

## ALKEM LABORATORIES LIMITED

### **POLICY FOR IDENTIFICATION OF MATERIAL OUTSTANDING DUES AND MATERIAL LITIGATION**

- a) To consider and approve materially threshold limit of Trade Payables/ dues of the Company

The Board was informed that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 dated August 14, 2015, the Board needs to consider and approve the materiality of outstanding dues to small scale undertakings and other creditors.

It was proposed that small scale undertakings and other creditors, to whom the amount outstanding is more than 1% of the total revenue from operations for the last completed financial year as per the restated standalone financial statements of our Company, shall be considered as material dues for the Company.

The Board unanimously approved the same by passing following resolution:

**“RESOLVED THAT** those small scale undertakings and other creditors, to whom the amount outstanding is more than 1% of the total revenue from operations for the last completed financial year as per the restated standalone financial statements of our Company, being Rs. 329.4 million (for Fiscal Year 2015), as on September 30, 2015 shall be considered as material dues for the Company.

**RESOLVED FURTHER THAT** as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 dated August 14, 2015 details of net outstanding dues to small scale undertakings and other creditors as on March 31, 2015 on a consolidated basis, shall be uploaded on the webpage of the Company.”

- b) To consider and approve the Materiality of Outstanding Litigation involving the Company, its Subsidiaries, Directors, Promoters and Group Companies.

The Board was informed that pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company needs to intimate the stock exchanges of imposition of penalties and material litigation in the manner specified by the recognised stock exchange. Board needs to consider and approve the materiality of outstanding litigations involving the Company.

It was proposed that pending cases involving the Company, amounts involved under which are quantifiable is more than a net sum of Rs.100 crores or 1% of the total revenue from operations for the last completed financial year as per the audited standalone financial statements of our Company, whichever is lower, shall be considered as material litigation for the Company.

The Board approved the same by passing the following resolution:

**“RESOLVED THAT** those pending cases involving the Company, amounts involved under which are quantifiable is more than a net sum of Rs. 100 crores or 1% of the total revenue from operations for the last completed financial year as per the restated standalone financial statements of our Company, whichever is lower, shall be considered as material litigation for the Company.”

Further, the Board was informed that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 dated August 14, 2015, the Board needs to consider and approve the materiality of outstanding litigations involving the Company, its directors, promoters, group companies and subsidiaries for the purpose of disclosure in the Red Herring Prospectus and Prospectus to be filed with the Registrar of Companies, SEBI and the stock exchanges.

It was proposed that for the limited purpose of purpose of disclosure in the Red Herring Prospectus and Prospectus to be filed with the Registrar of Companies, SEBI and the stock exchanges all litigation shall be considered material and disclosed in the Red Herring Prospectus and Prospectus.

The Board approved the same by passing the following resolution:

**“RESOLVED THAT** all outstanding litigations involving the Company, its directors, promoters, group companies and subsidiaries are to be considered material for the limited purpose of disclosure in the Red Herring Prospectus and Prospectus to be filed with the Registrar of Companies, SEBI and the stock exchanges.”

c) To consider and approve the group companies disclosed in the offer document:

In the opinion of our Board, “*group companies*” shall be companies as covered under the applicable Accounting Standards (being Accounting Standard 18) and also other companies considered material by our Board. Accordingly, our Board has considered the list of related parties appearing in the Schedule of Related Party disclosures appearing in the restated audited financial statements of our Company. Accordingly, our Board notes that such list does not contain any company except Galpha Laboratories Limited and Travelon Services Private Limited.

Further, our Board has also considered whether there are any companies such that a material adverse change in these companies can lead to a material adverse effect on our Company, its revenues, profitability or reputation and has determined that there is no such company.

**“RESOLVED THAT** Galpha Laboratories Limited and Travelon Services Private Limited have been considered as group companies for the purposes of disclosure in the Red Herring Prospectus and Prospectus to be filed with the Registrar of Companies, SEBI and the stock exchanges”