basudeo N. Singh in the progress of the Company and his involvement in the operations of the Company as an Executive Chairman of the Company and on the basis of the recommendation of the Nomination & Remuneration Committee, the Board of Directors in its meetings held on 8th February, 2019 and 30th May, 2019, subject to approval of Members, re-appointed him as Executive Chairman of the Company, not liable to retire by rotation, for a period of one (1) year w.e.f. 1st April, 2019 upto 31st March, 2020 at a remuneration as detailed in the Special Resolution under Item No. 6.

Pursuant to the Regulation 17(1A) of SEBI Listing Regulations a listed entity shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special Resolution is passed to that effect.

Further, pursuant to Regulation 17(1B) of SEBI Regulations, the top 500 listed entities shall ensure that with effect from 1st April, 2020, the Chairperson of the board of such entity shall be a non-executive director. In order to ensure compliance with the above requirements of the SEBI Listing Regulations, it is necessary to appoint Mr. Basudeo N. Singh as Non-Executive Director designated as Chairman of the Company, not liable to retire by rotation, w.e.f. 1st April, 2020 upto 31st March, 2025 for a period of five (5) years as detailed in resolution under Item No. 7. The Company has received notice in writing from a member, under Section 160 of the Companies Act, proposing his candidature.

It is necessary to obtain Members' approval by way of a special resolution for:

i) re-appointment of Mr. Basudeo N. Singh as Executive Chairman of the Company for his term valid from 1st April, 2019 upto 31st March, 2020,

ii) appointment as Non-Executive Director designated as Chairman of the Company w.e.f. 1st April, 2020 upto 31st March, 2025 for a period five (5) years and appointment under Regulation 17(1A) of SEBI Listing Regulations.

The Board recommends the Special Resolutions set out in Item Nos. 6 and 7 of the Notice for approval of the Members. Disclosure as required under Regulation 36 of SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is given as Annexure to this Explanatory Statement.

Except Mr. Basudeo N. Singh, Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar 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 Special Resolution.

ITEM Nos. 8 to 11

As per the provisions of Sections 149, 152 & Schedule IV of the Companies Act, read with the relevant Rules thereunder as amended, the Company had appointed the following persons as Independent Directors as per the requirements of the Companies Act, at the date mentioned below for a term of five (5) consecutive years.

Name	Effective period of appointment at the current term	Effective period of the proposed second term
Mr. Ranjal Laxmana Shenoy	16.03.2015-15.03.2020	16.03.2020-15.03.2025
Mr. Arun Kumar Purwar	13.07.2015-12.07.2020	13.07.2020-12.07.2025
Ms. Sangeeta Singh	13.07.2015-12.07.2020	13.07.2020-12.07.2025
Ms. Sudha Ravi	13.07.2015-12.07.2020	13.07.2020-12.07.2025

As the above named Independent Directors shall be completing their first term of appointment before the date of 46th AGM of the Company, they are eligible for re-appointment for another term of five (5) consecutive years subject to approval of the Members by Special Resolution. All the above named persons have consented to their re-appointment and confirmed that they do not suffer from any disqualifications which stand in the way of their re-appointment as Independent Directors.

Pursuant to the requirements under Regulation 17(1A) of SEBI Regulations, a listed entity shall appoint :a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. As Mr. Ranjal Laxmana Shenoy and Mr. Arun Kumar Purwar shall attain the threshold of 75 years during the second term, approval of the Members is required to be obtained by way of a Special Resolution for continuance of office of the above said Independent Directors.

The Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 29th May, 2019 and 30th May, 2019, respectively, based on the performance evaluation of the Independent Directors, have recommended the re-appointment of the aforesaid persons as Independent Directors for a second term of five (5) consecutive years commencing from the dates on which their term shall expire. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 149(13) of the Companies Act.

Disclosure as required under Regulation 36 of SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is given as Annexure to this Explanatory Statement.

The Company has also received notices from a Member under Section 160 of the Companies Act, proposing their re-appointment as Independent Directors.

A copy of the draft letter for re-appointment of the Independent Directors setting out the terms and conditions of their re-appointment is available for inspection by the Members at the Registered Office of the Company during the office hours on all working days till the date of the AGM.

The Board recommends the Special Resolutions as set out in Item Nos. 8 to 11 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than the concerned Independent Directors is in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item Nos. 8 to 11 of the Notice.

ITEM No. 12

The Members at AGM its held on 16th March, 2015 had approved the payment of commission to Non-executive Directors and Independent Directors of the Company as may be decided by the Board of Directors, subject to a maximum limit of 2% of net profits of the Company for each financial year.

The above stated limit on commission was approved by the Board of Directors and members of the Company more than four years ago. The Board of Directors has considered a revision to the limits on commission payable to Non-Executive Directors and Independent Directors of the Company. Accordingly, pursuant to provisions of Sections 197, 198 and other applicable provisions of the Companies Act, it is proposed to increase the maximum limit of payment of commission to Non-Executive Directors from 2% to 4% of net profits of the Company, calculated in the manner referred to in Section 198 of the Companies Act, as maybe decided by the Board of Directors of the Company for each financial year.

The Board recommends the Special Resolution as set out in Item No. 12 of the Notice for approval of the Members.

Except the concerned Non-Executive Directors and their respective relatives, none of the other promoters, directors, key managerial personnel and their respective relatives is concerned or interested in the proposed Special Resolution.

ITEM NO. 13

The Board of Directors at its Meeting held on 30th May, 2018, 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, 2019 at a remuneration of ₹ 10,00,000/- (Rupees Ten Lakh Only) plus applicable taxes and re-imbursement at actuals subject to a limit of ₹ 10,000/- (Rupees Ten Thousand Only) towards out of pocket expenses incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the Companies Act read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or enactments thereof, for the time being in force, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company. Accordingly, your consent is sought to the Resolution as set out in Item No. 13 for ratification of remuneration payable to Cost Auditor for the financial year 2018-19.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 13 of the Notice for your approval.

None of the Directors / Key Managerial Personnel of the Company and / or their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Ordinary Resolution.

Registered Office:
"ALKEM HOUSE",
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013.

Place: Mumbai
Date: 30th May, 2019

By Order of the Board

Basudeo N. Singh
Executive Chairman
DIN 00760310

ANNEXURE TO ITEM 3 AND 5 to 11 OF THE NOTICE

Profile of Director seeking re-appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI Listing Regulations, read with Secretarial Standard – 2 on General Meetings)

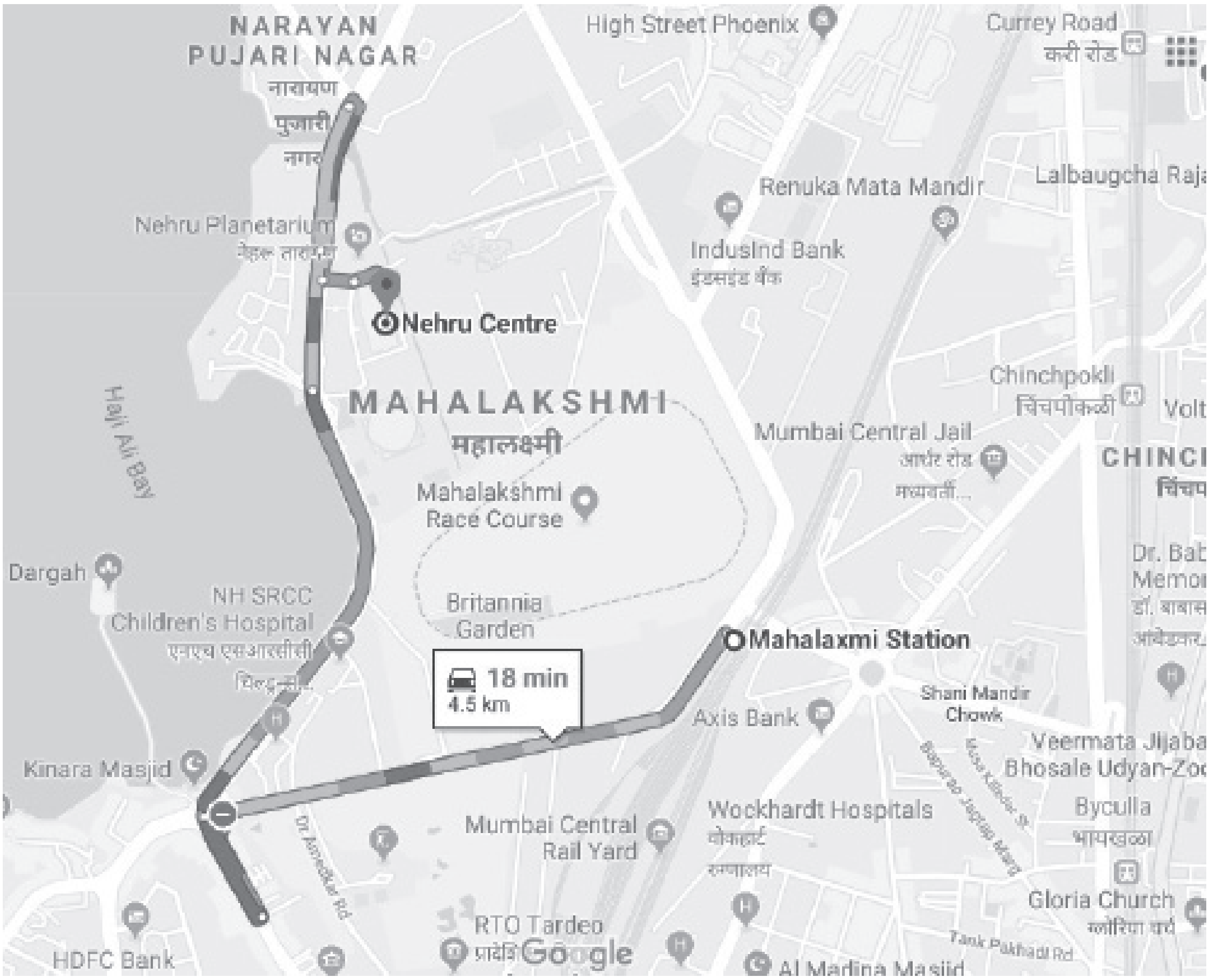
Name of Director	Mr. Sandeep Singh	Mr. Samprada Singh	Mr. Basudeo N. Singh	Mr. Ranjal Laxmana Shenoy	Mr. Arun Kumar Purwar	Ms. Sangeeta Singh	Ms. Sudha Ravi
DIN	01277984	00760279	00760310	00074761	00026383	06920906	06764496
Date of Birth	23.07.1982	02.05.1930	20.11.1940	16.01.1948	14.05.1946	10.12.1959	31.05.1955
Age (in years)	36	89	76	71	73	59	63
Qualifications	Bachelor's degree in Commerce	Second year Bachelors' examination from University of Patna	Bachelor of Arts and Master's Degree in Political Science	Chartered Accountant, Company Secretary, Cost Accountant and Master's Degree in Law	Master's degree in Commerce	Masters degree in Behavioural Psychology and Bachelor of Arts	Bachelor's degree in Science and Law
Experience	Over 14 years	Over 46 years	Over 44 years	Over 40 years	Over 40 years	Over 37 years	Over 34 years
Expertise in specific functional area	Pharmaceutical (Domestic and International) and Finance	Pharmaceutical	Pharmaceutical	Finance, Banking, Taxation, Corporate Laws and Compliances	Finance, Power sector more particularly in renewable energy space, compliance and governance.	Human Resources, employer branding, corporate communication (internal and external) and operations	Finance and Risk Management

Name of Director	Mr. Sandeep Singh	Mr. Samprada Singh	Mr. Basudeo N. Singh	Mr. Ranjal Laxmana Shenoy	Mr. Arun Kumar Purwar	Ms. Sangeeta Singh	Ms. Sudha Ravi
Brief Profile	Mr. Sandeep Singh joined the Board in 2013 and at present is the Managing Director of the Company. He has an experience of over 10 years in the pharmaceutical industry. Mr. Sandeep Singh is responsible for both domestic as well as international operations of the Company. He was honoured with the Emerging Pharma Leader of 2016 award by Pharma Leaders in association with the Ministry of Health & Family Affairs, Government of India.	Mr. Samprada Singh is one of the co-founders of the Company and an industry veteran with over 45 years of experience in Indian pharmaceutical industry. He has received various prestigious awards such as the 'Life Time Achievement Award' by Pharma Business and Technology in 2000, the 'Lifetime Achievement Award' at the Pharmaceutical Leadership Summit 2009, 'Asian Grid Leadership Lifetime Achievement Award 2006', the 'Life Time Contribution Award' by the Express Pharma Excellence Awards in 2004 and 'Lifetime Achievement Award' at the 2nd Annual AWACS Awards in Marketing Excellence, 2015. He was also bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016. Recently he was awarded with the Bihar Pride Achiever 2017 Award at Rising Bihar 2017 summit and the Global Asian of the Year 2017 by Indian Singapore Business & Social Forum 2018.	Mr. Basudeo N. Singh has almost four decades of experience in the Indian pharma sector and is also the co-founder of the Company. He was the President of the Indian Drug Manufacturer's Association for the period 2007-09. He has received Business Leader of the Year 2014 award at the 7th Annual Pharmaceutical Leadership Summit and Pharma Leaders Business Leadership Awards 2014. He was bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016. Recently he was also awarded with the Chief Mentor of the Year award by Indian Drug Manufacturer's Association.	Mr. Ranjal Laxmana Shenoy joined the Board in 2015. Mr. Shenoy has over 40 years of working experience with companies in different industrial segments, including the position of Whole Time Director – Finance and Legal and Company Secretary, in Merck Limited, India, (formerly known as E. Merck (India) Limited). He is a qualified Chartered Accountant, Cost Accountant and Company Secretary. Mr. Shenoy also holds a Bachelor's degree in Law from University of Mysore and a Masters' degree in Law from Mumbai University. He is also an Associate Member of the Indian Institute of Bankers (C.A.IIB).	Mr. Arun Kumar Purwar joined the Board in 2015. Mr. Purwar in the past has served as the Chairman of State Bank of India from November 2002 to May 2006. Mr. Purwar was the Chairman of Indian Bank Association during 2005-06. He has received various prestigious awards such as the 'CEO of the Year' Award from the Institute of Technology and Management in 2004, 'Outstanding Achiever of the year' award from the Indian Banks' Association in 2004 and 'Finance Man of the Year' award by the Bombay Management Association in 2006. He is a Director in various leading companies in Power, Telecom, Steel, Tyres and Financial services sector.	Ms. Sangeeta Singh joined the Board in 2015. She is an Independent Director on several renowned company Boards and has over 37 years of experience in Human Resources, Communications and Operations. She was Partner & Head of Human Resources for KPMG India. She has a Masters degree in Behavioural Psychology and a certification in Strategic Human Resource Management from Harvard Business School.	Ms. Sudha Ravi is presently working with Ajay Piramal Group company - Piramal Capital & Housing Finance Ltd. (PCHFL). Joining the Group in 2011, Ms. Ravi, as the CEO, set up a Non-Banking Finance Company (NBFC) - Piramal Finance Ltd. (PFL) which merged into PCHFL in March 2018. Since October 2014, she is additionally in-charge of India Venture Advisors Pvt. Ltd. – a healthcare and life sciences focused private equity fund sponsored by the Piramal Group and PHL Fininvest (PHLFIN), a systematically important NBFC. Prior to joining Piramal Group, Ms. Ravi was with State Bank of India (SBI) for over 30 years, having joined SBI as a direct recruit Probationary Officer in 1978. In her extensive service in SBI, she has worked in varied functional areas at SBI including International, Corporate, Retail and Rural banking which has given her a wide-ranging perspective on the financial sector and business strategy. She has held key positions like General Manager, Enterprise Risk Management facilitating alignment of risk with strategy at the Bank-wide level and as Chief Representative, Washington DC, US. She has received recognition(s)/ plaques presented by the Indian Associations in US for outstanding contribution in the sphere of banking for the community in Washington DC. Ms. Ravi has keen interest in Special Education with focus on education for autistic children.

Name of Director	Mr. Sandeep Singh	Mr. Samprada Singh	Mr. Basudeo N. Singh	Mr. Ranjal Laxmana Shenoy	Mr. Arun Kumar Purwar	Ms. Sangeeta Singh	Ms. Sudha Ravi
Justification for reappointment	NA	Refer Explanatory Statement to Item Nos. 5 and 6	Refer Explanatory Statement to Item Nos. 7and 8	Mr. Shenoy's valuable suggestions and expertise in the field of finance and corporate law have always helped the Company in its growth. Considering his background and the industrial experience and his contribution to Board, it is desirable to continue his presence on the Board of the Company.	Mr. Purwar's expertise in field of finance, compliance and governance has contributed to the success of the Company. The continued association of Mr. A K Purwar on the Board of the Company would be beneficial for the strategic growth of the Company.	Ms. Sangeeta Singh's suggestions on performance evaluation procedures and human resource development and management has helped in the accelerating employee participation in the operations of the Company. Considering her her immense contribution in the HR process and board deliberations, it is desirable to continue her presence on the Board of the Company.	Since her association with the Company, Ms. Sudha Ravi has considerably contributed towards risk aversion and investment decisions strategies. Her continued association would be of immense benefit to the Company and it is desirable to continue her presence on the Board of the Company.
Date of Appointment on the Board	Original Appointment: 09.08.2013 Appointment at current designation: 17.10.2017	Original Appointment: 08.08.1973 Appointment at current designation: 01.04.2015	Original Appointment: 08.08.1973 Appointment at current designation: 01.04.2015	Original Appointment: 20.02.2015	Original Appointment: 16.03.2015	Original Appointment: 29.06.2015	Original Appointment: 29.06.2015
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed on 6th January, 2018 through postal ballot.	As detailed in Item No. 5 of the Notice.	As detailed in Item Nos. 6 and 7 of the Notice.	As detailed in Item No. 8 of the Notice.	As detailed in Item No. 9 of the Notice.	As detailed in Item No. 10 of the Notice.	As detailed in Item No. 11 of the Notice.
Remuneration last drawn	₹ 59.3 Million for FY 2018-19	₹ 142.7 Million for FY 2018-19	₹ 140.0 Million for FY 2018-19	₹ 1.8 Million for FY 2018-19	₹ 1.7 Million for FY 2018-19	₹ 1.7 Million for FY 2018-19	₹ 1.7 Million for FY 2018-19
Remuneration proposed to be given	In terms of Resolution passed on 6th January, 2018 through postal ballot.	As detailed in Resolution no. 5 of the Notice.	As detailed in Resolution no. 6 and 7 of the Notice.	Shall be eligible for payment of Sitting fees for attending meetings of the Board and its Committees where he is a member and profit-linked commission which shall be decided by the Board from time-to-time.	Shall be eligible for payment of Sitting fees for attending meetings of the Board and its Committees where he is a member and profit-linked commission which shall be decided by the Board from time-to-time.	Shall be eligible for payment of Sitting fees for attending meetings of the Board and its Committees where she is a member and profit-linked commission which shall be decided by the Board from time-to-time.	Shall be eligible for payment of Sitting fees for attending meetings of the Board and its Committees where she is a member and profit-linked commission which shall be decided by the Board from time-to-time.
Number of shares held in the Company as on 31st March, 2019	111,857 Equity Shares of ₹ 2/- each	15,77,190 Equity Shares of ₹ 2/- each	86,62,100 Equity Shares of ₹ 2/- each	NIL	NIL	NIL	NIL

Name of Director	Mr. Sandeep Singh	Mr. Samprada Singh	Mr. Basudeo N. Singh	Mr. Ranjal Laxmana Shenoy	Mr. Arun Kumar Purwar	Ms. Sangeeta Singh	Ms. Sudha Ravi
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	1. Enzene Biosciences Limited 2. Alkem Foundation	NIL	1. Enzene Biosciences Limited	1. Elantas Beck India Limited 2. Sunshield Chemicals Limited 3. Enzene Biosciences Limited	1. Jindal Steel and Power Limited 2. Reliance Communications Limited 3. IIFL Holdings Limited 4. Balaji Telefilms Limited 5. ONGC Tripura Power Company Limited 6. Tadas Wind Energy Private Limited	1. Accelya Kale Solutions Limited 2. S H Kelkar and Company Limited 3. Crystal Crop Private Limited 4. Keva Fragrances Private Limited 5. Laxmi Organic Industries Limited 6. ASK Investment Managers Limited 7. ASK Wealth Advisors Private Limited	1. Goodyear India Limited 2. Enzene Biosciences Limited 3. SBM (Bank) Limited
Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit Committee of Enzene Biosciences Limited	NIL	NIL	1. Chairman of Audit and Stakeholders' Relationship Committee of Alkem Laboratories Limited 2. Member of Audit Committee and Chairman of Stakeholders' Relationship Committee of Elantas Beck India 3. Member of Audit Committee of Sunshield Chemicals Limited 4. Member of Audit Committee of Enzene Biosciences Limited	1. Member of Audit Committee of India Steel and Power Limited 2. Member of Audit Committee of ONGC Tripura Power Company Limited 3. Member of Audit Committee of Tadas Wind Energy Private Limited	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit and Stakeholders' Relationship Committee of Accelya Kale Solutions Limited 3. Member of Audit Committee of S H Kelkar and Company Limited 4. Member of Audit Committee of Keva Fragrances Private Limited 5. Member of Audit Committee of ASK Wealth Advisors Private Limited	1. Member of Audit Committee of Alkem Laboratories Limited 2. Member of Audit and Stakeholders' Relationship Committee of Goodyear India Limited 3. Chairman of Audit Committee of Enzene Biosciences Limited 4. Member of Audit Committee of SBM Bank (India) Limited
Relationship between Directors inter se	Grandson of Mr. Samprada Singh, Chairman Emeritus	Grandfather of Mr. Sandeep Singh, Managing Director and father of Mr. Balmiki Prasad Singh, Executive Director	Father of Mr. Dhananjay Kumar Singh Joint Managing Director and Mr. Mritunjay Kumar Singh, Executive Director	-	-	-	-
Number of Board Meetings attended during the year 2018-2019(Out of total 5 Board Meetings held)	5	2	5	5	5	5	5

ROUTE MAP (LOCATION MAP OF NEHRU CENTRE AUDITORIUM)



ALKEM

ALKEM LABORATORIES LIMITED

Registered Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

CIN: L00305MH1973PLC174201

Tel.: +91 22 3982 9999 **Fax:** +91 22 2495 2955

Email: investors@alkem.com **Website:** www.alkemlabs.com

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):..

Registered address:..

E-mail Id:...

Folio No/ Client Id:...

DP ID:...

I/We, being the Member (s) of .... shares of the above named Company, hereby appoint

1. Name :...

   Address:...

   E-mail Id :...

   Signature:.., or failing him/her

2. Name :...

   Address:...

   E-mail Id :...

   Signature:.., or failing him/her

3. Name :...

   Address:...

   E-mail Id :...

   Signature:..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 45th Annual General Meeting of the Company, to be held on Tuesday, the 27th day of August, 2019 at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Vote (Optional see Note 2)	
		For	Against
ORDINARY BUSINESS			
1	Receive, consider and adopt: a) the Audited Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors' and Auditors' thereon; b) the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors' and Auditors' thereon.		

Resolution Number	Resolutions	Vote (Optional see Note 2)	
		For	Against
2	Confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31st March, 2019.		
3	Appointment of Mr. Sandeep Singh (DIN: 01277984), who retires by rotation and being eligible, offers himself for re-appointment.		
4	Re-appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/ W-100022) as Statutory Auditors of the Company.		
SPECIAL BUSINESS			
5	Re-appointment of Mr. Samprada Singh (DIN: 00760279) as Chairman Emeritus and Non-Executive Director of the Company for a period of five (5) consecutive years w.e.f. 1st April, 2020 upto 31st March, 2025.		
6	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. 1st April, 2019 upto 31st March, 2020.		
7	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. 1st April, 2020 upto 31st March, 2025.		
8	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.		
9	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.		
10	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.		
11	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.		
12	Payment of commission to Non-Executive Directors upto 4% of the net profits of the Company.		
13	Ratification for the Payment of the Remuneration to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as Cost Auditor of the Company.		

Signed this ...., day of ...., 2019

....
Signature of Member

Affix
Revenue
Stamp

....
Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the "For" or "Against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

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
WYATTPrism COMMUNICATIONS
(info@wyatt.co.in)

ALKEM LABORATORIES LIMITED
"Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.
Tel No.: +91 22 3982 9999; **Fax No.:** +91 22 2495 2955
E-mail: investors@alkem.com; **Website:** www.alkemlabs.com;
Corporate Identity Number: L00305MH1973PLC174201

ATTENDANCE SLIP

45th Annual General Meeting on Tuesday, 27th August, 2019 at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018.

Sr. No. :

Registered Folio No.* / DP ID & Client ID	
Name and Address of the Member	
Joint Holder 1	
Joint Holder 2	
No. of Shares held	

I / We certify that I am / we are the registered member / proxy / authorised representative for the registered member of the Company. I/We hereby record my/our presence at the 45th Annual General Meeting of the Company held on Tuesday 27th August, 2019 at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018.

Name of the Proxy Holder:

____
Signature of Member/Proxy

*Applicable for Members holding shares in physical form.

Notes:
1. Only Member / Proxy can attend the Meeting.
2. Member / Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.
3. Please complete this attendance slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
4. Joint Members desiring to attend the Meeting may obtain additional attendance slips on request. Such request should reach the Company or its Registrar & Transfer Agents, M/s Link Intime India Private Limited, Unit: Alkem Laboratories Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai - 400083.

....

ELECTRONIC VOTING PARTICULARS

EVSN (E-voting Sequence Number)	User ID	Default PAN / Sequence Number
190711001		

Note:
Please read the instructions for e-voting given in Notice of 45th Annual General Meeting included in the Annual Report. The voting period starts from 24th August, 2019 (9.00 A.M.) and ends on 26th August, 2019 (5.00 P.M.). The remote e-voting module shall be disabled by CDSL for voting thereafter.