

Date: 11<sup>th</sup> June, 2020

To,  
The Manager,  
Department of Corporate Services,  
BSE Limited  
P. J. Towers, Dalal Street,  
Fort, Mumbai – 400 001

Dear Sir/Madam,

**Sub: Submission of Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2020**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2020.

WJF/1

Dr. Anand K. Saluja  
Chairman  
Alembic Pharmaceuticals Limited

  
Chandrasekhar Singh Saluja  
Company Secretary

WJF/1



**Consistent.**

**Flexible.**

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## Highlights of 2019-20

### Net revenue

₹4,606 Crores

↑ 17%

### EBITDA

₹1,213 Crores

↑ 39%

### Profit After Tax (PAT)

₹829 Crores

↑ 42%

### Market capitalisation

₹10,071 Crores

(as on 31<sup>st</sup> March, 2020)

↑ growth vis-a-vis 2018-19

# Consistent. Flexible.

*Being consistent and flexible may seem to be contradictory terms, but we at Alembic believe that they are obverse and reverse of the same coin. Therefore, we balance such contradictory approaches to remain relevant, resilient and perform responsibly with a long-term lens.*

*On one hand, we are consistent in our approach to create, retain and deliver value that endures. On the other hand, we are open to review and refresh our strategies, based on our learnings, industry opportunities and the unique strengths that we have developed in our key markets. Our landmark performance during the year was the outcome of the strategic decisions and investments made a few years ago, as well as our agile response to near-term opportunities.*

***We are consistent and flexible as a time-tested value creator for all.***

## Consistent

We persistently strengthen our manufacturing scale, R&D expertise, marketing outreach, customer and stakeholder engagement, quality standards and compliances. We have been doing this consistently for the past many years, undeterred by economic volatility or industry challenges.

## Flexible

We are open to review, realign and refresh our portfolio, along with operating and financial strategies, based on our learnings, industry opportunities and the unique strengths that we have developed in our key markets. Even our sustainability practices, people policies to attract, retain and develop talent and need-based community efforts reflect adaptability in approach.

# Legacy drives leadership



Oncology injectable and OSD plant (F2), Panelav

*We are a vertically integrated company and undertake manufacturing and marketing of branded formulations, international generics and API products. Over the decades, we have steadily emerged as one of the leading players in India's pharmaceutical sector.*

We have three R&D facilities in Vadodara, Hyderabad and USA. Our products are manufactured at three state-of-the-art formulation and three API manufacturing facilities. We are augmenting our manufacturing capabilities by adding three new plants for oncology oral solids and injectables, general injectables, ophthalmic and oral solids making it six formulation plants. In 2015, we set up a marketing and distribution office in the US and have grown this business rapidly since then. In 2016, we formed a 60:40 JV with Orbicular – "Aleor Dermaceutical Limited" for developing Dermatology Products for international markets. Also, we are consistently adding new capacities and our expansion plans are well on track.

Legacy for us is not a noun, but a verb. It means constant focus on differentiation and consistent delivery of affordable medicines to millions of people across geographies for more than a century. The experience and expertise that we have gathered and sharpened for decades, and the trust of our customers and stakeholders inspire us to cross new milestones and strengthen our position in the market where we operate.

## Giving back to the society

Our success as an organisation down the decades is catalysed by the long-term wellbeing of the communities that we engage with, the places in which we operate and the planet that we leave to our future generations. In other words, our legacy over the next 100 years will be determined equally, if not more by our social and economic impact. Ever since our inception in 1907, we have worked proactively to drive the well-being and progress of our communities.

In May 2015, we set up Alembic CSR Foundation (ACSRF) to drive our corporate responsibility initiatives. We work in Vadodara, Chhota Udepur and Panchmahal districts and have identified education, health, water, sanitation & hygiene, sports, art & culture, environment, livelihood, community infrastructure, community safety and employee engagement as our primary focus areas.



Bikes for internal mobility



Blood transfusion camp



### Our mission

To improve healthcare with innovation, commitment & trust.

## Alembic: Quick facts

Legacy of  
**113** years

API manufacturing facilities  
**3**

Formulation facilities  
**6**

Credit rating  
**CRISIL AA+ (Stable)**

## Our businesses

# Capable and committed

## International Generics (IG)

### Overview

Present in US, Europe, Canada, Australia, Brazil and South Africa

Offer diverse products

Long-term relationships with clients, partnerships key enablers for this business

### Products/plants/therapies

#### Existing



Oral solids

**Panelav**

#### Recent Additions / Upcoming



Dermatology

**Karkhadi**



Oncology OSD

**Panelav**



New Oral Solids

**Jarod**



General Injectables

**Karkhadi**



Ophthalmic

**Karkhadi**



Oncology Injectables

**Panelav**

### Manufacturing facilities

- Panelav
- Karkhadi
- Jarod



Gujarat

### R&D facilities

- Vadodara, Gujarat
- Hyderabad, Telangana
- New Jersey, USA

- 69 products launched through the US front-end (22 Launched in 2019-20)
- 10 product launches lined up in the first half of 2020-21
- USFDA audited the Aleor derma facility at Karkhadi without any observations
- All facilities are cleared by USFDA

### Story in numbers

Total revenues (2019-20)

**₹2,473 Crores**

ANDA Filings (2019-20)

**25**

ANDA Filings (Cumulatively)

**183**

ANDA Approvals (2019-20)

**30**

ANDA Approvals (Cumulatively)

**119**

## Domestic branded

### Overview

Focused on developing branded specialty medicines for the Indian market

Products cater to several chronic and acute therapies

5,000+ field executives

High brand recall among doctors and patients alike

### Manufacturing facilities

- Sikkim



### Products/therapies

#### Therapies



Cardiology



Anti-Diabetic



Gynaecology



Gastrology



Dermatological



Orthopaedic



Ophthalmology



Nephro/Uro



Anti-Infective



Cold & Cough

### Story in numbers

Total revenues (2019-20)

**₹1,425 Crores**

Brands

**185**

Product portfolio in NLEM

**14%**

Marketing divisions

**17**

**1.5%** Market share in Indian pharma space

**93%** New launches in specialty

**3** Brands in top 300

Source: IQVIA

## API

### Overview

Developing APIs in-house for select formulation products

World class facilities and adding more capacities to vertically integrate formulation business

### Manufacturing facilities

- Panelav
- Karkhadi

### Story in numbers

Total revenues (2019-20)

**₹708 Crores**

DMFs filed (2019-20)

**9**

DMFs filed (Cumulatively)

**109**

- Continued to invest for creating additional capacity at plants
- Looking to add more APIs in our portfolio

Our journey

# Milestones build momentum



FDA approved  
API facility



FDA approves  
formulation facility

Launched first NDA with  
a partner

Commenced filing in EU,  
Australia and Brazil

2013

2008

2010

2012

Pharmaceuticals  
business demerged from  
Alembic APL listed

1907

2006

2007

Established by  
Amin family



Acquired Dabur's Indian  
Cardiology, GI and  
Gynaecology brands



Formed a Joint  
Venture (JV), Rhizen  
for NCE research



US front-end achieved milestone of \$ 250 Mn Sales in 2019-20

Launched Aripiprazole on day 1

Established US front end: transition to direct marketing

Acquired Orit Laboratories LLC, USA

2019

2020

2015

2016

2017

2018

Formed a JV, Aleor, for dermatology portfolio

FDA approved Aleor's dermatology facility

Highest ever investment commitment across four new manufacturing facilities



FDA approves Oncology oral solid facility

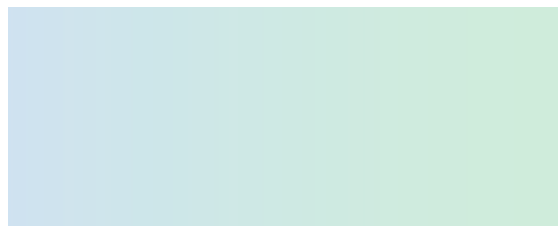
Formed a JV, to enter China

Our investment case

# Partner our growth

## Advanced R&D capabilities

While innovation has always been a key focus area for us, over the past five years we have strengthened our capabilities beyond oral solids. We have invested significantly to augment our R&D capabilities across several high-growth and high-value therapies. These include cardiovascular, oncology, peptides, central nervous system, dermaticals and injectables (general and oncology). Our thriving pipeline of p





Aleor Dermatology plant, Karkhadi

## Diverse portfolio

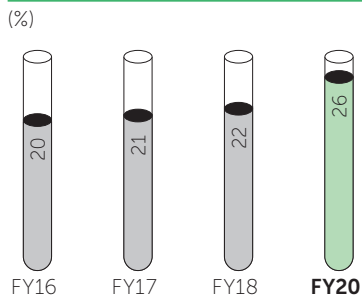
We provide a diverse suite of products under each of our business segments. Our product portfolio in domestic branded business encompass over 10 chronic and acute therapies. Similarly, in the international generic (IG) segment, our products span oral solids, dermatology, oncology oral solids, general injectables, ophthalmology and oncology injectables. Our portfolio comprises premium products that fetch stronger margins. A diverse, industry-leading product portfolio enables us to meet our customers' needs efficiently and build a sustainable moat in a highly competitive market.

## Strong growth prospects

A proven track record of seizing opportunities swiftly, ensuring timely delivery of high-quality products and a razor-sharp focus on compliance have been instrumental in driving our success so far. We have well-defined strategies for each of our business segments. By continuing to strengthen our customer value proposition, product offerings and R&D capability, we are well-poised to capture emerging opportunities across our markets.



### EBITDA margin



## Robust financial profile

We continue to be one of India's most profitable pure-play pharma player with a global presence. Our EBITDA margin has increased for the past four years in a row from 20% in 2016-17 to 26% in 2019-20. We enjoy attractive return ratios and with a significant portion of the capital expenditure behind us, these metrics are expected to improve further. Our strong balance sheet and cashflows have helped us in good stead across varied cycles. We are committed to stay true to our disciplined approach of managing capital.

# Moving forward, consistently



*The year saw stellar performance on all fronts, as we accomplished the highest-ever revenue as well as profit in our history.*

**Chirayu Amin**  
Chairman & CEO

## Dear Stakeholders,

Your wholehearted trust and support has always been the single most important factor in our growth journey for all these years. Our performance for this year is yet again a vindication of that trust in our vision and capabilities.

It is a pleasure to share with you our performance for 2019-20. The year saw stellar performance on all fronts, as we accomplished the highest-ever revenue as well as profit in our history. This feat was achieved on the back of strong double-digit growth in the US business. In a largely volatile operating environment, our unflinching commitment to deliver quality products, maintain highest levels of compliance, drive manufacturing excellence and augment our supply chain underscored this performance.

### **Steady increase in medicine spending**

Global medicine spending is projected to increase by 2–5% annually and exceed \$1.1 trillion in 2024 (Source: IQVIA, Outlook to 2024, March 2020) with pharmerging markets (including India) leading the way. India's pharma spends are estimated to reach \$31-35 Billion by 2024, growing at a CAGR of 8-11% between 2020 and 2024.

India is likely to become one of the top 10 countries in terms of medicine spending over the next few years. Favourable government policies to ensure access to quality, affordable medicines to the masses, along with rising instances of chronic therapies are the key growth drivers of domestic pharma sector.

Government initiatives such as the National Health Protection Scheme (NHPS) to provide insurance cover to the underprivileged (50 Crores individuals) will enhance reach of medicines across the country. At Alembic Pharma, we are committed to play a more expansive role in facilitating the access of good quality, reasonably-priced medicines and healthcare support across all sections of society in India. We also leverage our expertise and experience to strengthen our presence across key global markets.

### **Delivering on our commitments**

We strive to live up to our rich legacy to help improve healthcare with innovation, commitment and trust. Our diversified product suite, strong customer value proposition, impeccable track record on compliance, best-in-class R&D capabilities differentiate us in highly competitive markets – both in India and outside India.

In 2019-20, we continued to fortify our research capabilities and spent about 14% of our revenue towards R&D activities. Our team of about 1,200 R&D talent empowers us to develop complex products across general injectables, oncology injectables, oncology solids and ophthalmology. Some of these experts are focused on developing niche, specialty products to strengthen our branded product offerings.

Continued investments in R&D have accelerated the pace of Abbreviated New Drug Applications (ANDAs) filings as well as approvals in the US over the past five years. Our filings as well as approvals have grown by three times between 2015-16 and 2019-20; and we are confident of accelerating our pace further.

During the year, we filed 25 ANDAs in the US to achieve cumulative filings of 183 ANDAs and launched 22 new products in the US, up from nine in 2018-19. We continued to gain share and trust of our customers through our distinct products and best-in-class services.

During the year, we gained substantial ground on our capacity expansion and are on track to get approvals for them in 2020-21 as planned. This expansion will enhance our capability to manufacture complex products. Domestic business remained under pressure for most part of the year as the supply chain staggered back to normalcy. This business, though, showed early signs of turnaround during Q4 which appears to be sustainable. During the year, Aleor,

# Performance that outshines

*Improved pace of ANDA approvals by the USFDA provides significant opportunities to the leading pharmaceutical players.*



**Pranav Amin**  
Managing Director

**Shaunak Amin**  
Managing Director

## Dear Stakeholders,

2019-20 was an exemplary year for us as we accomplished our strongest ever financial performance so far. This performance is a combined outcome of our well-defined strategies, strong execution skills and dedication of our people.

### **Pharma industry on stable turf**

According to the IMF, global economic growth slowed down from 3.6% in 2018 to 2.9% in 2019 (Source: IMF). Rising trade tensions between the US and China, possibility of a 'no-deal' Brexit and a slowdown in China were some of the pressure points. Post the pandemic breakout globally in the first quarter of 2020, world economies were forced to lockdown. Consequently, global economic output is likely to decline by 3% in 2020.

Global pharma industry remained stable in 2019. The industry continued to witness competition. Improved pace of ANDA approvals by the USFDA, though, provides significant opportunities to the leading pharmaceutical players. In 2020, leading companies around the globe are moving swiftly to develop treatments aimed at containing coronavirus.

Back home, the pharmaceutical industry remained on firm footing during the year. Improved accessibility to medicines, better purchasing power and rising diagnosis of chronic diseases aided prospects of the domestic industry.

### Outstanding performance by the US generics business

Our US front-end business shined through in a year of underperformance in other international markets owing to rising regulatory pressures. Our US business was riding high on the back of opportunities created in market place on account of competitive environment and new product launches.

The international generics business contributed 54% to our revenues and grew 39% to ₹2,473 Crores. Revenues from US grew 53% to ₹1,976 Crores during the year and formed 43% of our overall revenues. Revenues from non-US international markets remained flat at ₹497 Crores.

Our agile and nimble supply chain clubbed with proactive front end marketing helped us to lead growth in the US market. Our ability to deliver high-quality products in the required quantities, in a timely manner as per the customers' convenience differentiated us from our peers. Consequently, we gained market share, solidified our bond with existing customers and added new customers during the year. With an accelerated pace of new product launches as well as ANDA filing, we are confident of sustaining this momentum in the future. In the non-US market, growth is likely to rebound in 2020-21.

### Domestic business witnessing turnaround

Most of you would be aware of our strategic decision to focus on high-potential, high-margin products (focus products) in the domestic market. We completed this transition in 2019-20 and started witnessing an uptick in performance in the last quarter of 2019-20. For the full year, revenues from this business grew 3% to ₹1,425 Crores and formed 31% of our total revenues.

Our aim is to grow our presence in the specialty and chronic therapies segments. In 2020-21, we expect this business to grow in double digits in sync with the growth in the domestic market. Strong brand recall, an efficient sales force, a growing network of supportive doctors and timely product launches are the key catalysts for this business.

### Strategy on track

During the year, we made steady progress on our capacity expansion plans. Most of our incremental capacities will be up and running by 2021-22. We also continued to grow our R&D spends, which accounted for 14% of our total revenue pie during the year. Our Aleor facility at Karkhadi cleared USFDA inspection without any observations while the formulation oral solids facility in Panelav was audited by the USFDA with four procedural observations. All plants are cleared by USFDA. Our emphasis on launching high-quality, distinct products remains a crucial growth enabler.

Our country is facing an unprecedented crisis arising from the spread of the coronavirus pandemic. In this difficult time, our strategy of having high inventories will safeguard us from any potential supply side issues. We are putting adequate measures in place to ensure availability of raw materials as well as dispatch of our products across all markets.

We have formulated flexible policies on the operational front and all our teams have demonstrated their commitment to counter the COVID-19 challenge.

Being a responsible corporate citizen, we also implemented a host of measures to support our communities as well as warriors of the pandemic. We conduct our business in an ethical, transparent and fair manner and are determined to create and retain value for all stakeholders.

We would like to thank all our stakeholders for their long-standing association with us and seek their continued support.

Best regards,

**Pranav Amin and Shaunak Amin**  
Managing Directors

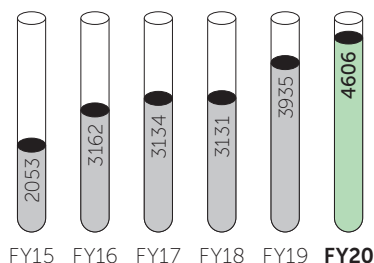
## Key performance indicators

# Consistent performance

## Profit and Loss

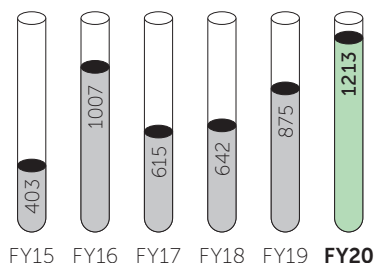
### Revenue

(₹ Crores)



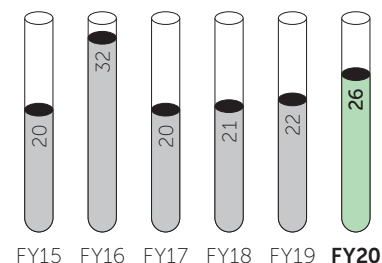
### EBITDA

(₹ Crores)



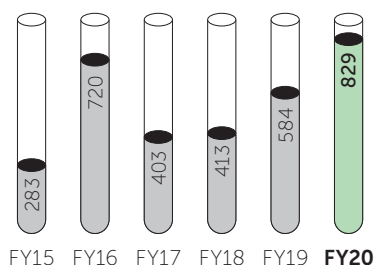
### EBITDA Margin

(%)



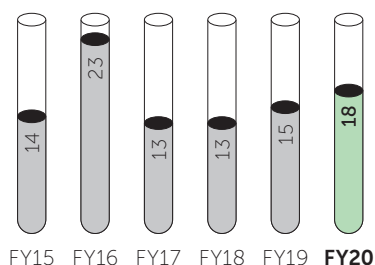
### PAT

(₹ Crores)



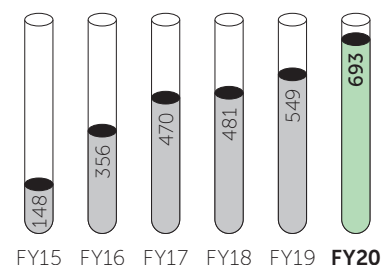
### PAT Margin

(%)



### R&D spend (including capex)

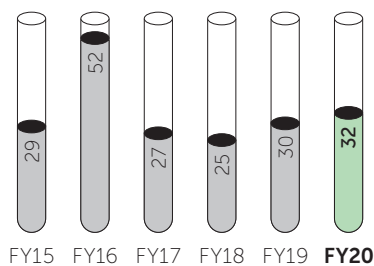
(₹ Crores)



## Balance sheet

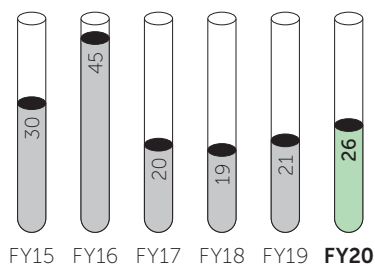
### ROCE###

(%)



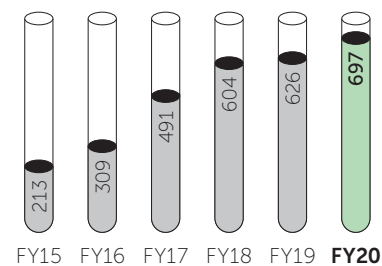
### ROE##

(%)



### Gross capital expenditure

(₹ Crores)

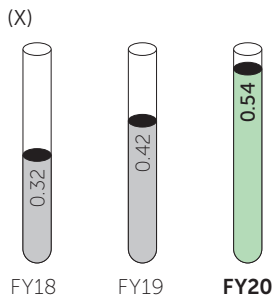


#Excluding new plants

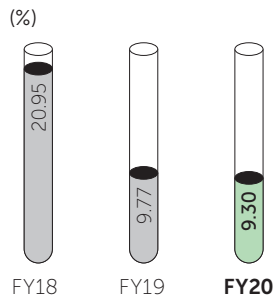
##On account of improved profitability

## Key ratios

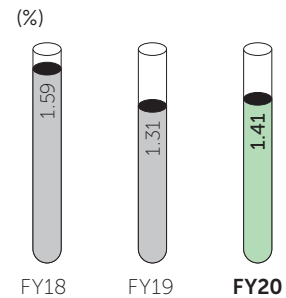
### Debt/equity ratio\*



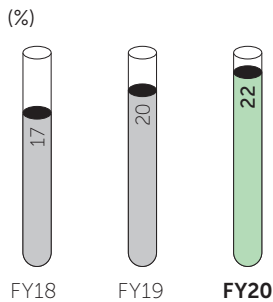
### Interest coverage ratio



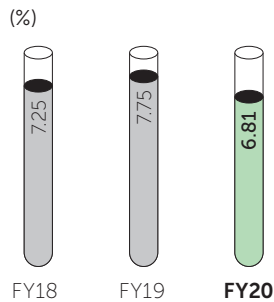
### Current ratio



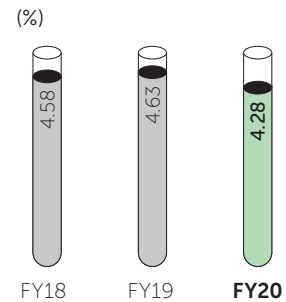
### Operating margin ratio



### Debt turnover ratio

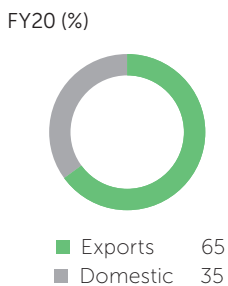


### Inventory turnover ratio

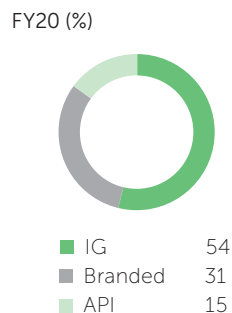


\*There is a change of more than 25% in the debt equity ratio due to increase in debt from ₹ 1129 Crores in FY19 to ₹ 1747 Crores in FY20 to fund our capex programme

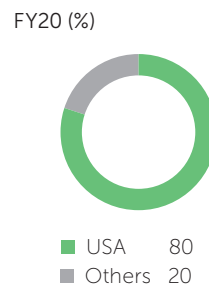
### Sales mix



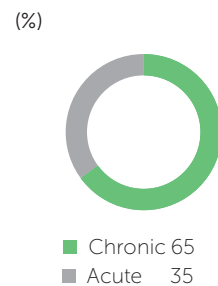
### Business segment mix



### Revenue mix (International generics)



### Domestic branded business – Therapy-wise mix :



**More.**

Our US business has grown at a

CAGR of **45%** over the past five years



- Small dynamic US front end team
- Efforts and capital allocation skewed towards US market

**Less.**

Our approach is to achieve more outcome with less resources on every front of the wide operational landscape.



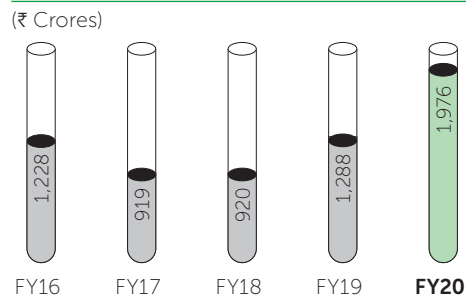
Oncology Injectable and OSD Plant

Our strategy to focus on select, promising markets globally reflects this approach. We set up a front-end in the lucrative US generic market five years ago. Since then, this business has grown considerably and the future outlook is promising. It is now one of the major growth engines of our Company. We wish to offer a comprehensive range of products under dermatology, oncology and ophthalmology therapies. This business is focused on launching high potential, high margin products to maximise existing and emerging opportunities.

Our superior customer advocacy, delivery and compliance mechanisms enable us to strengthen our brand recall and deliver exceptional value. Consequently, within a short time span, we have built a loyal and growing base of customers. Managed by a cohesive team of 10-12 people, this business is gaining significant traction in the US. Revenues have touched over \$250 million in the past five years. Going forward, we are aiming to also specialise in injectables and are focusing on products having lower competition.

Our strategy of allocating capital to grow the US generics business has proved to be successful.

### US Generics sales



Another instance of how we do more with less is to identify niche product opportunities such as Sartans to achieve a healthy balance between growth and profitability. During 2019-20, we again demonstrated our ability to maximise opportunities in a short period, more efficiently than our peers.

To summarise, this approach has paid off consistently and enabled us to maintain a sound financial profile. We have a successful track record of generating more returns, with fewer resources.

# Diversified.

Our products cater to  
**10** therapies



# Concentrated.

Opportunity landscape  
of our key products is  
significant in select,  
concentrated markets

Over the past few years, we have diversified from oral solids to develop products across different dosage forms such as injectables.



Formulation Plant (F1), Panelav

Our product suite is well diversified across dosage forms, branded, generic and the therapies they cater to. Similarly, we have ventured into different international markets holding immense future potential.

Yet, we have put in concentrated efforts on select products such as anti-depressant drug, Venlafaxine to mark our presence globally and generate sustainable returns with a diversified portfolio.

Another product offering significant growth opportunities is Azithromycin, an antibiotic for bacterial infections. In India, we are one of the largest manufacturers of Azithromycin, with a 30% market share in India. Amid rising demand for the product, we have ramped up our production capacity for Azithromycin. This ramp-up is both for the domestic as well as international markets. The demand for Azithromycin has shot up significantly as

it is being tried to treat coronavirus in combination with hydroxychloroquine in the US and several parts of Europe.

We have secured final approval from the USFDA to launch Azithromycin in the US in January 2020 and have recently launched the product in the US. Azithromycin tablets have an estimated market size of \$129 million for 12 months ended September 2019 according to IQVIA.

Thus, the fine balance between diversity in portfolio and concentrated initiatives on select market segments hold us in good stead. We will continue to strengthen this balance, going forward.

## People driven.

Superlative performance enabled us to file 25 ANDAs per year, owing to quality talent and autonomy



Robust plant SOPs have ensured successful completion of audits without major 483's consistently over years

## Process driven.

**We believe empathetic, need-based people practices and efficient processes go hand in hand and are crucial growth enablers.**



Our people policies span the entire spectrum of hiring the right talent, upskilling them, and motivating them to put their best foot forward, every day. We provide our people an enabling work environment that encourages engagement, sharing of knowledge, concerns and where the cross-pollination of ideas can always bloom.

To take a specific example, our US team is committed and stable, and our overall attrition rate has declined over the years. Our team in India has also grown over the years, and are meeting global benchmarks. Our well-articulated people policies and procedures play an important role in making us one of the preferred employers in the pharmaceutical sector.

Our team of about 11,500 people know that constant adaptation, rapid learning, unlearning and relearning can only take us forward in a dynamic operating environment. This is where our robust processes come into the picture. These processes straddle multiple routine and non-routine activities including efficient 'change management' in the organisation.

Our processes strengthen all our functions and help us to be future-ready. For instance, our consistent R&D

initiatives have helped accelerate the pace of ANDA filings over the past five years. The launch of new, and relevant products and therapies across markets will be one of our key growth catalysts.

This prudence in processes is also reflected in our overall financial strategy. We have accomplished some of the industry-leading return ratios, margins and have among the lowest receivables in the industry. Our debt levels are also contained below 1x and we are planning to deleverage our balance sheet in future.

At Alembic, quality is an absolute non-negotiable. The integrated nature of our plant standard operating procedures ensure that we maintain highest compliance standards. The result is that we are among the few companies in the Indian pharmaceutical industry to have clean status for our USFDA plants. A case in point is our Aleor plant which was cleared with zero observations and F1 plant with minor observations.

Today.

Delivered  
highest-ever

Revenues

Profits



Consistent investment  
in future revenue  
generating streams viz  
new plants, new therapies,  
R&D capabilities and  
partnerships

Tomorrow.



General Injectable and Ophthalmic Plant (F3)

Our success is defined equally by our achievements today and our futuristic thinking to prepare for the emerging opportunities and risks. On one hand, we are closely connected with the ground realities in our business segments and have a demonstrated ability to identify and maximise short-term opportunities.

On the other hand, we are making investments to augment our capabilities in R&D, manufacturing, people and processes and capture the medium-to-long-term growth opportunities across our key markets. Simultaneously, we have put in place a robust and efficient risk management system to ensure that risks are kept within reasonable limits and any significant impact on our operations and financials is mitigated in the best possible manner.

Our financial performance enables us to generate growth capital, which is invested back in our plants, products, therapies and strategic partnerships. Thus, staying strong today is a pre-requisite for us to become a better company tomorrow.

For us, at Alembic, improvement in operational efficiencies is an on-going process. One example of this can be found in the way we manage our R&D

function. We proactively scan our R&D grid to realign our product portfolio by mapping it with critical factors such as potential to garner desired market share and generate profits. Products that don't fit the criteria are dropped from the grid. Thus, we ensure that our R&D efforts are moving in the right direction.

The US front-end is a credible example to demonstrate how we are optimising both short-term and long-term opportunities. With our unwavering focus on quality and customer-service, we have managed to build a loyal customer base in a short span of time. Close customer relationships have helped us to ensure we were key beneficiary of supply disruptions, despite having less than five years of US front-end experience.

Our focus is on closing near-term, high-margin deals and also reaching out for new customers. This strategy has worked well for us. In fact, we are among the few Indian companies to do well in both the US as well as domestic markets. This fact is significant, especially at a time when many of our peers are slowly withdrawing from the US generics market to expand in the domestic market.

# Consistent adaptation is progress



New Oral Solid Plant (F4)



*Our international generics business span USA, Canada, Europe, Australia, South Africa and Brazil. In recent years, we have undertaken capacity expansion to build manufacturing capabilities to cater to these markets. These markets have their unique opportunities and challenges, which we manage with prudence.*

*Simultaneously, we have stepped up our R&D spends to build a pipeline of future-ready products. We endeavour to grow in dermatology, ophthalmology, oncology and injectable formulations.*

## Key highlights of 2019-20

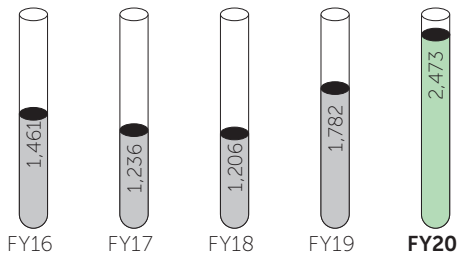
- This business contributed 54% to our total revenues in the year. Revenues from this business grew 39% to ₹2,473 Crores from ₹1,782 Crores in 2018-19. An exemplary performance from our US front end led this performance. Revenues from this business stood at ₹1,976 Crores during the year – contributing 43% to our overall revenues and 80% to the international generics business. Our US revenue grew 53% from ₹1,288 Crores in 2018-19.
- Excluding US, this business remained flattish during the year with revenues of ₹497 Crores vis-à-vis ₹494 Crores in 2018-19. The performance of this business was driven by new product launches, strategic partnerships and solid relationships with customers.
- We have completed a large part of our capex during the year and are looking forward to tap the opportunities in the segments of ophthalmology, general injectables, oncology injectables and oral solids.
- We maintained strong compliance as the Aleor derma facility at Karkhadi, which was audited by the USFDA without any observations. While the Formulation oral solids facility (F1) at Panelav received four observations post inspection of the USFDA, the same were procedural in nature.
- We launched 22 new products in US as against nine products in 2018-19 and will be ramping up new product launches in the future.

### Update on Rhizen Pharmaceuticals

- Rhizen Pharmaceuticals SA, of which we own 50% equity will start contributing meaningfully in 2020-21 with first out-licensed product expected to be filed during the year.
- Rhizen had entered into an out-licensing agreement for TGR-1202 (Umbralisib) with TG Therapeutics in September 2014.
- TG Therapeutics is expected to complete the submission of an NDA for Umbralisib for Marginal Zone Lymphoma (MZL) and Follicular Lymphoma (FL) indications by 2020-21.
- TG Therapeutics announced positive results from the Phase 3 trial evaluating Umbralisib and Ublituximab for Chronic Lymphocytic Leukemia (CLL) with a filing expected in 2020-21.
- Rhizen Pharmaceuticals is eligible to receive milestone payments for filing, approval and launch of product and then sales-based royalties.

### International Generics sales

(₹ Crores)



### Risks and challenges

High competitive intensity is a key risk for us. Driving operational efficiencies by building better supply chains has become a key focus area for us.

This business is vulnerable to risks arising out of currency movements, regulatory changes and geo-political events.

### Future priorities

We are looking to launch new and distinct products across all our markets and enhancing the value proposition of existing products. Our focus is on developing complex, niche products having limited competition.

We are making the requisite investments to strengthen our workforce, upskill them and welcome new recruits. This is in sync with our plans to expand capacities and cater to the growing demand.

We have a prudent hedge policy in place to manage this risk.



API 1, Panelav

## Operational review: Domestic branded business

# Growing with clarity and courage

*This business comprises branded and generic formulations with leading market share in multiple therapies including cardiology, anti-diabetic, gynaecology, gastrology, dermatology, orthopaedic, ophthalmology, nephro / uro, anti-infective and cold & cough.*



Research and Development Center, Vadodra

### Key highlights of 2019-20

- This business contributed 31% to our full year revenues and grew a muted 3% to Rs. 1,425 Crores from Rs. 1,382 Crores in 2018-19.
- Chronic therapies account for 65% of domestic revenue and 93% of new launches in the last five years.
- Acute portfolio (cough & cold, pain management and anti-infectives) fairly resilient in the face of current disruption.
- Benefits of the portfolio and incentive rationalisation exercise expected to be visible starting 2020-21.
- Per capita sales per month is low for us and this gives us significant scope for improvement in MR productivity. This will be visible in 2020-21 and onwards.
- This weakness was on account of the realignment we undertook over the past three quarters. Post this strategic re-alignment, our portfolio now comprises high growth molecules and brands across acute and chronic therapies.
- Withdrawal of stockist promotions and inventory adjustments initiated towards the end of 2018-19 will help improve supply chain hygiene henceforth.
- Impact of the lockdown imposed to contain the spread of coronavirus was neutral on our business.
- The business recovered in the last quarter of 2019-20 and we expect this momentum to continue going forward.
- The domestic market is growing at a healthy pace and we expect to grow at industry levels in 2020-21.
- Our strong field force, association with doctors and right product launches are some of the key enablers for this business.

### Risks and challenges

Inconsistent implementation of the drug price control policy in India. Prices of drugs in the National List of Essential Medicines (NLEM) are decided by the government on its own, without any industry representation.

Amid high competitive intensity, we have to constantly enhance our reach and manage our supply chain to ensure availability of our products across the country.

### Future priorities

We strive to provide high quality, highly efficient products at affordable rates to meet the medical needs of the Indian population. We are looking to build our portfolio of specialty products to drive future growth.

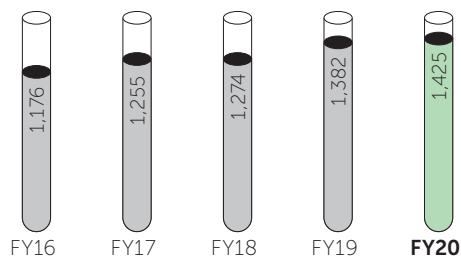
Adding new customers and creating better value for the existing ones is a key priority for us.

We also aim to improve the productivity of our field force to further expand the customer base and make our products more accessible.



### Domestic branded sales

(₹ Crores)



Formulation Plant, Sikkim

## Financial review

# Sound foundation to create value

*2019-20 was a remarkable year for us wherein we recorded the highest-ever revenue as well as net profit in our history. US generics business was at the forefront of growth as we demonstrated, once again, our ability to capture realisable opportunities in an agile yet efficient manner.*



Our consolidated revenue for the full year stood at ₹4,606 Crores, up 17%, compared to ₹3,935 Crores in FY19 with a 10-year CAGR growth of 15%. Our Consolidated PAT grew at a faster pace than the revenues. This metric grew by 42% to ₹829 Crores from ₹584 Crores in FY19. The 10-year CAGR for PAT stood at 36%. Our EBITDA recorded a 10-year CAGR of 26% to reach ₹1,213 Crores in FY20 from ₹875 Crores in FY19. We were able to drive higher operational efficiencies by addressing bottlenecks across our operations. This, along with rising share of high-margin

products in our portfolio have aided overall profitability.

We continued to create value for our shareholders through capital appreciation as well as by paying dividends consistently. As on March 31, 2020, our market capitalisation was ₹10,071.46 Crores and we paid an interim dividend of ₹7.0 per equity share and additional special dividend of ₹3.0 per share (totaling 500%) on a face value of ₹2 per equity share. In 2018-19, we had paid a dividend of ₹5.5 per equity share (275%).

We incurred capex of ₹697 Crores in 2019-20 and with this, a large part of the capital expenditure is behind us. In 2020-21, our capex is likely to peak out at ₹700 Crores per annum and from 2021-22 will normalise to ₹300-350 Crores. While our debt to equity (net) inched up to 0.52x in 2019-20 from 0.34x in 2018-19, it will come down once new investments starts generating revenues from 2021-22. Thus, we are aiming to further strengthen our balance sheet as well as cashflows over the next couple of years.

### CFO's commentary

The strong traction in the US market powered our performance in 2019-20. This performance is an outcome of our futuristic approach, robust execution capabilities, agility of our supply chain, superior compliance record and best-in-class service offerings. Our domestic business gathered momentum by the end of the year, despite remaining weak in the first three quarters. Our non-US markets registered uninspiring growth owing to the implementation of serialisation at plant.

During the year, we continued to eliminate redundancies and bottlenecks in our processes across all facilities. Concurrently, we continued to make the requisite investments in R&D and capacity expansions to leverage future opportunities. As we strengthened our capabilities to manufacture a diverse range of products, we expect to garner additional market share across all our business segments.

We follow a disciplined approach while managing our financials. New product launches will drive performance of the US markets and the domestic market offers significant potential to generate higher cashflows and attractive return ratios on the back of relatively lower investments.



Once commissioned, our enhanced capacities will be adequate to drive our growth over the ensuing three to four years. As capital investment declines post 2020-21, we will witness higher cashflow generation and more attractive return ratios. Cashflows so freed up will be used to de-leverage our balance sheet to maintain optimum debt. As expected, we continue to receive high credit rating of AA+ (stable) by CRISIL while

raising long-term debt and A1+ by CRISIL for short-term debt. High investment grade helps us restrict our cost of funds. A robust financial strategy remains an important priority for us.

Best regards,

**Raj Kumar Baheti**  
Director – Finance and CFO

# Well-prepared to combat challenges

Principal risks	Mitigation strategy
<p><b>Quality risk</b> In case of discrepancies during packaging/ manufacturing, adverse event may occur due to failure of collection, review, follow up, or report adverse events from all potential sources.</p>	<ul style="list-style-type: none"><li>• Constant quality enhancements across plants to comply with international standards</li><li>• Improvements incorporated throughout the organisation and team committed to quality standards and procedures</li></ul>
<p><b>Regulatory &amp; Compliance</b> An unfavourable facility inspection from any major regulatory body, leading to significant delay of product exports.</p>	<ul style="list-style-type: none"><li>• Established a strong team of experts with domain expertise</li><li>• Robust quality system across the organisation to ensure complete compliance</li><li>• Effective training to all technical personnel</li><li>• 24x7 audit preparedness as a result of frequent mock audits</li></ul>
<p><b>Competitive dynamics</b> Adverse global and domestic demand-supply dynamics and unfair trade practices can pose competitive risks.</p>	<ul style="list-style-type: none"><li>• Continuously monitor and evaluate the market developments and competitive landscape</li><li>• Nimble supply chain to ensure products being delivered at the place of demand always in time</li></ul>
<p><b>Currency risk</b> Our expenses and investments are primarily in Indian currency. However, revenues are spread out across various international currencies. Therefore, our income may be vulnerable to fluctuations in exchange rates.</p>	<ul style="list-style-type: none"><li>• Established robust currency hedging strategy and execution capabilities to safeguard ourselves</li></ul>
<p><b>Environment, Health, Safety and Sustainability</b> Any shortcoming in compliance with Company policies on maintaining Environment, Health, Safety and Sustainability standards can erode the brand image and trust.</p>	<ul style="list-style-type: none"><li>• Greater focus and increased regulatory activity on environmental issues</li><li>• Stringent controls and governance framework enabling compliance</li></ul>

<p><b>Temporary delay</b> Any delay in approval of new plants will lead to delay in launch of new products, resulting in revenue and opportunity loss.</p>	<ul style="list-style-type: none"> <li>• Stringent monitoring of new plant activities for timely commissioning and completion of audits</li> <li>• Built strong R&amp;D expertise to leverage manufacturing opportunities on receiving approvals</li> </ul>
<p><b>Intellectual property</b> The Company may run the risk of running into litigation if company's products and processes infringe patent held by other manufacturers.</p>	<ul style="list-style-type: none"> <li>• Created a vigilance mechanism via an IPR department to check for possible infringement of intellectual property rights of patent holders/innovators</li> </ul>
<p><b>Cyber security</b> Data protection is of utmost importance and lack of which can lead to tangible and intangible losses.</p>	<ul style="list-style-type: none"> <li>• Strong cyber security infrastructure with a robust data protection policy</li> <li>• Constant investment in upgrading skills of manpower and systems</li> </ul>

## Internal control systems and their adequacy

At Alembic, we maintain a system of well-established policies and procedures for internal control of operations and activities. We continuously strive to integrate the entire organisation from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. Adherence to statutory compliance is a key focus area for entire leadership team of the Company.

We had appointed Ernst & Young, LLP, as internal auditors with the prime objective of testing the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for periodical review. The enterprise-wide risk evaluation and validation process is carried out by the Risk Management Committee and the Board of Directors.

To set the tone for the Company to attain effective and efficient internal control and documentation, we have already institutionalised a document management system for both core and strategic operations. Moreover, the Company has obtained ISO 9001 and ISO 14001 certifications and adheres to the standard operating procedures relevant to our manufacturing and operating activities.

## External environment

# Trends shaping our future

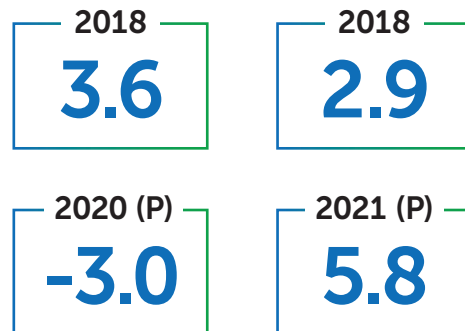
*The world around us is becoming increasingly unpredictable and volatile. We keep a close watch on the emerging realities in our external environment. The trends and the way we respond to them broadly shape our long-term ability to create and retain value.*



### Economic uncertainty

As estimated by IMF, global economy grew by 2.9% in 2019, down 70 basis points over the growth witnessed in 2018. However, post the spread of coronavirus pandemic in 2020, the IMF expects the world economy to slip into recession and decline by 3% in 2020. Indian economy, however, is likely to do better than the rest. IMF estimates Indian economy to grow by 1.9% in FY20. In 2021, though the situation is expected to normalise with world economy likely to grow by 5.8% and Indian economic growth pegged at 7.4%. There could be a temporary weakness in non-critical treatments.

### Global growth (GDP) trend (%)



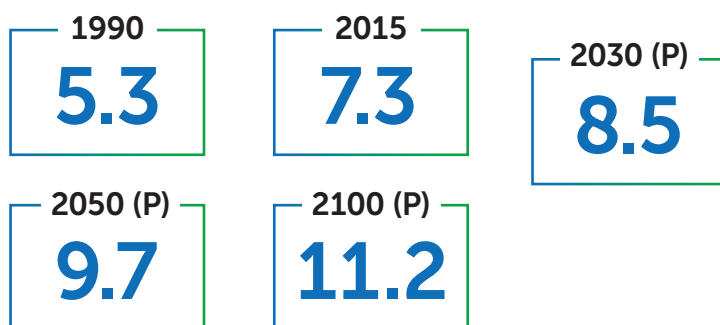
Source: IMF World Economic Outlook, April 2020  
P: Projections



## Demographic shifts

From 7.8 Billion in May 2020, global population is projected to reach 8.5 Billion in 2030 and 9.7 Billion in 2050 (Source: United Nations). While Africa will be the largest contributor to this growth, Asia will be the second (with China and India being the most populated countries). Part of the increase in population will be on account of improving life expectancy rates. This, along with weakening fertility rates could lead to higher proportion of ageing population around the world. It is expected that the number of people aged 80 or above could increase by over three times to 425 Million globally between 2017 and 2050. Thus, spends on medicines are likely to stay strong in the future.

### World population (In Billion)



Source: <https://www.un.org/en/sections/issues-depth/population/>  
P: Projections



## Serialisation requirements

To combat the menace of counterfeit medicines, the EU region introduced a serialisation policy in February 2019. The policy involves multiple changes to manufacturing and overall distribution systems and entails significant investments in requisite technology by pharma companies. While this is a step in the right direction, it had an impact on EU pharma markets during 2019-20. Even as the situation has normalised currently, other markets in the world are also likely to implement such norms.



## Growing pressure on pricing

Over the past few years, there has been an increase in the demand for quality medicines and healthcare facilities at reasonable rates. Many countries have introduced measures to regulate the prices of medicines and make them more accessible to all sections of the society. In India as well, prices of 851 medicines are regulated under the Government of India's National List of Essential Medicines, 2015. Pharma companies around the world are aligning their cost structures to meet these requirements and maximise this opportunity.



## Prevalence of chronic diseases

Significant changes in lifestyle and food habits of people in recent times have led to a rapid increase in cases of chronic diseases across large parts of the world. Obesity, cardiovascular diseases, hypertension and diabetes are common diseases in many developing and developed countries. This trend is likely to continue and will exert higher pressure on governments and public health systems globally to provide requisite medicines and affordable treatments for these diseases.

## Strategic enablers

# Pillars that underpin consistent performance

*Our mission 'to improve healthcare with innovation, commitment & trust' shapes everything that we do. The four pillars of quality, capability, customer centricity and diversity are the key enablers for our future growth.*



## Quality

Maintaining quality is paramount in our operational ecosystem to be able to deliver consistently and retain our brand reputation. Our management helps ensure complete compliance with regulations. It is our constant endeavour to push the bar higher for quality excellence. Inspired by our leadership, every member of our team has embraced a culture of quality.

We follow a two-pronged approach towards quality control with an emphasis on strengthening our people and manufacturing capabilities.

### Enhancing our people capabilities

At Alembic, learning and development is an ongoing process. We conduct varied training programmes for our people working across functions to upskill them about our quality processes. Through our training lab, we create awareness about Good Manufacturing Practices (GMP) among our teams. Trainings also cover topics such as maintaining documentation, providing need-based technical trainings on equipment/machines and so on. We engaged with external



agencies like National Science Foundation (NSF) to train our middle management on critical topics such as compliance. These initiatives have boosted employee confidence and our employee retention rates have spiralled up over the past few years.

### Upgrading our manufacturing capabilities

We continue to embrace technology and upgrade our facilities with the objective of enhancing the quality of our products as well as processes.

Some of the important initiatives implemented in recent years include adoption of Laboratory Information Management System (LIMS) in our plants (ensure seamless workflow and data tracking) and Quality by Design (QbD) initiative to enhance the safety and efficacy of our products. At Alembic, we strive to improve quality of our products continuously and thereby, create superior value for our customers.



# Capability

## Major capacity expansion nearing completion

We are on track to finish our large capex projects worth ₹2,000 Crores in 2020-21. Post this capacity expansion, we will have enhanced new dosage offerings and will be able to cater to the strong demand in US generics segment. Benefits from these expansions are likely to start from 2021-22. Our focus is on ramping up filings across ophthalmology, general injectables, oncology injectables and oral solids. Our emphasis is on strengthening capacities and growing our product portfolio to meet emerging and existing needs of patients.

## R&D capabilities

- Our unwavering focus on developing innovative solutions to meet patient needs around the world lends us a distinct, sustainable competitive edge. Our team of about 1,200 R&D employees with diverse skill sets are working relentlessly to enable us to accelerate the pace of filings.
- R&D as a % of revenue has increased from 6.7% in 2014-15 to 14% in 2019-20. We are able to generate windfall gains from product-specific opportunities because of these concentrated efforts. We have reinvested gains for sustainable growth.
- 90% of our R&D spends are directed towards the high growth US market. We continued to invest in R&D against the run of play with several generic players downsizing their US investments. This contrarian approach has paid rich dividend.

- We have adopted a prudent strategy involving a mix of low-risk and high-risk Para IV filings.
- Several filters are implemented before taking a product in the R&D grid with large cross-functional teams required to validate the decision.
- With injectables and complex generics in the pipeline, R&D investments are expected to start yielding dividends from 2021-22 onwards.
- We are providing products in different dosage forms across several therapies to maximise the opportunities across all our markets.
- During the year, we augmented our ability to file products based on technology such as hot melting extrusion, powder layering technology, among others.
- We are also developing process analytical tools to enhance the quality and efficacy of our products.
- Besides complex products, we are developing niche and specialty products at our
- R&D facilities. Our R&D pipeline currently stands at 200+ products and we expect to file 25-30 new filings every year.

## Update on audit/filing status

### International generics

F1-Panelav	General oral solids	March 2020 <sup>#</sup>
F2-Panelav	Oncology oral solids	June 2019 <sup>#</sup>
	Oncology injectables	H2FY21 <sup>##</sup>
F3-Karkhadi	General injectables ophthalmic	January 2020 <sup>##</sup>
F4-Jarod	General oral solids	H1FY21 <sup>##</sup>
Aleor (JV) Karkhadi	Various derma forms	January 2020 <sup>#</sup>

### API

API I & II-Panelav	December 2018 <sup>#</sup>
API III-Karkhadi	January 2020 <sup>#</sup>

■ Location
 ■ Dosage form
 ■ Audit/Filing status

<sup>#</sup>Last USFDA Inspection    <sup>##</sup>Filing/Expected filing

## Strategic priorities



## Customer-centricity

### Responding swiftly to newer opportunities

In 2019-20, we demonstrated our ability to respond swiftly and efficiently to the emerging needs of our clients. A case in point is the sartans opportunity. As some of peers struggled with issues related to impurity in manufacturing sartans, we moved quickly to capture the opportunity. Our swiftness in developing high-quality products and delivering them to our customers in a timely manner enables us to gain share.

We believe, sartans opportunity will remain strong over the next three to six months and with 15 ANDAs across different combinations, we are well equipped to maximise its potential. We have been able to capitalise on such opportunities consistently, leading to substantial market share gains. Our US business registered robust growth during the year and we are making the requisite investments to fortify it further. Strengthening our supply chain and delivering superior customer experience are key focus areas for this business. As supply disruptions started to correct, our domestic branded business gathered momentum in the last quarter of 2019-20. This business caters to about 1,75,000 doctors across 17 segments in India and is ready for a successful turnaround in 2020-21.

### Strong fundamentals of the API business

The key strengths of our API business are the advanced technology and our high manufacturing expertise. As a consequence, we have become one of the preferred suppliers of



our customers. This is reflected in our high customer retention and repeat order levels. Over the past two to three years, we doubled our API capacity to 1,100 metric tonnes per annum in order to meet the rising demand. We have implemented several measures to enhance operational efficiency of this business including automation of our processes to reduce contamination.

We believe there are immense opportunities in our current APIs including Azithromycin. The API business witnessed softness in 2019-20 due to lack of orders from a large manufacturing deal with an MNC. The rest of the business witnessed growth upwards of 20%+in the year. We believe this business is on a solid turf and expect it to grow by at least 15-20% in 2020-21.



### A growing suite of products

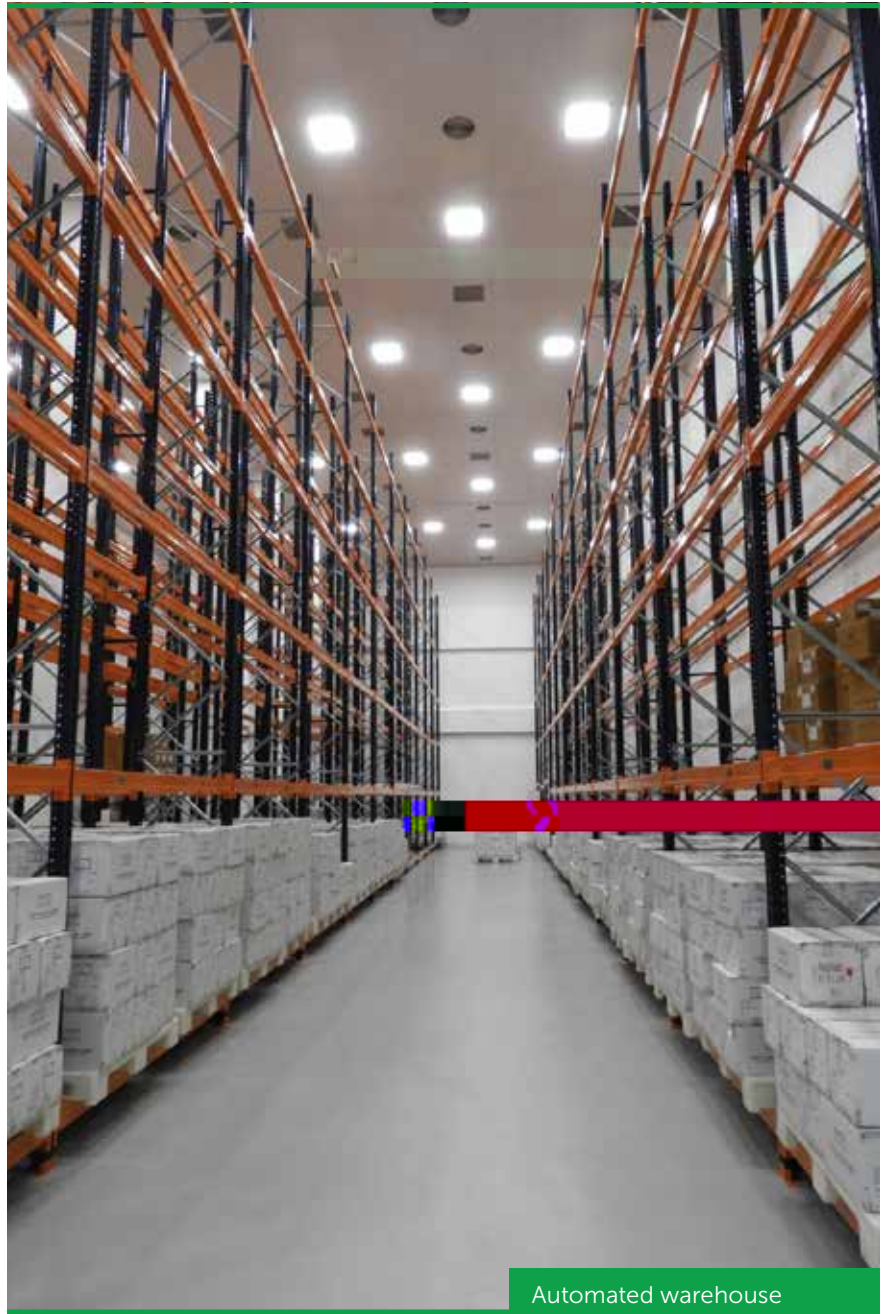
In a bid to serve our patients better, we have been focused on developing varied products for different therapies and across dosage forms. We have come a long way from being focused largely on oral solids a few years back and today offer a wide portfolio of products. Our domestic business caters to chronic and acute therapies including cardiology, anti-diabetic, gynaecology, gastrological, dermatological, orthopaedic, ophthalmology, nephrology/urology, anti-infective and cold & cough. Our offerings in the specialty segment have been quite successful and we are working to further augment this portfolio.

### Our diverse team

At Alembic, our commitment to drive inclusiveness is reflected in the diversity of our workforce. Our people come from different backgrounds, skillsets, culture and experiences. Together, they empower us to cater to patients around the world with relative ease on one hand, and to respond swiftly to their emerging needs, on the other. Our people culture is based on meritocracy with well-defined rewards and recognitions mechanisms in place. By providing a nurturing environment to our people, we motivate them to put their best foot forward, every day.

Total strength

# 11,500+



Automated warehouse

## Board of Directors

# Committed to excel



1

**Mr. Chirayu Amin**  
Chairman & CEO



Mr. Chirayu Amin, the chairman of the Alembic Pharmaceuticals Limited, has played a pivotal role in the growth of the organisation. Being an MBA from the United States, Mr. Amin has well adapted to the changing needs of modern day business while keeping intact the legacy of more than 100 years. Along with being the chairman of all Alembic Group businesses, he also holds the trusteeship in the hospital and schools, which are under charitable trust.

2

**Mr. Pranav Amin**  
Managing Director



Mr. Pranav Amin is the Managing Director of Alembic Pharmaceuticals Ltd. and heads the International Business Unit of the Organisation. He joined the organisation in 2007 and took charge as a Managing Director in 2016. A graduate in Economics/Industrial Management from the Carnegie Mellon University in Pittsburgh, USA and MBA in International Management from Thunderbird, USA, he is a great people leader and leads his enterprise through involvement, empowerment, and autonomy.

3

**Mr. Shaunak Amin**  
Managing Director

Mr. Shaunak Amin has graduated from University of Massachusetts, USA with Economics as his specials. He has varied work experience with renowned multinationals including Merrill Lynch, Hong Kong and Shanghai Banking Corporation, etc. His extensive experience in Sales and Marketing has benefited the Company immensely in achieving the new heights in sales.

4

**Mr. Raj Kumar Baheti**

Director - Finance & CFO



Mr. R. K. Baheti is commerce graduate and a fellow member of Institute of Chartered Accountants of India. He is also a fellow member of Institute of Company Secretaries of India with wide and varied experience in Finance, Accounts, Taxation and Management.

5

**Mr. K. G. Ramanathan**

Independent Director



Mr. K. G. Ramanathan is a postgraduate in Physics from University of Madras and is a retired IAS Officer. He has worked in senior administrative positions with the Government of Gujarat and Government of India. He has wide industrial experience particularly in the fields of fertilizers, chemicals and petrochemicals. Before his retirement from government service, he was the Chairman and Managing Director of Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India. Mr. Ramanathan is the Chairman of Chemical and Petrochemical Manufacturers Association of India. He is also the founder President of Indian Centre for Plastics in the Environment (ICPE).

6

**Mr. Pranav Parikh**

Independent Director



Mr. Pranav Parikh is a Commerce Graduate and has done Business Administration Program at Harvard University, USA. He is an Industrialist and is Chairman of TechNova Imaging Systems (P) Ltd. and Director of Lemuir Group of Companies. He has vast experience as an industrialist and has been an active participant in various industrial fora and organisations.

7

**Dr. Archana Hingorani**

Independent Director



Dr. Archana Hingorani is a Bachelor of Arts (Economics) with post-graduate qualifications in Management (MBA) as well as a Ph.D. in Corporate Finance from the University of Pittsburgh, USA. Dr. Hingorani was Chief Executive Officer & Executive Director of IL&FS Investment Managers Limited. She was also a member of The India CEO Forum – International Market Assessment, Asia, Young Presidents’ Organisation, Mumbai Chapter, United Nations Environment Programme, Finance Initiative, CII National Committee on Infrastructure Finance and was on the Advisory Council of Emerging Markets Private Equity Association (EMPEA). She has over 28 years’ experience in the financial services business, teaching and research.

8

**Mr. Paresh Saraiya**

Independent Director



Mr. Paresh Saraiya is a senior business leader with over four decades of rich and diverse experience in technical and commercial areas. He is a Graduate in Mechanical Engineering from The M.S. University of Baroda. He started his career with Transpek-Industry Limited (TIL), and after gaining rich experience of more than 25 years managing various functions, he assumed charge as Managing Director of Transpek-Silox Industry Pvt. Ltd. (TSIPL) in Year 2001. He has held key positions in various trade bodies such as Federation of Gujarat Industries (FGI) - Vadodara, CII- Western Region and Gujarat Safety Council. He is also associated with various socio cultural organisations as Trustee

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

C Chairman    M Member

## Responsible growth

# Growing together

Using our resources efficiently



### Conservation of energy

- Replacement of CFL bulbs with LED lighting across our facilities
- Installation of solar power and wind power at our facilities



### Sanitation

- Constructed 242 household toilets in Karkhadi and Pindapa panchayat of Vadodara District
  - Constructed 346 household toilets in Tajpura, Dadiyapura and Shivjipura villages of Vaseti Panchayat
- 1,947 toilets constructed since initiating this programme in 2015-16
  - 1,900+ lives benefitted from this project in 2019-20
  - 2 Panchayats including Tajpura, Dadiyapura and Shivjipura villages of Vaseti Panchayat and Pindapa Panchayat have been declared Open Defecation Free (ODF)



### Tree plantations

- Planted 100 saplings at the Gopipura village and nearby panchayat
- Planted 1,300 saplings over the past 5 years in 4 panchayats of Panchmahals district

### Fight against COVID-19

- Made contributions to
  - Chief Minister's Fund of Gujarat (₹1 Crores)
  - Sikkim state (₹15 Lakhs)
  - Vadodara City Mayor's Fund (₹10 Lakhs)
- Provided hot cooked meals to 215 migrant workers staying at 14 night shelters of Vadodara Municipal Corporation (VMC) during the entire lockdown period
- Set up 50 Information, Education and Communication (IEC) Boards near city bus stands to spread awareness about COVID-19
- Commenced Bhailal Amin General Hospital (BAGH) COVID helpline to generate higher awareness and address grievances
- Provided frontline health professionals with Personal Protection Equipment (PPE) comprising
  - 20,000 disposable masks
  - 5,500 3-ply masks
  - 3,000 N-95 masks
  - 300 PPE kits



## Building stronger communities

- Conducted workshops and camps to promote education and create awareness around prominent health issues in the Sindhrot Panchayat.
- Completely adopted three schools in Chhota Udepur on pilot basis to improve quality of teaching through helping improve the results.
- Conducted district level teacher training for the past four years.

- 7,027 lives benefitted from these initiatives
- 558 student beneficiaries
- 530 teachers from 108 government, residential and grand-in-aid schools from Chhota Udepur received training.

Alembic CSR Foundation is working in 15 villages in and around Panelav since last 35 years. Foundation is working on various thematic area like health and community development.

- Free Blood Transfusion Centre at (BAGH).
- Organised blood donation camps.
- Alembic Foundation runs Vikas Arogya Kendra (Medical Clinic) to provide free treatment and medication services to patients of nearby villages at Panelav.

- 650 patients underwent blood

- Alembic Foundation provided full support to provide relief to victims of the Vadodara flood.
- Conducted awareness programmes on various health issues across 15 villages.

### Spreading Smiles

Through this initiative, our employees and their family members engage closely with the community. They spend their weekends with marginalised groups and help them through several initiatives.

# Board's Report

Dear Members,

Your Directors have pleasure in presenting their 10<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2020.

## 1. Operations and State of Affairs of the Company:

Particulars	₹ in Crores			
	Standalone Basis		Consolidated Basis	
	2020	2019	2020	2019
<b>For the year ended 31<sup>st</sup> March</b>				
Revenue from operation	4,132.55	3,660.27	4,605.75	3,934.68
Other Income	134.75	6.42	4.94	9.38
Profit for the year before Interest, Depreciation & Amortization and Tax	1,327.65	885.10	1,184.30	882.95
Less:				
Interest (net)	25.19	14.87	27.16	18.41
Depreciation & Amortization Expense	135.67	105.59	157.32	115.23
Provision for Taxation	197.39	153.41	199.18	156.74
Share of Profit / (Loss) of Associates, Joint Venture	-	-	(0.05)	9.28
Non-controlling Interest	-	-	(28.12)	(1.08)
<b>Net Profit for the year</b>	<b>969.40</b>	<b>611.21</b>	<b>828.82</b>	<b>584.37</b>
<b>Retained Earnings – Balance brought forward</b>	<b>1,296.49</b>	<b>919.76</b>	<b>1,286.87</b>	<b>937.00</b>
Less:				
Other Comprehensive Income	9.33	1.90	9.41	1.92
Provision for Debenture Redemption	41.67	41.67	41.67	41.67
Dividend paid on Equity Shares during the year	292.20	75.41	292.20	75.41
Corporate Dividend tax paid during the year	33.77	15.50	33.77	15.50
Transfer to General Reserve	200.00	100.00	200.00	100.00
<b>Balance carried forward</b>	<b>1,688.92</b>	<b>1,296.49</b>	<b>1,538.64</b>	<b>1,286.87</b>

The break-up of consolidated sales including export incentives is as under:

Particulars		₹ in Crores	
		2020	2019
Formulations	India	1,425.32	1,382.32
	International	2,472.84	1,782.20
API	India	164.84	122.74
	International	542.75	647.42
<b>Total</b>		<b>4,605.75</b>	<b>3,934.68</b>

The Company has prepared the Standalone and Consolidated Financial Statements in accordance with the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

## 2. Transfer to Reserves:

The Company has transferred an amount of ₹ 200 Crores from the net profits of the Company to General Reserve for the financial year under review.

## 3. Dividend:

The Company paid an Interim Dividend of ₹ 7/- (350%) per equity share and an additional Special Dividend of ₹ 3/- (150%) per equity share aggregating to total Interim Dividend of ₹ 10/- (500%) per equity share having face value of ₹ 2/- each for the financial year 2019-20 as against the Final Dividend of ₹ 5.50 (275%) per equity share for the financial year 2018-19. The aforesaid payment of Interim Dividend may be treated as Final Dividend.

**4. Management Discussion and Analysis Report:**

The Management Discussion and Analysis Report as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in this Annual Report. Certain Statements in the said report may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

**5. USFDA Audit:**

During the year under review, our facilities as well as the facility of our Joint Venture, Aleor Dermaceuticals Limited, successfully faced multiple USFDA inspections. As on date, the Establishment Inspection Report (EIR) is in place for all our USFDA facilities, except the General Oral Solid Formulation Facility located at Panelav (F-I). The F-I Facility has been subsequently classified as Voluntary Action Initiated.

**6. Financing:**

As on 31<sup>st</sup> March, 2020, the outstanding amount of unsecured rated listed redeemable non-convertible debentures issued by the Company is ₹ 500 Crores.

During the year under review, the Company has issued commercial papers (CPs) to meet working capital requirements. As on 31<sup>st</sup> March, 2020, the outstanding amount of CPs is ₹ 550 Crores.

The other financing requirements of the Company has been met through working capital loans from multiple banks.

**7. Subsidiaries, Associates and Joint Venture:**

A statement containing the salient features of the financial statements of subsidiary / associates / joint venture companies, as per Section 129(3) of the Companies Act, 2013, is part of the consolidated financial statements.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company. Shareholders interested in obtaining a physical copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary requesting for the same.

**8. Directors:**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pranav Amin, Managing Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**9. Key Managerial Personnel:**

Mr. Chirayu Amin, Executive Chairman & Chief Executive Officer, Mr. Pranav Amin, Managing Director, Mr. Shaunak Amin, Managing Director, Mr. R. K. Baheti, Director - Finance & Chief Financial Officer and Mr. Charandeep Singh Saluja, Company Secretary are Key Managerial Personnel of the Company.

**10. Meetings of the Board:**

Six (6) Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2020. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report.

**11. Independent Directors:**

The Company has received declarations/confirmations from all the Independent Directors of the Company as required under Section 149(7) of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**12. Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

The following were the Evaluation Criteria:

- a) For Independent Directors:
  - Knowledge and Skills
  - Professional Conduct
  - Duties, Role and Functions
  - Fulfillment of the Independence Criteria and their independence from the management

## Board's Report (Contd.)

- b) For Executive Directors:
  - Performance as Team Leader/Member
  - Evaluating Business Opportunity and analysis of Risk Reward Scenarios
  - Set Key Goals and Achievements
  - Professional Conduct and Integrity
  - Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

### 13. Audit Committee:

The Audit Committee consists of Independent Directors with Mr. Paresh Saraiya as Chairman, Mr. K. G. Ramanathan, Mr. Pranav Parikh and Dr. Archana Hingorani as members. The Committee inter alia reviews the Internal Control System, Reports of Internal Auditors, Key Audit Matters presented by the Statutory Auditors and Compliance of various regulations. The Committee also reviews the financial statements before they are placed before the Board.

### 14. Vigil Mechanism:

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism or Whistle Blower Policy for directors, employees and other stakeholders to report genuine concerns has been established. The same is uploaded on the website of the Company and the web-link as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-Whistle-Blower-Policy.pdf>

### 15. Internal Control Systems:

The Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organisation's pace of growth and increasing complexity of operations. The internal auditors' team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

### 16. Corporate Social Responsibility:

Alembic Group has been proactively carrying out CSR activities since more than fifty years. Alembic Group

has established, nurtured and promoted various Non-Profit Organisations focusing on three major areas – Education, Healthcare and Rural Development.

In compliance with requirements of Section 135 of the Companies Act, 2013, the Company has laid down a CSR Policy. The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended 31<sup>st</sup> March, 2020 in the format prescribed under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure A.

### 17. Policy on Nomination and Remuneration:

In compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a Nomination and Remuneration Policy which has been uploaded on the Company's website. The web-link as required under the Companies Act, 2013 is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2019/05/Nomination-and-Remuneration-Policy.pdf>

The salient features of the NRC Policy are as under:

- 1) Setting out the objectives of the Policy
- 2) Definitions for the purposes of the Policy
- 3) Policy for appointment and removal of Director, KMP and Senior Management
- 4) Policy relating to the Remuneration for the Managerial Personnel, KMP, Senior Management Personnel & other employees
- 5) Remuneration to Non-Executive / Independent Director

### 18. Dividend Distribution Policy:

In compliance with the requirements of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a Dividend Distribution Policy, which is annexed herewith as Annexure B and has been uploaded on the Company's website. The web-link as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2020/06/Dividend-Distribution-Policy.pdf>

**19. Related Party Transactions:**

Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence there is no information to be provided as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2019/05/RPT-Policy.pdf>

**20. Corporate Governance:**

The Report on Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

The requisite certificate from M/s. Samdani Shah & Kabra, Practising Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Schedule V is attached to the Report on Corporate Governance.

**21. Listing of securities:**

The equity shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with security ID/symbol of APL LTD.

The unsecured rated listed redeemable non-convertible debentures of the Company and outstanding commercial papers are listed on NSE under separate security ID for each tranche.

The Company confirms that the annual listing fees to both the stock exchanges for the financial year 2020-21 have been paid.

**22. Loans, Guarantees or Investments:**

Details of Loans granted, Guarantees given and Investments made during the year under review, covered under the provisions of Section

186 of the Companies Act, 2013 is annexed herewith as Annexure C.

**23. Auditors:****a) Statutory Auditors:**

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants, has been appointed as Statutory Auditors of the Company by the members at their 9<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> July, 2019 to hold office for their second term of only 1 (one) year i.e. till the conclusion of Annual General Meeting ('AGM') for the financial year 2019-20.

The Auditor's Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the financial statements in this Annual Report.

The Audit Committee and Board of Directors of the Company respectively at their meeting held on 22<sup>nd</sup> May, 2020, subject to approval of the shareholders, recommended the appointment of M/s. K. C. Mehta & Co., Chartered Accountants having Firm Registration No. 106237W as Statutory Auditors of the Company to hold office for a term of 5 (five) years i.e. from the conclusion of ensuing AGM till the conclusion of AGM for the financial year 2024-25.

**b) Secretarial Auditors:**

The Board of Directors of the Company appointed M/s. Samdani Shah & Kabra, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2020-21.

The Secretarial Audit Report of M/s. Samdani Shah & Kabra, Practising Company Secretaries for the financial year 2019-20, is annexed herewith as Annexure D.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Company has complied with the applicable provisions of the Secretarial Standards.

**c) Cost Auditors:**

M/s. Diwanji & Co., Cost & Management Accountants, has been appointed as Cost Auditor for conducting audit of the cost records maintained by the Company relating to Bulk Drugs and Formulations for the financial year 2020-21.

## Board's Report (Contd.)

The Company has made and maintained the cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

### d) Internal Auditors:

The Board of Directors appointed M/s. Sharp & Tannan Associates, Chartered Accountants as Internal Auditors of the Company for the financial year 2020-21.

### 24. Risk Management:

The Company has constituted a Risk Management Committee and formulated Enterprise Risk Management Policy which functions as a guiding tool in fulfilling the management's responsibility towards risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Risk Management Committee, Audit Committee and the Board of Directors of the Company.

### 25. Material Changes:

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31<sup>st</sup> March, 2020. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

### 26. Extract of Annual Return:

The extract of Annual Return required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is annexed herewith as Annexure E and has been uploaded on the Company's website. The web-link as required under the Companies Act, 2013 is as under:

<http://www.alembicpharmaceuticals.com/noticescorrespondences/>

### 27. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure F.

### 28. Particulars of employees and related disclosures:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure G.

A statement showing the names and particulars of the employees falling within the purview of Rule 5(2) of the aforesaid rules are provided in the Annual Report. The Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company during working hours and the same will be furnished on request in writing to the members.

### 29. Details of Unclaimed Suspense Account:

Disclosure pertaining to Unclaimed Suspense Account as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith as Annexure H. The voting rights on the equity shares which are transferred to Unclaimed Suspense Account shall remain frozen till the rightful owner of such equity shares claims the shares.

### 30. Other Disclosures:

- a) The Company has not accepted/renewed any deposits. Further, there has been no default in repayment of deposits or interest thereon on unclaimed deposits.
- b) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- c) In the opinion of the Board, the Independent Director re-appointed during the year is a person of integrity and possess expertise, experience and proficiency.
- d) Neither the Managing Director nor the Whole-time Directors of the Company have received any remuneration or commission from any of its subsidiaries.
- e) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- f) No fraud has been reported by the Auditors to the Audit Committee or the Board.
- g) The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

**31. Directors' Responsibility Statement:**

In terms of the provisions of Companies Act, 2013, the Directors state that:

- a) in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies as listed in Note 2 to the financial statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year as on 31<sup>st</sup> March, 2020 and of the profit of the Company for that period;
- c) the directors have taken proper and sufficient care for 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) the directors have prepared the annual accounts on a going concern basis;

- e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

Date: 22<sup>nd</sup> May, 2020

Alembic Pharmaceuticals Limited  
CIN: L24230GJ2010PLC061123  
Regd. Office: Alembic Road, Vadodara - 390 003  
Tel: +91 265 2280550 | Fax: +91 265 2282506  
Web: [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com)  
Email Id: [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in)

## Annexure A

Annual Report on CSR Activities to be included in the Board's Report

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The Company's CSR Policy is in adherence to the provisions of Section 135 of the Companies Act, 2013 read with rules framed thereunder and provides for carrying out CSR activities in the area of Education, Healthcare including preventive healthcare, Rural Development, Sanitation, etc. through various 'Non-Profit Organisations', viz. Alembic CSR Foundation, Bhailal Amin General Hospital, Rural Development Society, Uday Education Society and others.

The CSR spend may be carried out by way of donation to the corpus of the above 'Non-Profit Organisations' or contribution towards some specific project being undertaken by any of the organisations or to Central / State Government Relief Funds or directly by the Company. The web-link for the CSR Policy of the Company is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2019/05/CSR-Policy.pdf>

### 2. The Composition of CSR Committee:

Mr. Chirayu Amin - Chairman  
Mr. K. G. Ramanathan - Member  
Mr. Paresh Saraiya - Member

### 3. Average Net Profit of the Company for the last three financial years: ₹ 663.90 Crores

### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 13.29 Crores

### 5. Details of CSR Spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 13.29 Crores

(b) Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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 was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (IA)
1.	Community outreach programs, school education development for students of school, run by Rural Development Society	Education	Panchmahal, Gujarat	Multiple Programs	Direct – ₹. 2.44 Crores	₹ 2.44 Crores	Through IA - Alembic CSR Foundation
2.	Village Development Programs	Rural Development Projects	Vadodara (Karkhadi) & (Sindhrot) & Panchmahal (Panelav), Gujarat	Multiple Programs	Direct – ₹ 1.78 Crores	₹ 1.78 Crores	-do-
3.	Building of toilets and educating the community	Sanitation	Vadodara & Panchmahal, Gujarat & Sikkim	Multiple Programs	Direct – ₹ 1.11 Crores	₹ 1.11 Crores	-do-
4.	Contribution towards promotion and development of Arts and Handicrafts	Promotion and Development of Traditional Arts and Handicrafts	Vadodara, Panchmahal, Gujarat & Mumbai, Maharashtra	Multiple Programs	Direct – ₹ 0.43 Crore	₹ 0.43 Crore	-do-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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 was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (IA)
5.	Adoption of School in tribal/backward areas	Education	Across Gujarat	Multiple Programs	Direct – ₹ 0.42 Crore	₹ 0.42 Crore	Through IA - Alembic CSR Foundation
6.	Blood Transfusion Centre, Cancer Care Centre & Medical Camps	Healthcare	Vadodara, Gujarat & Sikkim	Multiple Programs	Direct – ₹ 0.35 Crore	₹ 0.35 Crore	-do-
7.	Contribution towards sports promotion	Sports Promotion	Vadodara, Gujarat	Single Program	Direct – ₹ 0.35 Crore	₹ 0.35 Crore	-do-
8.	Contribution towards Disaster Relief including COVID -19	Disaster Relief	Across India	Multiple Programs	Direct – ₹ 0.29 Crore	₹ 0.29 Crore	-do-
9.	Contribution towards education facilities	Education	Vadodara, Gujarat & Sikkim	Multiple Programs	Direct – ₹ 0.19 Crore	₹ 0.19 Crore	-do-
10.	Contribution towards medical assistance & treatment to socially & economically backward persons	Healthcare	Vadodara, Gujarat & Mumbai, Maharashtra	Multiple Programs	Direct – ₹ 0.17 Crore	₹ 0.17 Crore	-do-
11.	Training & Workshop to Childrens, Youths & Teachers	Education	Vadodara, Chhota Udepur & Panchmahal, Gujarat	Multiple Programs	Direct – ₹ 0.16 Crore	₹ 0.16 Crore	-do-
12.	Contribution towards CSR activities	Various activities covered under Schedule VII of the Companies Act, 2013	Across India	Multiple Programs	Direct – ₹ 5.60 Crores	₹ 5.60 Crores	-do-
<b>Total</b>					<b>₹ 13.29 Crores</b>	<b>₹ 13.29 Crores</b>	

**6. In case the company has failed to spend the two percent 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's Report:**

Not Applicable

**7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Signing both on behalf of the Company and the Committee,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer and Chairman of CSR Committee  
(DIN: 00242549)

# Annexure B

## Dividend Distribution Policy

### Policy Statement:

The Dividend Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth.

The Company shall endeavor to maintain the Dividend Payout Ratio ranging generally between 20%-35% of the Profit after Tax on standalone financials. However, non-recurring profits arising out of one time opportunities will not be considered.

### Scope:

The Policy set out herein relate to Equity Share Capital in accordance with the provisions of Section 43 of the Companies Act, 2013. While the Policy generally relate to Final Dividend, it also applies to Interim Dividend declared by the Board of Directors of the Company.

### Objectives:

- a) To define the Policy and Procedures of the Company in relation to the calculation, declaration and settlement of Dividends.
- b) To create a transparent and methodological Dividend policy, clearly identified and promptly communicated to appropriate stakeholders.

### Applicability and Effective Date:

This Policy shall be applicable to the Company with effect

from 2022-23 onwards. (The Company's Board of Directors has approved this policy on 15th July 2022.)

- (iii) The period for payment; and
- (iv) The form of payment.

**Persons entitled to receive Dividends:**

- a) The list of persons entitled to receive Dividends will be prepared by the Company's Registrar and Transfer Agent (RTA) in accordance with the record date determined by the Company for such purpose.
- b) Such list will include registered shares, and the persons on behalf of whom the nominal holders own the shares as on the record date.
- c) For the preparation of the list of persons entitled to receive Dividends, nominal shareholders will provide information on the persons for whom they hold shares.

**Paying Declared Dividends:**

- a) In case of Final Dividend, the date on which annual Dividends are paid will be determined by the Directors and mentioned in the Notice convening the AGM. The date of payment of interim dividends will be determined by the Board of Directors.
- b) No interest shall accrue on unclaimed Dividends.

- c) Any matters relating to the payment of Dividends and not governed by the Law, the Company's Articles of Association and policies, will be decided by the Board of Directors in a manner, which takes into consideration and complies with the rights and legitimate interests of shareholders.

**Board Approval:**

The Board of Directors of the Company at its meeting held on 29<sup>th</sup> July, 2016 has approved Dividend Distribution Policy.

**Policy Amendments:**

The Authorised KMP's (Mr. Chirayu Amin, Chairman & CEO, Mr. Pranav Amin, Managing Director, Mr. Shaunak Amin, Managing Director, Mr. R. K. Baheti, Director – Finance & CFO and Mr. Charandeep Singh Saluja, Company Secretary) after approval of the Board may amend or modify this Policy in whole or in part, at any time.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

## Annexure C

### Particulars of Loans granted, Guarantees given or Investments made by the Company

- i) There are no loans granted by the Company under Section 186 of the Companies Act, 2013 read with rules framed thereunder.
- ii) Details of guarantees given are as under:

The Company has given guarantees for its subsidiary companies for their business requirements:

Name of the Subsidiary	(₹ in Crores)
Alembic Global Holding SA (AGH)	35.92 <sup>1</sup>
Alembic Pharmaceuticals Inc. (AP Inc.)	35.49 <sup>2</sup>
Aleor Dermaceuticals Limited (Aleor)	0.07 <sup>2</sup>

<sup>1</sup>Outstanding borrowing by AGH against the said guarantee as on 31<sup>st</sup> March, 2020 is ₹ 22.67 Crores.

<sup>2</sup>Outstanding borrowing by AP Inc. and Aleor against the said guarantees as on 31<sup>st</sup> March, 2020 is Nil.

- iii) Details of Investments made are provided in Note No. 5 of Notes to Standalone Financial Statements. The Company had also made investments in schemes of various mutual funds aggregating to ₹ 813 Crores and the same were redeemed during the year itself.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

## Annexure D

### Secretarial Audit Report

For the Financial Year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015]

The Members,  
**Alembic Pharmaceuticals Limited**  
 Alembic Road,  
 Vadodara - 390 003  
 Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alembic Pharmaceuticals Limited (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 March 31, 2020, 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 March 31, 2020, 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 and Listing of Debt Securities) Regulations, 2008;
  - (d) 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.
- vi. Other sector specific laws as follows:
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / 2018;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 / 2018.

We report that, there were no actions / events in pursuance of the following regulations requiring compliance thereof by the Company during the period of this report:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / 2018;
- (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 / 2018.

## Annexure D (Contd.)

We have also examined compliance with the applicable clauses / regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that;

- A. 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;
- B. Adequate notice is given to all the 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 clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines;
- E. During the year under review, there were no events / actions, having a major bearing on the affairs of the Company.

Sd/-

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

FCS No. 3677

CP No. 2863

UDIN: F003677B000264256

Place: Vadodara,

Date: May 22, 2020

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

## Appendix A

The Members,  
**Alembic Pharmaceuticals Limited**  
 Alembic Road  
 Vadodara - 390003  
 Gujarat

Our Secretarial Audit report of even date is to be read along with this letter, that:

- i. Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records

and we believe that the processes and practices we followed provide a reasonable basis for our opinion.

- iii. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- iv. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

FCS No. 3677

CP No. 2863

Place: Vadodara,

Date: May 22, 2020

# Annexure E

## Form No. MGT - 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

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

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L24230GJ2010PLC061123
ii)	Registration Date	16/06/2010
iii)	Name of the Company	Alembic Pharmaceuticals Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered Office and Contact Details	Alembic Road, Vadodara - 390 003 Tel: +91 265 2280550   Fax: +91 265 2282506 Web: www.alembicpharmaceuticals.com Email Id: apl.investors@alembic.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any:	Link Intime India Pvt. Limited B - 102 & 103 Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Tel: +91 265 2356573   6136000 Email Id: vadodara@linkintime.co.in

### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY:

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the company
1.	Pharmaceuticals	210 *	100%

\* As per National Industrial Classification (NIC) 2008.

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	Holding/ Subsidiary/ Associate	CIN/GLN	% of shares held (%)	Applicable Section
1.	Nirayu Limited C4/22-23, Baroda Industrial Estate, Gorwa, Vadodara - 390 016.	Holding	U28100GJ1971PLC098778	37.15 <sup>1</sup>	2(46)
2.	Alembic Global Holding SA (AGH) Rue Fritz-Courvoisier 40 2300 La Chaux-de-Fonds, Switzerland.		NA	100.00	
3.	Alembic Pharmaceuticals Inc. (AP Inc.) 750 Highway 202, Bridgewater, NJ 08807.	Subsidiaries	NA	100.00	2(87)(ii)
4.	Aleor Dermaceuticals Limited 5 <sup>th</sup> Floor, Administrative Building, Alembic Limited, Alembic Road, Vadodara - 390 003.		U24302GJ2016PLC092131	60.00	
5.	Alembic Pharmaceuticals Europe Limited 103 Palazzo Pietro Stiges, Triq id-Dejqa, Valletta VLT 1436, Malta.		NA		
6.	Alembic Pharmaceuticals Canada Limited 12 York St. Suite 2904, Toronto ON M5J 0A9.		NA		
7.	Alembic Pharmaceuticals Australia Pty Limited 2 A Porter Road, Carnegie, VIC 3163, Australia.	Wholly Owned Subsidiaries of AGH	NA		
8.	Alnova Pharmaceuticals SA Rue Fritz-Courvoisier 40, 2300 La Chaux-de-Fonds, Switzerland.		NA	100.00	2(87)(ii)
9.	Genius LLC 96 (N/P # 154) Koshitsa Str., Kyiv 02068.		NA		
10.	Orit Laboratories LLC 200 Fairfield Ave, West Caldwell NJ - 07006-6412.	Wholly Owned Subsidiaries of AP Inc.	NA		
11.	Okner Realty LLC 200 Fairfield Ave, West Caldwell NJ - 07006-6412.		NA		

<sup>1</sup>Nirayu Limited is Holding Company based on clarifications and advice received regarding direct and indirect holding through its subsidiaries and step down subsidiaries.

Sl. No.	Name and Address of the Company	Holding/ Subsidiary/ Associate	CIN/GLN	% of shares held (%)	Applicable Section
12.	Incozen Therapeutics Private Limited Lab 223, 224, 1 <sup>st</sup> Flr & 233,234 2 <sup>nd</sup> Flr, Block -2, Alexandria Knowledge Park, Turkapally, Shameerpet, Hyderabad - 500 078.	Associate	U24239TG2008PTC059967	50.00	2(6)
13.	Rhizen Pharmaceuticals SA (RPSA) Rue Fritz-Courvoisier 40, CH-2300 La Chaux-de-Fonds, Switzerland.	Associate of AGH	NA		
14.	Dahlia Therapeutics SA Rue Fritz-Courvoisier 40, CH-2300 La Chaux-de-Fonds, Switzerland.	Wholly Owned Subsidiaries of RPSA	NA	50.00	2(6)
15.	Rhizen Pharmaceuticals Inc. 500 W Office Center Dr #400, Fort Washington, PA 19034, USA.		NA		

## VI. SHAREHOLDING PATTERN (Equity share Capital Break up as percentage of Total Equity):

### i) Category-wise Share Holding

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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	96,63,975	-	96,63,975	5.13	96,64,175	-	96,64,175	5.13	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12,55,87,818	-	12,55,87,818	66.62	12,55,88,118	-	12,55,88,118	66.62	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....									
• LLP	900	-	900	-	900	-	900	-	-
• Trusts	12,99,400	-	12,99,400	0.69	12,99,800	-	12,99,800	0.69	-
<b>Sub-total (A)(1):-</b>	<b>13,65,52,093</b>	<b>-</b>	<b>13,65,52,093</b>	<b>72.44</b>	<b>13,65,52,993</b>	<b>-</b>	<b>13,65,52,993</b>	<b>72.44</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	10,06,980	-	10,06,980	0.53	10,06,980	-	10,06,980	0.53	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other ....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>13,75,59,073</b>	<b>-</b>	<b>13,75,59,073</b>	<b>72.97</b>	<b>13,75,59,973</b>	<b>-</b>	<b>13,75,59,973</b>	<b>72.97</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	96,95,449	-	96,95,449	5.14	94,18,533	-	94,18,533	5.00	(0.14)
b) Banks/FI	5,49,661	15,100	5,64,761	0.30	2,07,602	15,100	2,22,702	0.12	(0.18)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	32,21,280	-	32,21,280	1.71	1.71
g) FIs/FPI	1,79,05,412	-	1,79,05,412	9.50	1,56,23,165	-	1,56,23,165	8.29	(1.21)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
• Alternate Investment Funds	71,621	-	71,621	0.04	77,194	-	77,194	0.04	-
• Foreign Bank	3,250	-	3,250	-	3,250	-	3,250	-	-
<b>Sub-total (B) (1):-</b>	<b>2,82,25,393</b>	<b>15,100</b>	<b>2,82,40,493</b>	<b>14.98</b>	<b>2,85,51,024</b>	<b>15,100</b>	<b>2,85,66,124</b>	<b>15.16</b>	<b>0.18</b>

## Annexure E (Contd.)

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		
<b>2. Non-Institutions</b>										
a) Bodies Corp.										
i) Indian	18,65,083	10,500	18,75,583	0.99	13,50,741	10,000	13,60,741	0.72	(0.27)	
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals/HUF										
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	1,14,35,497	21,51,236	1,35,86,733	7.21	1,19,63,121	18,66,701	1,38,29,822	7.34	0.13	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	50,55,313	-	50,55,313	2.68	50,59,875	-	50,59,875	2.68	-	
Hindu Undivided Family	4,59,870	-	4,59,870	0.24	4,04,952	-	4,04,952	0.21	(0.03)	
c) Others (specify)										
i) Clearing Member	60,807	-	60,807	0.03	27,636	-	27,636	0.01	(0.02)	
ii) Non-Resident Indians (NRI) – Repat.	1,67,937	-	1,67,937	0.09	1,61,695	-	1,61,695	0.09	-	
iii) Non-Resident Indians (NRI) – Non-Repat.	3,07,371	1,675	3,09,046	0.16	2,86,235	675	2,86,910	0.15	(0.01)	
iv) Trusts	6,300	2,850	9,150	-	7,149	2,850	1,46,993	0.01	0.01	
v) Unclaimed Suspense Account	1,76,763	-	1,76,763	0.09	1,46,993	-	1,46,993	0.08	(0.01)	
vi) IEPF	10,11,586	-	10,11,586	0.54	10,99,859	-	10,99,859	0.58	0.04	
vii) Foreign Nationals	-	-	-	-	-	-	-	-	-	-
viii) Foreign Portfolio Investor (Individual)	100	-	100	-	100	-	100	-	-	-
ix) NBFC	3,460	-	3,460	-	1,235	-	1,235	-	-	-
<b>Sub-total (B)(2):-</b>	<b>2,05,50,087</b>	<b>21,66,261</b>	<b>2,27,16,348</b>	<b>12.03</b>	<b>2,05,09,591</b>	<b>18,80,226</b>	<b>2,23,89,817</b>	<b>11.87</b>	<b>(0.16)</b>	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>4,87,75,480</b>	<b>21,81,361</b>	<b>5,09,56,841</b>	<b>27.03</b>	<b>4,90,60,615</b>	<b>18,95,326</b>	<b>5,09,55,941</b>	<b>27.03</b>	<b>-</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>18,63,34,553</b>	<b>21,81,361</b>	<b>18,85,15,914</b>	<b>100.00</b>	<b>18,66,20,588</b>	<b>18,95,326</b>	<b>18,85,15,914</b>	<b>100.00</b>	<b>-</b>	

### ii) Shareholding of Promoters

#### Details of Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% shares pledged/ encumbered to total shares	
1.	Alembic Limited	5,55,51,528	29.47	-	5,55,51,528	29.47	-	-
2.	Mr. Chirayu Amin	45,21,465 <sup>1</sup>	2.40	-	45,21,465 <sup>1</sup>	2.40	-	-
3.	Mr. Pranav Amin	10,09,800	0.54	-	10,09,800	0.54	-	-
4.	Mr. Shaunak Amin	10,06,980	0.53	-	10,06,980	0.53	-	-

<sup>1</sup>10,73,250 Equity Shares held in the name of Chirayu Amin in representative capacity of Karta of Chirayu Ramanbhai Amin HUF.

**Details of Shareholding of persons and entities of promoter group**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% shares pledged/ encumbered to total shares	
1.	Nirayu Limited <sup>1</sup>	4,93,36,655	26.17	-	7,00,35,435	37.15	-	10.98
2.	Shreno Limited <sup>1</sup>	2,06,98,780	10.98	-	100	0.00	-	(10.98)
3.	Paushak Limited	855	0.00	-	855	0.00	-	-
4.	Alembic City Limited	-	-	-	100	0.00	-	-
5.	Shreno Publications Limited	-	-	-	100	0.00	-	-
6.	Mrs. Malika Amin	30,05,730	1.59	-	30,05,730	1.59	-	-
7.	Mr. Udit Amin	10,06,980	0.53	-	10,06,980	0.53	-	-
8.	Mrs. Barkha Amin	-	-	-	100	0.00	-	-
9.	Mrs. Krupa Amin	-	-	-	100	0.00	-	-
10.	Mrs. Tishya Amin	-	-	-	-	-	-	-
11.	Ms. Naintara Amin	30,000	0.02	-	30,000	0.02	-	-
12.	Ms. Samira Amin	30,000	0.02	-	30,000	0.02	-	-
13.	Mr. Ranvir Amin	30,000	0.02	-	30,000	0.02	-	-
14.	Ms. Inaaya Amin	30,000	0.02	-	30,000	0.02	-	-
15.	Vidyanidhi Trust <sup>2</sup>	8,09,550	0.43	-	-	-	-	(0.43)
16.	Arogyavardhini Society <sup>2</sup>	2,80,950	0.15	-	-	-	-	(0.15)
17.	Utkarsh Vidyakendra <sup>2</sup>	1,46,250	0.08	-	-	-	-	(0.08)
18.	Ujjwal Vidyalaya <sup>2</sup>	62,250	0.03	-	-	-	-	(0.03)
19.	Bhailal Amin General Hospital <sup>2</sup>	-	-	-	2,80,950	0.15	-	0.15
20.	Uday Education Society <sup>2</sup>	-	-	-	10,18,050	0.54	-	0.54
21.	Laburnum Family Trust <sup>3</sup>	200	0.00	-	200	0.00	-	-
22.	Virsad Family Trust <sup>3</sup>	200	0.00	-	200	0.00	-	-
23.	Laksh Trust <sup>3</sup>	-	-	-	100	0.00	-	-
24.	Gallup Trust <sup>3</sup>	-	-	-	100	0.00	-	-
25.	Grace Star Trust <sup>3</sup>	-	-	-	100	0.00	-	-
26.	Satori Trust <sup>3</sup>	-	-	-	100	0.00	-	-
27.	Viramyia Packlight LLP	900	0.00	-	900	0.00	-	-

<sup>1</sup>Pursuant to the Order passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench dated 26<sup>th</sup> July, 2019 in the matter of Composite Scheme of Arrangement between Alembic Limited, Shreno Limited and Nirayu Private Limited, the equity shares held by Shreno Limited in the Company are transferred to Nirayu Private Limited. Further, Nirayu Private Limited has been converted into a Public Limited company and its name has been changed to Nirayu Limited pursuant to the Certificate of Incorporation dated 3<sup>rd</sup> October, 2019 issued by the Registrar of Companies, Gujarat in this regard.

<sup>2</sup>Transfer of equity shares of the Company by and between the members of Promoter Group by way of donation, without consideration, through off market transaction.

<sup>3</sup>Equity Shares held in the name of the Trustee(s) on behalf of the Trust.

## Annexure E (Contd.)

### (iii) Change in Promoter's Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	13,75,59,073	72.97	13,75,59,073	72.97
Transfer by Vidyanidhi Trust <sup>1</sup>	03.04.2019 (8,09,550)	(0.43)	13,67,49,523	72.54
Transfer by Utkarsh Vidyakendra <sup>1</sup>	03.04.2019 (1,46,250)	(0.08)	13,66,03,273	72.46
Transfer by Ujjwal Vidyalyaya <sup>1</sup>	03.04.2019 (62,250)	(0.03)	13,65,41,023	72.43
Transfer by Arogyavardhini Society <sup>1</sup>	03.04.2019 (2,80,950)	(0.15)	13,62,60,073	72.28
Acquired / Received by Uday Education Society <sup>1</sup>	03.04.2019 10,18,050	0.54	13,72,78,123	72.82
Acquired / Received by Bhailal Amin General Hospital <sup>1</sup>	03.04.2019 2,80,950	0.15	13,75,59,073	72.97
Market Purchase by Alembic City Limited	25.09.2019 100	0.00	13,75,59,173	72.97
Market Purchase by Shreno Publications Limited	25.09.2019 100	0.00	13,75,59,273	72.97
Market Purchase by Laksh Trust	25.09.2019 100	0.00	13,75,59,373	72.97
Market Purchase by Gallup Trust	25.09.2019 100	0.00	13,75,59,473	72.97
Market Purchase by Grace Star Trust	25.09.2019 100	0.00	13,75,59,573	72.97
Market Purchase by Satori Trust	25.09.2019 100	0.00	13,75,59,673	72.97
Market Purchase by Mrs. Barkha Amin	24.12.2019 100	0.00	13,75,59,773	72.97
Market Purchase by Mrs. Krupa Amin	24.12.2019 100	0.00	13,75,59,873	72.97
Market Purchase by Shreno Limited	24.12.2019 100	0.00	13,75,59,973	72.97
<b>At the end of the year</b>	<b>13,75,59,973</b>	<b>72.97</b>	<b>13,75,59,973</b>	<b>72.97</b>

<sup>1</sup>Transfer of equity shares of the Company by and between the members of Promoter Group by way of donation, without consideration, through off market transaction.

### (iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters, Promoter Group and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date <sup>1</sup>	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	DSP Mutual Fund	16,01,156	0.85	During the financial year	27,02,989 (16,336)	Increase Decrease	42,87,809	2.27
2	HDFC Standard Life Insurance Company Limited	13,63,515	0.72	During the financial year	17,04,117 (51,352)	Increase Decrease	30,16,280	1.60
3	Elara India Opportunities Fund Limited	23,24,602	1.23	During the financial year	6,17,601 (8,56,052)	Increase Decrease	20,86,151	1.11
4	Matthews India Fund	41,47,557	2.20	During the financial year	- (23,39,931)	Increase Decrease	18,07,626	0.96
5	SBI Mutual Fund	4,16,925	0.22	During the financial year	11,83,075 (89,046)	Increase Decrease	15,10,954	0.80
6	Goldman Sachs India Limited	15,68,971	0.83	During the financial year	- (2,08,863)	Increase Decrease	13,60,108	0.72
7	India Opportunities Growth Fund Limited - Pinewood Strategy	7,91,500	0.42	During the financial year	4,09,035 (55,516)	Increase Decrease	11,45,019	0.61
8	Ms. Yeraben Amin	10,73,913	0.57	During the financial year	- (10,000)	Increase Decrease	10,63,913	0.56
9	Schroder International Selection Fund India Equity	10,75,368	0.57	During the financial year	1,17,721 (1,58,688)	Increase Decrease	10,34,401	0.55
10	Reliance Capital Trustee Co Ltd - A/c Nippon India Growth Fund	11,13,627	0.59	During the financial year	15,136 (3,17,012)	Increase Decrease	8,11,751	0.43

<sup>1</sup>The date wise increase/ decrease in shareholding of the top ten shareholders is available on the website of the Company.

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Chirayu Amin, Chairman & CEO	45,21,465 <sup>1</sup>	2.40	45,21,465 <sup>1</sup>	2.40
2.	Mr. Pranav Amin, Managing Director	10,09,800	0.54	10,09,800	0.54
3.	Mr. Shaunak Amin, Managing Director	10,06,980	0.53	10,06,980	0.53
4.	Mr. Pranav Parikh, Independent Director	18,600 <sup>2</sup>	0.01	19,410 <sup>2</sup>	0.01

<sup>1</sup>10,73,250 Equity Shares held in the name of Chirayu Amin in representative capacity of Karta of Chirayu Ramanbhai Amin HUF.

<sup>2</sup>Jointly with immediate relatives.

Mr. R. K. Baheti, Director-Finance & CFO and Mr. Charandeep Singh Saluja, Company Secretary of the Company do not hold any shares in the Company. None of the Independent Directors except Mr. Pranav Parikh hold any shares in the Company.

**(V) INDEBTEDNESS:**

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

(₹ in Crores)

Particulars	Secured Loans excluding deposits		Deposits	Total Indebtedness
	Unsecured Loans			
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	34.93	1,025.05	-	1,059.98
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	11.06	-	11.06
<b>Total (i+ii+iii)</b>	<b>34.93</b>	<b>1,036.11</b>	<b>-</b>	<b>1,071.04</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	1,188.49	-	1,188.49
• Reduction	(34.89)	(525.05)	-	(559.94)
<b>Net Change</b>	<b>(34.89)</b>	<b>663.44</b>	<b>-</b>	<b>628.55</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0.04	1,688.93	-	1,688.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	10.61	-	10.61
<b>Total (i+ii+iii)</b>	<b>0.04</b>	<b>1,699.54</b>	<b>-</b>	<b>1,699.58</b>

**(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ in Crores)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. Chirayu Amin	Mr. Pranav Amin	Mr. Shaunak Amin	Mr. R. K. Baheti	
1.	Gross Salary					
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961	5.83	10.38	10.38	3.84	30.43
	(b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	0.02
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	20.00	8.50	8.50	-	37.00
	- as % of profit	1.62%	0.69%	0.69%	-	3.00%
5.	Others (Retiral Benefits)	0.67	0.62	0.62	0.26	2.18
	<b>Total</b>	<b>26.50</b>	<b>19.50</b>	<b>19.50</b>	<b>4.09</b>	<b>69.59</b>
	Ceiling as per the Act					<b>123.53</b>

<sup>1</sup>Amounts being less than ₹ 1 Lac.

## Annexure E (Contd.)

### B. Remuneration to other Directors

		Name of Directors				(₹ in Lacs)
Sl. No.	Particulars of Remuneration	Mr. K. G. Ramanathan	Mr. Pranav Parikh	Mr. Paresh Saraiya	Dr. Archana Hingorani	Total Amount
1.	Independent Directors					
	• Fee for attending board/committee	4.55	4.85	5.85	4.15	19.40
	• Commission	10.00	10.00	10.00	10.00	40.00
	• Others, Please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>14.55</b>	<b>14.85</b>	<b>15.85</b>	<b>14.15</b>	<b>59.40</b>
2.	Other Non-Executive Directors (2)	-	-	-	-	-
	<b>Total Managerial Remuneration = (1+2)</b>	<b>14.55</b>	<b>14.85</b>	<b>15.85</b>	<b>14.15</b>	<b>59.40</b>
	<b>Overall Ceiling as per the Act</b>					<b>1,235.26</b>

### C. Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD

		Key Managerial Personnel			(₹ in Crores)
Sl. No.	Particulars of Remuneration	Mr. Chirayu Amin CEO	Mr. R. K. Baheti CFO	Mr. Charandeep Singh Saluja Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961	Covered at point VI-A above.	Covered at point VI-A above.		0.13
	(a) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961				-
	(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				-
5.	Others (Retiral Benefits)				0.01
	<b>Total</b>				<b>0.14</b>

### (VII) PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

There has been no penalty or punishment or compounding of offences against/by the Company, Directors and Other Officers in default under the provisions of the Companies Act, 2013 during the financial year 2019-20.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer

(DIN: 00242549)

## Annexure F

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

### (A) Conservation of Energy

#### (i) Steps taken or impact on conservation of energy:

- (a) CFL bulbs being replaced with LED Lighting with less energy consumption.
- (b) Fixed speed screw air compressor and chillers upgraded with variable frequency drive efficient screw air compressor and chillers.
- (c) Steam Operating Pumping Trap (SOPT) for Solvent recovery & MEE plants to enhance condensate recovery & enhance process improvements.
- (d) Energy conservation in water pumping system by replacing old pumps with high energy efficient pumps, motors and cooling tower fans.
- (e) AHU VFD control through velocity measurement – Power reduction.
- (f) RO / HPRO installed to recycle waste water to generate permeate which in-turns used in process thus reducing fresh water.
- (g) Steam Condenser recovery to reduce fresh water.
- (h) Motion / E sensor for lighting operation.
- (i) Cooling tower automation based on temperature control.

#### (ii) Steps taken for utilising alternate sources of energy:

The Company has installed wind power and solar power generation to be used as alternate source of renewable energy.

#### (iii) Capital Investment on energy conservation equipments:

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption. The Company has been keen on investing for energy conservation projects as mentioned below:

- (a) Recovery of Solvent in process by use of Rising Film Evaporator (RFE) & Agitated Thin Film Dryer (ATFD). Reduction in Fugitive Emissions.

- (b) MSD for Alcohol Purification. Fully atomized SCADA plant. No Manual Operation. Reduction in Fugitive Emissions.

- (c) Introduction of Scale off Technology in Cooling Tower (CT) to reduce CT blow down with concentrating TDS water.

### (B) Technology Absorption

#### (i) Efforts made towards technology absorption:

Innovation is the key for the growth of pharmaceutical industry and Alembic research scientists leverage on getting updated about newer product development tools and technologies to gain competitive advantage in the market. The team develop new products with niche technologies in both the APIs and finished doses. The API team develops novel polymorphs having advantages in the product intellectual property, cost of goods and thereby having edge over the peers in the market. Further, the team have also incorporated multiple polymorph screening equipment to hasten the polymorph identification process in the quickest possible time. Separate process engineering lab have been created to study the reaction kinetics using triple walled prototype jacketed reactors coupled with DCS systems. These systems will greatly help the reaction kinetics on small equipment's thereby increasing success rate during the product tech transfers.

The finished dose team develops novel technologies for making drug products thereby having new drug delivery mechanisms. Further, we have a special technology transfer team which has helped us in smooth transfer of the technology from lab to plant which is reflecting in the good number of DMF/ ANDA filing this year.

The pharmaceutical industry spends more as a percentage of sales on Research and Development than any other industry.

#### (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

- (a) The Company filed 25 ANDAs (including Aleor JV) and 9 DMFs with USFDA in this fiscal year. The cumulative ANDA filings stood at 183 (including Aleor JV) and 119 approvals (including 12 tentative approval) have been received till 31<sup>st</sup> March, 2020 including 1 NDA and the cumulative DMFs stood at 109. The continuous research activities have led to commercialisation of in-house formulations in the USA market.

## Annexure F (Contd.)

- (b) The Company has R&D workforce of about 1,200 across three development centers.
- (c) Our endeavor to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven organisation.
- (d) Till date 706 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 291 patents for Formulations have been filed.
- (e) With the increase in thrust on cost optimisation, at Alembic Research Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market, which has experienced price erosion.

**(iii) Information regarding technology imported, during the last 3 years: Nil**

**(iv) Expenditure incurred on Research and Development:**

Particulars	₹ in Crores	
	2020	2019
(a) Capital	47.98	45.03
(b) Recurring	573.67	467.74
(c) Total	621.66	512.77
(d) Total R&D expenditure as a percentage of total turnover	15%	14%

**(C) Foreign Exchange Earnings and Outgo:**

Foreign exchange earned on terms of actual inflows during the financial year 2019-20 was ₹ 2,180.77 Crores.

Foreign exchange outgo in terms of actual outflows during the financial year 2019-20 was ₹ 606.20 Crores.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer

(DIN: 00242549)

## Annexure G

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to disclose following information in the Board's Report.

Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year

Name	Ratio to Employees
Mr. Chirayu Amin - Chairman & CEO	1:0.00151
Mr. Pranav Amin - Managing Director	1:0.00205
Mr. Shaunak Amin - Managing Director	1:0.00205
Mr. R. K. Baheti - Director-Finance & CFO	1:0.00979

Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name	% Increase /(Decrease)
Mr. Chirayu Amin - Chairman & CEO	3.92
Mr. Pranav Amin - Managing Director	11.75
Mr. Shaunak Amin - Managing Director	11.75
Mr. R. K. Baheti - Director - Finance & CFO	12.15
Mr. Charandeep Singh Saluja - Company Secretary	17.15

Percentage increase in the median remuneration of employees in the financial year	11.20%
Number of permanent employees on the rolls of company	11,576

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	11.05% (Non-Managerial Personnel) 11.34% (Managerial Personnel)
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We affirm that the remuneration paid to the Managerial and Non-Managerial Personnel is as per the Nomination and Remuneration policy of the Company.

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

## Annexure H

Details of Unclaimed Suspense Account as per the provisions of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	No. of shareholders: 361 No. of shares: 1,76,763
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	No. of shareholders: 4 No. of shares: 5,710
Number of shareholders to whom shares were transferred from suspense account during the year	No. of shareholders: 4 No. of shares: 5,710
Number of shareholders whose shares were transferred to the Investor Education and Protection Fund	No. of shareholders: 36 No. of shares: 24,060
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	No. of shareholders: 321 No. of shares: 1,46,993

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

# Report on Corporate Governance

## 1. Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and management of the Company is an important part of corporate governance.

The Company has always been committed to the principles of good corporate governance.

Alembic endeavors to make its management team empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board has also institutionalized good management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its

financial and compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

## 2. Board of Directors

### • Composition of the Board

The Board of Directors consist of 3 Promoter Executive Directors, 1 Professional Executive Director and 4 Independent Non-Executive Directors. The Chairman of the Board is an Executive Director. As on 31<sup>st</sup> March, 2020 and on the date of this report, the Board meets the requirement of having at least one woman director and not less than 50% of the Board strength comprising of Non-Executive Directors as 4 out of 8 Directors are Non-Executive Independent Directors including 1 Woman Director.

### • Number of Board Meetings held and the dates of the Board Meetings

Six (6) Board Meetings were held during the year ended 31<sup>st</sup> March, 2020 on 8<sup>th</sup> May, 2019, 12<sup>th</sup> June, 2019, 29<sup>th</sup> July, 2019, 24<sup>th</sup> October, 2019, 22<sup>nd</sup> January, 2020 and 6<sup>th</sup> March, 2020. The time gap between any two meetings was not exceeding one hundred and twenty days.

### • Details of composition and category of Directors, attendance at the Board Meetings, Annual General Meeting and shareholding of each Director

Name of the Director	Category	No. of Board Meetings held & attended during the Financial Year	Attendance at the last AGM	No. of Equity shares held in the Company <sup>#</sup>
Mr. Chirayu Amin, Chairman & CEO	Promoter Executive	5 out of 6	Yes	45,21,465 <sup>§</sup>
Mr. Pranav Amin, Managing Director	Promoter Executive	5 out of 6	Yes	10,09,800
Mr. Shaunak Amin, Managing Director	Promoter Executive	6 out of 6	Yes	10,06,980
Mr. R. K. Baheti, Director-Finance & CFO	Professional Executive	6 out of 6	Yes	Nil
Mr. K. G. Ramanathan	NED (I)*	5 out of 6	Yes	Nil
Mr. Pranav Parikh	NED (I) *	6 out of 6	Yes	19,410 <sup>^</sup>
Mr. Paresh Saraiya	NED (I) *	6 out of 6	Yes	Nil
Dr. Archana Hingorani	NED (I) *	5 out of 6	Yes	Nil

\* NED (I) means Non-Executive Director (Independent).

<sup>#</sup>The Company has not issued any convertible instruments.

<sup>§</sup>10,73,250 Equity Shares are held in the name of Chirayu Amin in representative capacity of Karta of Chirayu Ramanbhai Amin HUF.

<sup>^</sup>Jointly with immediate relatives.

• **Number of other board of directors or committees in which a Director is a director / member / chairperson**

Name of the Director	No. of Directorships		No. of Committee Memberships		No. of Committee Chairmanships	
	In all other companies	Excl. Pvt. Ltd., <sup>1</sup> Foreign & Sec. 8 companies	All committees	Only Audit & Stakeholders Relationship Committee	All committees	Only Audit & Stakeholders Relationship Committee
Mr. Chirayu Amin	5	5	6	1	3	1
Mr. Pranav Amin	1	-	-	-	-	-
Mr. Shaunak Amin	2	1	-	-	-	-
Mr. R. K. Baheti	1	1	-	-	-	-
Mr. K. G. Ramanathan	-	-	-	-	-	-
Mr. Pranav Parikh	5	1	-	-	-	-
Mr. Paresh Saraiya	8	2	2	1	1	1
Dr. Archana Hingorani	5	5	16	8	6	4

<sup>1</sup>Includes directorship in private companies that are either holding or subsidiary company of a public company.

• **Names of the listed entities where the person is a director and the category of directorship**

Name of the Director	Name of the listed entities and category of directorship
Mr. Chirayu Amin	1. Alembic Limited, Non-Executive Chairman 2. Paushak Limited, Non-Executive Chairman 3. Elecon Engineering Company Limited, Non-Executive Independent Director
Mr. Pranav Amin	-
Mr. Shaunak Amin	-
Mr. R. K. Baheti	-
Mr. K. G. Ramanathan	-
Mr. Pranav Parikh	-
Mr. Paresh Saraiya	-
Dr. Archana Hingorani	1. Den Networks Limited, Non-Executive Independent Director 2. 5Paisa Capital Limited, Non-Executive Independent Director 3. Grindwell Norton Limited, Non-Executive Independent Director

Pursuant to the provisions of Section 165(1) the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors holds Directorships in more than 20 companies (Public or Private), 10 public companies, Membership of Board Committees (Audit & Stakeholders Relationship Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5. None of the Directors serve as Independent Director in more than 7 listed companies. None of the Director who serves as Whole Time Director in any listed company serves as Independent Director in more than 3 listed companies.

year. The details for the same have been disclosed on the website of the Company at the following web-link:

<http://www.alembicpharmaceuticals.com/familiarization-programme/>

- **Disclosure of relationships between directors inter-se**  
Mr. Chirayu Amin, Chairman & CEO is father of Mr. Pranav Amin and Mr. Shaunak Amin, Managing Directors of the Company. None of the other Directors are related to each other.

- **Familiarisation Programmes for Independent Directors**

The Company has conducted the familiarisation programmes for Independent Directors during the

- **Confirmation on the independence of the Independent Directors**

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

- **Matrix setting out the skills/expertise/competence of the board of directors**

The board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets will keep on changing as the organisation

## Report on Corporate Governance (Contd.)

evolves and hence the board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

The skill sets identified by the board along with its availability assessment collectively for the board and individually for each Director are as under:

Core skills/ Experience/ Competence	Actual Availability with current board	Mr. Chirayu Amin	Mr. Pranav Amin	Mr. Shaunak Amin	Mr. R. K. Baheti	Mr. K. G. Ramanathan	Mr. Pranav Parikh	Mr. Paresh Saraiya	Dr. Archana Hingorani
<b>Industry Skills</b>									
(a) Healthcare Industry Knowhow	Available	√	√	√	√	√	-	-	√
(b) Creating value through Intellectual Property Rights	Available	√	√	√	-	-	-	-	-
(c) Global Operations	Available	√	√	√	√	√	√	√	√
(d) Value Spotting and Inorganic Growth	Available	-	√	√	√	-	√	√	-
(e) Previous Board Experience on similarly sized or bigger companies	Available	√	-	-	√	√	-	-	-
<b>Technical skills/experience</b>									
(a) Strategic planning	Available	√	√	√	√	√	√	√	√
(b) Risk and compliance oversight	Available	√	√	-	√	√	√	√	-
(c) Marketing	Available	√	√	√	-	-	√	√	-
(d) Policy Development	Available	-	√	√	√	√	√	√	√
(e) Accounting, Tax, Audit and Finance	Available	-	√	-	√	√	√	√	√
(f) Legal	Available	√	-	-	√	-	-	-	-
(g) Sales/ Customer Engagement	Available	-	√	√	√	√	√	√	-
(h) Public Relations and Liasoning	Available	√	√	√	√	√	-	√	-
(i) Information Technology	Available	-	√	√	√	-	√	-	-
<b>Behavioural Competencies</b>									
(a) Integrity & ethical standards	Available	√	√	√	√	√	√	√	√
(b) Mentoring abilities	Available	√	√	√	√	√	√	√	√
(c) Interpersonal relations	Available	√	√	√	√	√	√	√	√

### 3. Audit Committee

#### • Composition, Name of Chairman and Members & Terms of Reference

The Audit Committee comprises of 4 Independent Non-Executive Director with Mr. Paresh Saraiya as Chairman, Mr. K. G. Ramanathan, Mr. Pranav Parikh and Dr. Archana Hingorani as members. The terms of reference of the Committee cover the matters specified for Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013.

The Statutory Auditors, Internal Auditors, Cost Auditors and other relevant Senior Management Persons are invited to attend the meetings of the Audit Committee. The Company Secretary of the Company acts as Secretary to the Committee. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 29<sup>th</sup> July, 2019.

#### • Meetings and attendance during the year

There were Four (4) meetings of the Audit Committee held during the year ended 31<sup>st</sup> March, 2020 on 8<sup>th</sup> May, 2019, 29<sup>th</sup> July, 2019, 24<sup>th</sup> October, 2019 and 22<sup>nd</sup> January, 2020.

The attendance of each member of the Audit Committee is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Paresh Saraiya	4	4
Mr. K. G. Ramanathan	4	4
Mr. Pranav Parikh	4	4
Dr. Archana Hingorani	4	4

#### 4. Nomination and Remuneration Committee

- Composition, Name of Chairman and Members & Terms of Reference**

The Nomination and Remuneration Committee comprises of 4 Directors with Mr. K. G. Ramanathan as Chairman, Mr. Chirayu Amin, Mr. Pranav Parikh and Mr. Paresh Saraiya as members. The terms of reference of the Committee cover the matters specified for Nomination and Remuneration Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013. Mr. K. G. Ramanathan, Chairman of Nomination and Remuneration Committee was present at the last Annual General Meeting held on 29<sup>th</sup> July, 2019.

- Meetings and attendance during the year**

There were Four (4) meetings of the Nomination and Remuneration Committee held during the year ended 31<sup>st</sup> March, 2020 on 8<sup>th</sup> May, 2019, 29<sup>th</sup> July, 2019, 24<sup>th</sup> October, 2019 and 22<sup>nd</sup> January, 2020.

The attendance of each member of the Nomination and Remuneration Committee is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. G. Ramanathan	4	2
Mr. Chirayu Amin	4	4
Mr. Pranav Parikh	4	2
Mr. Paresh Saraiya	4	4

- Performance Evaluation Criteria for Independent Directors**

The performance evaluation criteria's for Independent Directors are disclosed in the Board's Report.

#### 5. Details of Remuneration paid to Directors

- Executive Directors**

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Directors for the financial year 2019-20 are given below:

Name & Designation of the Executive Directors	Tenure	Variable Performance			Total
		Fixed Salary & Perquisites	Bonus	Commission	
Mr. Chirayu Amin, Chairman & CEO	5 years w.e.f. 1 <sup>st</sup> April, 2016	6.50	-	20.00	26.50
Mr. Pranav Amin, Managing Director	5 years w.e.f. 1 <sup>st</sup> April, 2016	6.00	5.00	8.50	19.50
Mr. Shaunak Amin, Managing Director	5 years w.e.f. 2 <sup>nd</sup> May, 2018	6.00	5.00	8.50	19.50
Mr. R. K. Baheti, Director-Finance & CFO	5 years w.e.f. 1 <sup>st</sup> April, 2016	3.33	0.76	-	4.09
<b>Total</b>		<b>21.83</b>	<b>10.76</b>	<b>37.00</b>	<b>69.59</b>

₹ in Crores

Notes:

- The criteria's for variable performance incentive includes Company Performance, Periodical Reviews, Skills and Competence.
- The Executive Directors and the Company are entitled to terminate the service contracts by giving not less than three months' notice in writing to the other party. There is no provision for payment of severance fees. The Company does not have any Stock Options Scheme.

## Report on Corporate Governance (Contd.)

### • Non-Executive Directors

Non-Executive Directors are paid ₹ 60,000/- as sitting fees for attending Board Meetings, ₹ 30,000/- for Audit Committee Meetings and ₹ 10,000/- for other Committee Meetings. Non-Executive Directors are also paid reimbursement of out of pocket expenses incurred for attending the meetings of the Board of Directors and Committees thereof.

The details of payment made to Non-Executive Directors during the financial year 2019-20 are as under:

Name of Director	₹ in Lacs		
	Sitting Fees	Commission	Total
Mr. K. G. Ramanathan	4.55	10.00	14.55
Mr. Pranav Parikh	4.85	10.00	14.85
Mr. Paresh Saraiya	5.85	10.00	15.85
Dr. Archana Hingorani	4.15	10.00	14.15

The Board has approved the payment of commission to Non-Executive Independent Directors for the financial year 2019-20 which is within the limit approved by the members of the Company at the 6<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> July, 2016.

The remuneration to Non-Executive Directors is based on the Nomination and Remuneration Policy of the Company.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company and its associates.

### 6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of 3 Directors with Mr. Paresh Saraiya as Chairman, Mr. Pranav Amin and Mr. R. K. Baheti as members. The terms of reference of the Committee cover the matters specified for Stakeholders' Relationship Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013. Mr. Paresh Saraiya was present at the last Annual General Meeting held on 29<sup>th</sup> July, 2019.

Mr. Charandeep Singh Saluja, Company Secretary is the Compliance Officer of the Company.

Details of No. of Shareholders' complaints received: 6

No. not solved to the satisfaction of shareholders: Nil

No. of pending complaints: Nil

### • Meetings and attendance during the year

There were Four (4) meetings of Stakeholders' Relationship Committee held during the year ended 31<sup>st</sup> March, 2020 on 8<sup>th</sup> May, 2019, 29<sup>th</sup> July, 2019, 24<sup>th</sup> October, 2019 and 22<sup>nd</sup> January, 2020.

The attendance of each member of the Stakeholders Relationship Committee is given below:

Name of the Director	No. of meetings	
	held	attended
Mr. Paresh Saraiya	4	4
Mr. Pranav Amin	4	3
Mr. R. K. Baheti	4	4

## 7. General Body Meetings

The details of the location and time where the last three Annual General Meetings (AGMs) were held are as under:

Financial Year	Location	Date	Time	No. of Special Resolutions passed
2018-19	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	29 <sup>th</sup> July, 2019	3.00 p.m.	4
2017-18	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	27 <sup>th</sup> July, 2018	3.00 p.m.	11
2016-17	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	20 <sup>th</sup> July, 2017	3.00 p.m.	Nil

\* Whether any special resolution passed last year through postal ballot: No

\* Whether any special resolution is proposed to be conducted through postal ballot: No

## 8. Means of Communication

Quarterly Results	The results will be published in the newspapers having wide coverage
Which Newspapers wherein results normally published	Will be published normally in- The Economic Times (English), The Economic Times (Gujarati) or any other leading newspapers
Any website, where displayed	www.alembicpharmaceuticals.com
Whether it also displays official news releases and	Yes
The presentations made to institutional investors or to the analysts	Yes

## 9. General Shareholder Information

a) Annual General Meeting Date, Time and Venue	Wednesday, 22 <sup>nd</sup> July, 2020 at 3:00 p.m. IST The meeting will be held through VC / OAVM.
b) Financial Year	2019-20
c) Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.  The Company confirms that the annual listing fees to both the stock exchanges for the F.Y. 2020-21 have been paid.
d) Stock Code	The equity shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with security ID / symbol of APLLTD.  ISIN: INE901L01018  The unsecured rated listed redeemable non-convertible debentures and outstanding commercial papers of the Company are listed on NSE under separate security ID for each tranche.
e) Market price data – high, low during each month in last financial year	Please see Annexure A
f) Share Performance of the Company in comparison to BSE Sensex	Please see Annexure B
g) In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable
h) Registrar and Share Transfer Agents	Link Intime India Pvt. Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020 Tel: +91 265 2356573   6136000 Email Id: vadodara@linkintime.co.in

## Report on Corporate Governance (Contd.)

i) Share Transfer System	Share transfers will be registered and returned within a period of fifteen days from the date of receipt, if documents are accurate in all respects.  Stakeholders' Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, duplicate, etc.  Total number of shares transferred in physical form during the year were 6,690 (previous year 56,785).
j) Distribution of Shareholding/Shareholding Pattern as on 31 <sup>st</sup> March, 2020	Please see Annexure C
k) Dematerialisation of Shares and Liquidity	As on 31 <sup>st</sup> March, 2020, 18,66,20,588 shares (98.99%) are held in dematerialised form by the shareholders.
l) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable
m) Commodity price risk or foreign exchange risk and hedging activities	<ol style="list-style-type: none"> <li>The Company imports API/Intermediates/Key Starting Material (KSM) which may be prone to commodity price risk. The Company does not do any hedging except strategic procurement at times.</li> <li>The Company is a net foreign exchange earner and like the pharma sector, faces foreign currency fluctuation risk. Looking at the broad long term trend, the Company hedges a certain percentage of net forex earning and keeps the balance open.</li> </ol> <p>The disclosure pertaining to exposure &amp; commodity risks is not applicable to the Company.</p>
n) Plant Locations General Oral Solid Formulation Facility – I & II (F-I & II), API-I, API-II Injectable Facility (F-III), API-III General Oral Solid Formulation Facility (F-IV) General Oral Solid Formulation Facility	<ol style="list-style-type: none"> <li>Panelav, Tal. Halol, Dist. Panchmahal, Gujarat.</li> <li>Karkhadi, Tal. Padra, Dist. Vadodara, Gujarat.</li> <li>Jarod, Taluka, Vaghodiya, Dist. Vadodara, Gujarat.</li> <li>Samardung Busty, Namthang, South Sikkim.</li> </ol>
o) Address for Correspondence / Investor Correspondence	<ol style="list-style-type: none"> <li>Company Secretary &amp; Compliance Officer Alembic Pharmaceuticals Limited Alembic Road, Vadodara - 390 003 Tel: +91 265 2280550 Fax: +91 265 2282506 Email Id: apl.investors@alembic.co.in</li> <li>Link Intime India Pvt. Limited B-102/103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank, Radha Krishna Char Rasta, Akota, Vadodara - 390 020 Tel: +91 265 2356573   6136000 Email Id: vadodara@linkintime.co.in</li> </ol>
p) Credit Ratings	The Credit Rating details are given hereunder:

Instrument	₹ in Crores	Rating Agency	Rating & Outlook	Remarks
Bank Loan Facilities	550.00	CRISIL Limited	CRISIL AA+ /Stable	Reaffirmed - Fund and Non-Fund based facilities and Term Loans
Long Term Debentures	800.00	CRISIL Limited	CRISIL AA+ /Stable	Reaffirmed - Issue of Non-Convertible Debentures
Commercial Papers	750.00	CRISIL Limited	CRISIL A1+	Re-affirmed - Issue of Commercial Papers
Commercial Papers	750.00	CARE Ratings Limited	CARE A1+	Re-affirmed - Issue of Commercial Papers

## 10. Other Disclosures

### a) Related Party Transactions:

The details pertaining to related party transactions are provided at point no. 19 of the Board's Report.

### b) Compliance:

There was no non-compliance by the Company; penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

### c) Whistle Blower Policy:

The details pertaining to vigil mechanism or whistle blower policy established by the Company are provided at point no. 14 of the Board's Report.

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

### d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

#### Mandatory requirements:

The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

#### Non-Mandatory requirements:

- Office for non-executive Chairman at Company's expense: Not Applicable
- Half-yearly declaration of financial performance to each household of shareholders: Not complied
- Modified opinion(s) in Audit Report: Not Applicable as there is no modified opinion in Audit Report
- Separate posts of Chairman & CEO: Not complied
- Reporting of Internal Auditors directly to Audit Committee: Complied

### e) Policy for determining 'material' subsidiaries':

The Company has formed the policy for determining 'material' subsidiaries'. The same has been placed on the website of the Company and web-link to the same is as under:

<https://www.alembicpharmaceuticals.com/wp-content/uploads/2019/05/Policy-on-Material-Subsidiaries.pdf>

### f) Disclosure of commodity price risks and commodity hedging activities:

The details are provided at Point No. 9(m) of this report.

### g) Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:

The Company has complied with the requirements specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements), 2015.

### h) Independent Directors' Meeting:

The Independent Directors met on 22<sup>nd</sup> May, 2020 to carry out the evaluation for the financial year 2019-20 and inter alia, discussed the following:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties.

During the financial year 2019-20, the Independent Directors meeting was held on 8<sup>th</sup> May, 2019.

All Independent Directors were present at the aforesaid meetings.

### j) Certificate from Practising Company Secretaries:

The Company has received a certificate from M/s. Samdani Shah & Kabra, Practising Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs/Reserve Bank of India or any such statutory authority.

### k) Fees to the Statutory Auditors of the Company:

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors of the Company is mentioned at Note No. 28(8) of Notes to standalone financial statements. The Company has not availed any services from the network firm/network entity of which the Statutory Auditors is a part.

## Report on Corporate Governance (Contd.)

**i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place a Policy on prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year, no complaint was received by the Company.

**j) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable

**k) Instances of not accepting any recommendation of the Committee by the Board:**

There was no such instance where Board had not accepted any recommendation of any committee of the Board whether mandatorily required or not, in the relevant financial year.

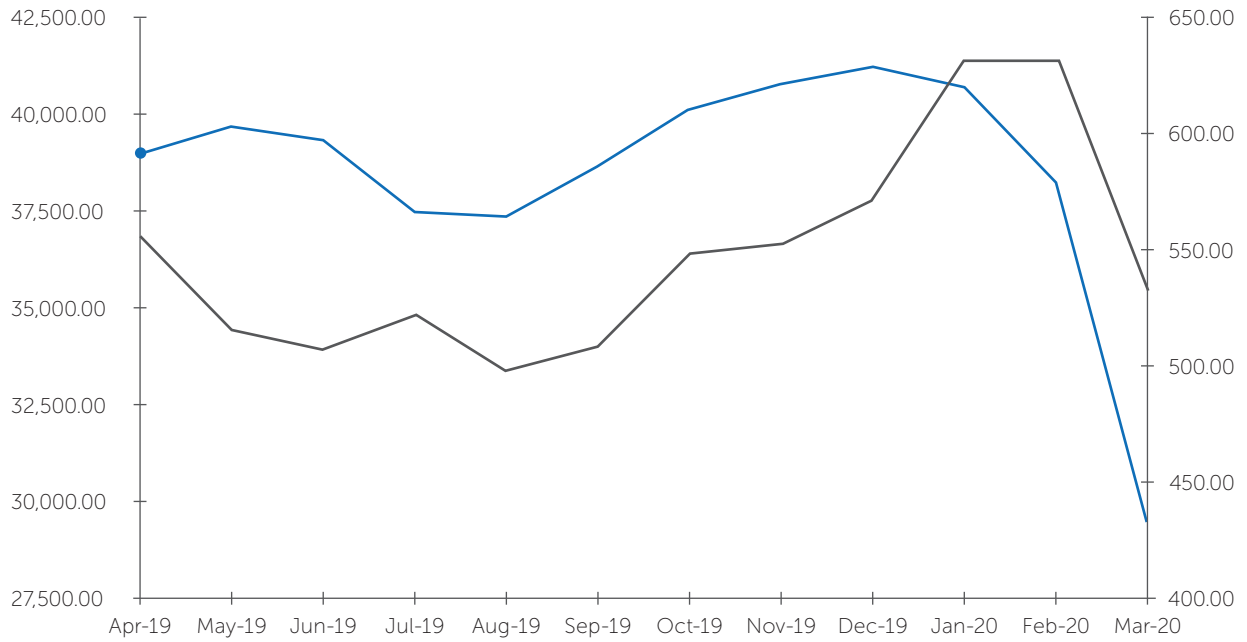
### Annexure A

Market price data of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the financial year 2019-20:

Month – Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April – 2019	582.35	528.50	582.80	525.05
May – 2019	568.55	514.05	568.70	516.00
June – 2019	528.70	435.10	524.00	435.15
July – 2019	559.00	497.25	560.00	496.55
August – 2019	560.45	492.00	562.15	490.00
September – 2019	567.55	487.05	568.10	488.35
October – 2019	565.00	510.00	565.00	509.35
November – 2019	590.00	543.00	589.40	542.15
December – 2019	594.50	538.00	595.00	531.35
January – 2020	644.90	546.95	644.00	545.60
February – 2020	682.50	603.45	685.00	603.15
March – 2020	680.00	436.10	676.90	434.80

On 31<sup>st</sup> March, 2020, the closing price of the shares of the Company on BSE was ₹ 533.65 and on NSE was ₹ 534.25.

## Annexure B



## Code of Conduct

The Board has adopted code of conduct for all Board Members and Senior Management Personnel of the Company and the said code of conduct is placed on the website of the Company at [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com). A declaration signed by the Chief Executive Officer on behalf of the Board of Directors is given below:

"We hereby confirm that:

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31<sup>st</sup> March, 2020 and the copy of the code of conduct is placed on the website of the Company at [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com)

On behalf of the Board of Directors,

Sd/-

**Chirayu Amin**

Chief Executive Officer

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## Corporate Governance Certificate

The Members

**Alembic Pharmaceuticals Limited**

We have examined the compliance of the conditions of Corporate Governance by Alembic Pharmaceuticals Limited for the financial year ended March 31, 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

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.

We state that in respect of investor grievances received during the financial year ended March 31, 2020, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

We further 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.

Sd/-

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

FCS No. 3677

CP No. 2863

UDIN: F003677B000264311

Place: Vadodara,

Date: May 22, 2020

## Business Responsibility Report

### Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company: L24230GJ2010PLC061123
- Name of the Company: Alembic Pharmaceuticals Limited
- Registered Address: Alembic Road, Vadodara – 390 003
- Web: www.alembicpharmaceuticals.com
- Email Id: apl.investors@alembic.co.in
- Financial Year reported: 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
210*	Manufacture of Pharmaceuticals

\* As per National Industrial Classification (NIC) 2008.

- List three key products/services that the Company manufactures/provides (as in balance sheet):
  - Azithromycin
  - Venlafaxine
  - Valsartan
- Total number of locations where business activity is undertaken by the Company:
  - Number of International Locations: The Company has 2 foreign subsidiaries at Switzerland and USA. Details of step down subsidiaries, associates and joint ventures are provided in Form No. AOC-1 in this Annual Report. The Company also has Representative Offices in various countries.
  - Number of National Locations: The Company has manufacturing facilities situated at Panelav, District Panchmahal, Gujarat; Karkhadi, District Vadodara, Gujarat; Jarod, District Vadodara, Gujarat and Samardung Busty, Namthang, South Sikkim and R & D Centres situated at Vadodara and Hyderabad.

- Markets served by the Company – In addition to serving the Indian market, the Company exports to around 70 countries worldwide.

### Section B: Financial Details of the Company

- Paid up Capital (INR): ₹ 37.70 Crores
- Total Turnover (INR): ₹ 4,132.55 Crores
- Total profit after taxes (INR): ₹ 969.40 Crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.37%
- List of activities in which expenditure in 4 above has been incurred:-
  - Community outreach programs
  - Rural development projects
  - Disaster relief activities
  - Sanitation
  - Promotion and development of traditional arts and handicrafts
  - Adoption of Schools in tribal/backward areas
  - Healthcare including preventive healthcare
  - Sports Promotion
  - Education
  - Employment enhancing vocational skills
  - Promoting Equality
  - Conservation of natural resources

### Section C: Other Details

- Does the Company have any Subsidiary Company/Companies? Yes.
- 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): No.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate on 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.

# Business Responsibility Report (Contd.)

## Section D: BR Information

1. Details of Director/Directors responsible for BR

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

1. DIN Number: 00245099
2. Name: Mr. Pranav Amin
3. Designation: Managing Director

(b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	00245099
2.	Name	Mr. Pranav Amin
3.	Designation	Managing Director
4.	Telephone number	+91 265 2280550
5.	Email id	apl.investors@alembic.co.in

2. Principle-wise (as per NVGs<sup>^</sup>) BR policy/policies

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

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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
		The policies are based on the National Voluntary Guidelines on social, environment and economic responsibilities of business issued by the Ministry of Corporate Affairs, Government of India.								
4.	Has the policy being 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
		All the policies were signed by Mr. Pranav Amin, Managing Director.								
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?	*	*	*	*	*	*	*	*	*
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

<sup>^</sup>National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs in July 2011.

\* <http://www.alembicpharmaceuticals.com/policiescodes/>

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

**3. Governance related to BR**

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

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

Yes, BR is published annually in the Annual Report and available at <http://www.alembicpharmaceuticals.com/annual-report/>.

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

The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.

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

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

The Company has formulated an operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials. The Company has longstanding business relations with regular vendors. The Company enters into annual freight contracts with leading transporters for movement of materials. The Company continues to receive sustained support from its vendors.

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

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

The Company procures goods and avail services from local and small vendors, particularly those located around its manufacturing locations. The Company provides technical support and guidance to vendors in developing products wherever possible.

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

Yes. The Company has mechanism for recycling of product as well as waste. >90% of total effluent generation (only API's) is recycled, recovered and reused in boilers, cooling towers and in some cases used in the feed water, thereby reducing fresh water consumption. Domestic Effluent is treated in STPs

**Section E: Principle-wise performance****Principle 1: 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?

No. The policy relating to ethics, bribery and corruption covers the entire Alembic Group.

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.:

During the year under review, the Company did not receive any such complaint.

**Principle 2: Product Sustainability**

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

(a) Active Pharmaceutical Ingredients

(b) Finished Dosage Formulations

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

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

The Company manufactures and distributes at its world class manufacturing facilities, a wide range of Branded & Generics Formulations and APIs. As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at product level.

## Business Responsibility Report (Contd.)

and its outlet is 100% used for gardening in Company campus to reduce fresh water intake.

90% of incinerable waste, generated from production plants, is sent for co processing at cement manufacturing company as a fuel for their Kiln. Approx. 70% of spent solvents generated from the production plants are redistilled and reused in the plants.

Boiler Fly ash used for Brick Manufacturing & Cement Manufacturing instead of land filing.

### Principle 3: Employees' Well-Being

1. Please indicate the Total number of employees: 11,576
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 2,265
3. Please indicate the Number of permanent women employees: 622
4. Please indicate the Number of permanent employees with disabilities: 9
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the Number of complaints related to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - (a) Permanent Employees: 93%
  - (b) Permanent Women Employees: 90%
  - (c) Casual/Temporary/Contractual Employees: 93%
  - (d) Employees with disabilities: 100%

### Principle 4: Stakeholders Engagement

1. Has the Company mapped its internal and external stakeholders?
 

Yes.
2. Out of above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?
 

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

The Company through its Non-Profit Organisations viz. Alembic CSR Foundation, Rural Development Society, Bhailal Amin General Hospital, Uday Education Society and others are taking various initiatives in the area of Education, Healthcare including Preventive Healthcare, Community outreach programs, Sanitation, Employment enhancing vocational skills, etc. to engage with the disadvantaged, vulnerable and marginalized stakeholders.

### Principle 5: 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 policy on human rights covers the entire Alembic Group.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year under review, the Company did not receive any such complaint.

### Principle 6: Environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
 

The Company's policy on environment covers the entire Alembic Group.
2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
 

No.

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

Yes. Environment Risk is assessed from the design stage of the project & adequate steps are taken to reduce environmental impact at construction & operational stage.

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

Yes, Clean Development Mechanism measure has been part of our continuous endeavor of excellence. Furnace Oil Fired Boiler replaced with Coal Boiler and Solar Power to reduce carbon emission rate to environment.

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

The Company has taken various initiatives on conservation of energy and technology absorption as mentioned in Annexure E to the Board's Report.

<http://www.alembicpharmaceuticals.com/annual-report/>

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

Yes.

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.

Nil.

#### Principle 7: Advocacy

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

The Company is a member of various trade bodies and chamber of associations inter alia:-

(a) Federation of Gujarat Industries.

(b) Federation of Indian Chambers of Commerce & Industry.

(c) International Chamber of Commerce.

(d) Indian Drug Manufacturers' Association.

(e) Federation of Indian Export Organisations.

(f) Pharmaceutical Export Promotion Council of India.

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

Yes. The Company has advocated on various areas concerning economic reforms, best practices, new standards or regulatory development pertaining to pharmaceutical industry through the associations, from time to time.

#### Principle 8: Community Development

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

Alembic Group has carried out various community development activities since over fifty years. Alembic Group has established, nurtured and promoted various Non-Profit Organisations focusing on three major areas – Education, Healthcare and Rural Development. The details are mentioned in Annexure A to the Board's Report.

Alembic has been providing gainful employment opportunities to the local population from in and around the manufacturing facilities.

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

The Company undertakes programmes/projects directly/through various Non-Profit Organisations viz. Alembic CSR Foundation, Rural Development Society, Bhailal Amin General Hospital, Uday Education Society and others.

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

Yes.

## Business Responsibility Report (Contd.)

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken:

The details are mentioned in Annexure A to the Board's 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.

The Company conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken. Various projects are undertaken with Government and Semi-Government agencies that have their monitoring mechanisms and impact assessment systems. We believe that our initiatives has genuinely covered and benefitted large number of beneficiaries.

### Principle 9: Customer Value

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

Nil.

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):

No. The Company follows all legal statues with respect to product labeling and displaying of product information.

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

No.

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

No.

On behalf of the Board of Directors,

Sd/-

**Pranav Amin**

Managing Director and BR Head

(DIN: 00245099)

## Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **Alembic Pharmaceuticals Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and its profit, 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 Companies Act, 2013. Our responsibilities under those Standards 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 Companies Act, 2013 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 following matter as Key Audit Matter for the year.

#### Provision for return of non-saleable goods (Expiry, Breakage and Spoilage) in the market in India

This is considered as key audit matter in view of significant estimates and judgements made by the management for recognition and measurement for the same.

The Company, under the prevailing trade practice, has an obligation to accept returns of expiry, breakage and spoilage (EBS) products, from the Stockiest (customers) in India. The methodology and assumptions used to estimate the accruals of EBS are monitored and adjusted regularly by the management in the light of the obligations, historical trends, past experience and prevailing market conditions.

The Company makes provision for accrual of EBS estimated in future out of the sales effected during the current period. The said provision is used for settling claims made by the customers in future. Actual returns on account of EBS can vary materially from period to period based upon actual sales volume, product mix, etc.

Refer accounting policy stated at 2.16 and note 28(12) in the standalone financial statements.

#### Principal Audit Procedures

We verified management's calculations in respect of estimate made by the management towards provision for accruals of EBS. We have examined the methodology and the assumptions made by the management while making this provision.

#### "Information Other than the Standalone Financial Statements and Auditor's Report Thereon"

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexures thereto and Report on Corporate Governance but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have been provided the aforesaid reports and based on the work we have performed, we did not observe any material misstatement of this other information and accordingly, we have nothing to report in this regard.

## Independent Auditor's Report (Contd.)

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls system 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 statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down under this section.
- (h) 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 28(2)(ii) 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

#### For K. S. Aiyar & Co

Chartered Accountants  
Firm's Registration No.100186W  
UDIN: 20038526AAAABC5468

#### Rajesh S. Joshi

Partner  
M. No. 038526

Place: Mumbai

Date: 22<sup>nd</sup> May, 2020

## ANNEXURE A

### Re: Alembic Pharmaceuticals Limited.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets i.e. Property, Plant and Equipment (PPE).
- (b) These fixed assets (PPE) have been physically verified by the management during the year as per the phased program of physical verification of fixed assets (PPE). As informed to us the program is such that all the fixed assets (PPE) will get physically verified once in three year time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets (PPE). No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a), (b) and (c) of clause (iii), are not applicable to the Company.
- (iv) In respect of loans, investments, guarantees and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits during the year. Therefore the question of complying with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.
- (vi) The Central Government has specified the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. Such accounts and records have been made and maintained by the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax (GST), cess and any other statutory dues to the appropriate authorities. There were no undisputed amounts payable in respect of these dues in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
- (b) Dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax (GST) that have not been deposited on account of any dispute are as under:

Nature of dues	Amount not deposited (₹ in Crores)	Forum where dispute is pending	Period
Sales Tax, interest and penalty	0.13	High Court	1999-2000
	1.64	Asst. Commissioner Demand	2003-04
	@	Additional Commissioner	2004-05
	0.02	Revisional Board (Tribunal)	2006-07
	0.21	Jt. Commissioner Appeals	2013-14
	0.08	Jt. Commissioner Appeals	2006-07
	0.08	Maharashtra Tribunal	2009-10
	0.02	Additional Commissioner	1 <sup>st</sup> April, 2006 to 30 <sup>th</sup> Nov, 2008
	0.15	Additional Commissioner	2007-08
	0.16	Revisional Authority	2015-16
Central Sales Tax	0.48	Revisional Authority	2012-13
	0.02	Addl. Commissioner Sales Tax	1 <sup>st</sup> April, 2006 to 30 <sup>th</sup> Nov, 2008
	0.01	Jt. Commissioner Appeals	2006-07
	0.03	Jt. Commissioner Appeals	2010-11
Entry Tax	0.11	Dy. Commissioner II	2006-07
	0.03	Revisional Authority	2013-14
Professional Tax	0.05	Jt. Commissioner	2014-15
Excise duty, interest & penalty	0.24	Commissioner Appeals	2013-14

@ ₹ 44,830/-

- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been applied for the purpose for which they were raised.
- (x) Any fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.
- (xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) The Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.
- (xiii) All transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore the compliance of the requirement of section 42 of the Companies Act, 2013 are not applicable.
- (xv) Pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.
- (xvi) The Company is not required to be registered under section 45-1(A) of the Reserve Bank of India Act, 1934.

**For K. S. Aiyar & Co**

Chartered Accountants  
Firm's Registration No.100186W  
UDIN: 20038526AAAABC5468

**Rajesh S. Joshi**

Partner  
M. No. 038526

Place: Mumbai

Date: 22<sup>nd</sup> May, 2020

## ANNEXURE B

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ALEMBIC PHARMACEUTICALS LIMITED** ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to the standalone financial statements of the Company 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal

financial controls over financial reporting was 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 system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion the Company has , in all material respects, an internal financial controls system with reference to the standalone financial statements of the Company and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020 , based on the

internal control over financial reporting 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.

### **For K. S. Aiyar & Co**

Chartered Accountants  
Firm's Registration No.100186W  
UDIN: 20038526AAAABC5468

### **Rajesh S. Joshi**

Partner  
M. No. 038526

Place: Mumbai

Date: 22<sup>nd</sup> May, 2020

# Balance Sheet as at 31<sup>st</sup> March, 2020

Particulars	Note No	₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	3	1,268.11	1,077.09
(b) Capital work-in-progress		1,569.98	1,106.89
(c) Investment Property	4	8.35	8.35
(d) Financial Assets:-			
(i) Investments	5	833.25	506.39
(e) Other Non-Current Assets- Capital Advance		47.71	14.31
<b>Total non-current assets</b>		<b>3,727.40</b>	<b>2,713.03</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	1,073.18	891.41
(b) Financial Assets			
(i) Trade receivables	7	784.11	539.78
(ii) Cash and cash equivalents	8	28.22	144.25
(iii) Bank balances other than cash and cash equivalents	9	8.91	6.55
(iv) Others financial assets	10	8.49	8.95
(c) Current Tax Assets (Net)	28(9)	8.12	6.74
(d) Other current assets	11	240.33	238.35
<b>Total current assets</b>		<b>2,151.36</b>	<b>1,836.03</b>
<b>TOTAL ASSETS</b>		<b>5,878.77</b>	<b>4,549.06</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	12	37.70	37.70
(b) Other Equity	13	3,308.32	2,674.71
<b>Total equity</b>		<b>3,346.02</b>	<b>2,712.41</b>
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	886.99	499.30
(ii) Other financial liabilities	15	73.30	-
(b) Provisions	16	73.21	51.33
(c) Deferred tax liabilities (Net)	17	45.76	45.27
<b>Total non-current liabilities</b>		<b>1,079.26</b>	<b>595.90</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	800.04	359.98
(ii) Trade payables	19		
A) Total outstanding dues of Micro and Small enterprises		6.72	4.76
B) Total outstanding dues of others		386.45	467.99
(iii) Other financial liabilities	20	121.35	290.97
(b) Other current liabilities	21	100.77	84.68
(c) Provisions	22	38.17	32.37
<b>Total current liabilities</b>		<b>1,453.49</b>	<b>1,240.76</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,878.77</b>	<b>4,549.06</b>

The accompanying notes form an integral part of these Standalone financial statements. 1-28

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

₹ in Crores

Particulars	Note No	For the year ended	For the year ended
		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>I Revenue from Operations</b>	23	4,132.55	3,660.27
<b>II Other Income</b>	24	134.75	6.42
<b>III Total Income</b>		<b>4,267.31</b>	<b>3,666.69</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	25	978.13	850.04
Purchase of Stock-in-Trade		244.26	230.45
Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	25	(176.50)	(80.42)
Employee Benefits Expense	26	806.37	684.45
Finance costs		25.19	14.87
Depreciation and Amortization expense	3	135.67	105.59
Other Expenses	27	1,077.40	1,097.06
<b>Total Expense (IV)</b>		<b>3,090.51</b>	<b>2,902.06</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		1,176.79	764.63
<b>VI Exceptional Item</b>		10.00	-
<b>VII Profit Before Tax (V-VI)</b>		<b>1,166.79</b>	<b>764.63</b>
<b>VIII Tax Expense</b>	28(9)		
(i) Current Tax		198.48	157.52
(ii) Short/(Excess) Tax Provision		(1.09)	(4.10)
<b>IX Profit after Tax (VII-VIII)</b>		<b>969.40</b>	<b>611.21</b>
<b>X Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Statement of Profit and Loss			
(a) Re-measurements of post-employment benefit obligations		(11.30)	(2.43)
(b) Income tax relating to Re-measurements of post-employment benefit obligations		1.98	0.52
<b>Total Other Comprehensive Income (X)</b>		<b>(9.33)</b>	<b>(1.90)</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>960.08</b>	<b>609.30</b>
<b>XII Earnings per equity share (FV ₹ 2/- per share):</b>			
Basic & Diluted (in ₹)	28(1)	51.42	32.42

The accompanying notes form an integral part of these Standalone financial statements. 1-28

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

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**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

# Statement of Changes in Equity

## A. Equity Share Capital

Particulars	No of Shares	₹ in Crores
<b>Equity shares of ₹ 2/- each issued, subscribed and fully paid</b>		
<b>Balance at 1<sup>st</sup> April, 2018</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>18,85,15,914</b>	<b>37.70</b>
<b>Balance at 1<sup>st</sup> April, 2019</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>18,85,15,914</b>	<b>37.70</b>

## B. Other Equity - Attributable to owners

Particulars	Reserve & Surplus				Total
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Retained earnings	
<b>Balance at 1<sup>st</sup> April, 2018 (I)</b>	<b>0.30</b>	<b>1,236.88</b>	<b>-</b>	<b>919.76</b>	<b>2,156.93</b>
Other Comprehensive Income				(1.90) *	(1.90)
Profit for the period				611.21	611.21
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609.30</b>	<b>609.30</b>
Dividends paid including Tax on Dividend				(90.91)	(90.91)
Reversal of Deferred Tax Asset		(0.62)			(0.62)
Provision for debenture redemption			41.67	(41.67)	-
Profit transferred to General Reserve		100.00		(100.00)	-
<b>Transaction for the year (III)</b>	<b>-</b>	<b>99.38</b>	<b>41.67</b>	<b>(232.57)</b>	<b>(91.53)</b>
<b>Balance at 31<sup>st</sup> March, 2019 (I+II+III)</b>	<b>0.30</b>	<b>1,336.25</b>	<b>41.67</b>	<b>1,296.49</b>	<b>2,674.71</b>
<b>Balance at 1<sup>st</sup> April, 2019 (I)</b>	<b>0.30</b>	<b>1,336.25</b>	<b>41.67</b>	<b>1,296.49</b>	<b>2,674.71</b>
Other Comprehensive Income				(9.33) *	(9.33)
Profit for the period				969.40	969.40
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960.08</b>	<b>960.08</b>
Dividends paid including Tax on Dividend				(325.97)	(325.97)
Reversal of Deferred Tax Asset		(0.49)			(0.49)
Transfer to General Reserve	(0.30)	0.30			-
Provision for debenture redemption			41.67	(41.67)	-
Profit transferred to General Reserve		200.00		(200.00)	-
<b>Transaction for the year (III)</b>	<b>(0.30)</b>	<b>199.81</b>	<b>41.67</b>	<b>(567.64)</b>	<b>(326.47)</b>
<b>Balance at 31<sup>st</sup> March, 2020 (I+II+III)</b>	<b>-</b>	<b>1,536.06</b>	<b>83.33</b>	<b>1,688.92</b>	<b>3,308.32</b>

Note:

\* Represents remeasurements of the defined plans

The accompanying notes are an integral part of the Consolidated financial statements (note 1-28).

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
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 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

The image shows a large, empty table structure. It consists of approximately 20 horizontal rows. A vertical column on the right side of the table is shaded in light gray, while the rest of the table area is white. The table is currently empty of any data or text.

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	378.02	586.60
Repayment of borrowings	(200.00)	(587.30)
Net increase / (decrease) in working capital demand loans	440.06	238.45
Payment of lease liabilities	(17.11)	-
Increase in Restricted Bank Balances other than Cash & Cash Equivalents	(0.02)	(0.38)
Dividends paid (including distribution tax)	(325.97)	(90.91)
Interest and other finance costs (including borrowing cost capitalised)	(108.85)	(66.80)
<b>Net Cash inflow from Financing Activities (C)</b>	<b>166.13</b>	<b>79.67</b>
<b>I. Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(116.43)</b>	<b>134.87</b>
II. a) Cash and cash equivalents at the beginning of the Year	144.25	9.45
b) Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.41	(0.07)
<b>III. Cash and cash equivalents at the end of the Year (I+II)</b>	<b>28.22</b>	<b>144.25</b>
<b>IV. Cash and cash equivalents at the end of the Year</b>		
Balances with Banks	27.88	144.03
Cash on hand	0.34	0.22
<b>Cash and cash equivalents</b>	<b>28.22</b>	<b>144.25</b>

The accompanying notes are an integral part of the Consolidated financial statements (note 1-28).

As per our report of even date  
**For K. S. Aiyar & Co.**  
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Mumbai, 22<sup>nd</sup> May, 2020

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**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### Company Overview and Significant Accounting Policies

#### 1 General information

Alembic Pharmaceuticals Limited is in the business of development, manufacturing, and marketing of Pharmaceuticals products i.e. Formulations and Active Pharmaceutical Ingredients. The Company is the public limited Company domiciled in India and is incorporated under the provision of the Companies Act applicable in India. Its shares are listed on the two recognised Stock Exchanges in India. The registered office of the Company is located at Alembic Road, Vadodara – 390 003, India.

The financial statements are approved by the company's board of directors on May 22, 2020.

#### 2 Significant Accounting Policies

##### 2.01 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

##### 2.02 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company's Financial Statements for the year ended 31<sup>st</sup> March, 2020 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

The Company has consistently applied accounting policies to all periods presented in these financial statements.

##### 2.03 Basis of Measurement

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz derivatives, employee benefit plan assets.

#### Functional and Presentation Currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

#### 2.04 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any change in these estimates and assumptions will generally be reflected in the financial statements in current period or prospectively, unless they are required to be treated retrospectively under relevant accounting standards.

In particular, information about significant areas of estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes financial instruments, useful lives of property, plant and equipment and intangible assets, valuation of inventories, measurement of defined benefit obligations and actuarial assumptions, provisions and other accruals, sales returns, chargebacks, allowances and discounts, recoverability/recognition of deferred tax assets, Assessment of functional currency, Contingencies.

#### 2.05 Property, Plant and Equipment (PPE)

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price net of eligible input tax credit, and any attributable cost of bringing the assets to its working condition for its intended use, including the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed are reported at the lower of the carrying value or the net realisable value less cost to sell.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

The company has adopted, "Cost Model" for accounting of its Property Plant and Equipment.

### 2.06 Capital Work-in-Progress

Projects under construction wherein assets are not ready for use in the manner as intended by the management are shown as Capital Work-In-Progress.

### 2.07 Intangible Assets

Intangible assets are stated at cost less provisions for amortisation and impairments. Software licenses fees are charged to statement of profit and loss when incurred.

### 2.08 Intangible Assets under development

Intangible assets consisting of development expenditure of certain products are amortised on straight line method from the date they are available for use, over the useful life of the assets (5-20 years), as estimated by the Management.

### 2.09 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

### 2.10 Borrowing Cost

Borrowing costs attributable to the acquisition and/or construction of an asset that necessarily takes a substantial period of time to get ready for use in the manner as intended by management, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred.

### 2.11 Inventories

Inventories consist of Raw Materials, Stores and Spares, Packing Materials, Work-in-Progress, Goods in Transit and Finished Goods and are measured at the lower of cost and net realisable value.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of Finished Goods and Work-in-Progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### 2.12 Trade receivables

Trade receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the Statement of Profit and Loss.

### 2.13 Financial Instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

#### a. Financial Assets

##### (i) Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way trade of financial assets are accounted for at trade date.

##### (ii) Subsequent measurement

For the Purpose of subsequent measurement, financial assets are classified in four categories:

- **Financial assets at amortised cost:**  
A financial asset is subsequently measured at amortised cost, if it is held within a business model whose objective is to hold the asset in order 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. After initial measurement, debt instruments are subsequently

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

measured at amortised cost using the effective interest rate method, less impairment, if any.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it 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.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss.

**De-recognition:**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind. AS 109.

- **Investments in subsidiaries and associates**

The Company has elected to recognise its investments in subsidiaries and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

### b. Financial Liabilities

(i) **Initial recognition and measurement**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, at fair value through profit and loss or as those measured at amortised cost.

(ii) **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss.

- **Financial liabilities measured at amortised cost**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method except for those designated in an effective hedging relationship.

**De-recognition**

A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

### c. Derivative Financial Instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank and these are not designated as hedges under Ind AS 109, Financial Instruments.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

### 2.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.15 Operating cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.16 Revenue Recognition

Revenue from contracts with customers is recognised on satisfaction of performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice.

Estimated future returns are calculated based on specific methodology and assumptions. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in the light of contractual and legal obligations, past trend & experience and projected market conditions. Revenue is recognised net of such future expected return and actual return.

Variable consideration arises on the sale of goods as a result of profit sharing arrangement and various deductions including charge back.

Revenue recognition in case of profit sharing is highly uncertain hence the same is recognised based on reasonable certainty of revenue.

The company enters into development and marketing collaborations and out-licences of the company's compounds or products to other parties. These contracts give rise to fixed and variable consideration from upfront payments, development milestones, sales-based profit sharing and royalties.

Income dependent on the achievement of milestone is recognised when the related event occurs and it is highly probable that significant reversal in the amount of cumulative revenue recognised will not occur. Sales-based royalties on a licence of intellectual property are recognised on confirmation of actual sales.

GST and other taxes on sales are excluded from revenue.

Income from operations includes Export benefits available under prevalent schemes are recognised to the extent considered receivable.

Other income is comprised of interest income, Gain / loss on investments, dividend income and Insurance claim. Dividend income and other income is recognized when the right to receive payment is established.

### 2.17 Research and Development Expense

All revenue expenses related to research and development including expenses in relation to development of product/processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) and Drug Master Files (DMF) are charged to the statement of profit and loss in the year in which it is incurred

Development expenditure of certain nature is capitalised when the criteria for recognising an intangible asset are met, usually when a regulatory filing is intended to be made in a major market and approval is considered highly probable.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 2.18 Employee benefits

#### (a) Defined Benefit Obligation Plans:

##### (i) Gratuity

##### *Defined Benefit Obligation Plans:*

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund by the Life Insurance Corporation of India (LIC) and HDFC Life Insurance Company Ltd. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The service cost and the net interest cost are charged to the Statement of Profit and Loss. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. The Company recognizes these re-measurements in the Other Comprehensive Income (OCI).

##### (ii) Provident Fund

The Company's contribution to provident fund, administered through a Company managed trust, is recognised as an expense in the Statement of Profit and Loss.

#### (b) Defined Contribution plans

Superannuation fund is administered by the HDFC Life Insurance Company Ltd. The contribution to Superannuation fund, Contribution to pension fund, ESIC, EDLI and Labour Welfare Fund are recognised as an expense in the statement of profit and loss.

Under defined contribution plans Provident Fund, is contributed to Government administrated Provident Fund by subsidiaries.

#### (c) Leave Liability

The Company has a policy to allow accumulation of leave by employees up to certain days. Accumulated leave liability as at the year end is provided as per actuarial valuation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for

valuation. The Company recognizes these actuarial gains and losses in the statement of Profit and Loss, as income or expense.

### 2.19 Depreciation / Amortisation

Depreciation is calculated on a straight-line basis as per the specified life of the assets as provided in schedule II to the Companies Act, 2013

Class of Assets- Tangible	Range of useful life
Building	05 - 60 Years
Plant & Equipment	03 - 22 Years
Furniture & Fixtures	10 Years
Vehicles	08 - 10 Years
Office Equipment	05 Years
Class of Assets- Intangible	Range of useful life
Goodwill	10 Years
Other Intangible Asset	08 Years

The management, based on internal technical evaluation, believes that the useful lives as given above best represent the period over which the assets are expected to be used.

The useful lives for certain assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013, and the same is considered in the above range of useful life. Leasehold Land is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Depreciation on PPE added during the year is provided on pro rata basis from the month of addition. Depreciation on sale / disposal of PPE is provided pro-rata up to the preceding month of disposal/discarding.

#### Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately

### 2.20 Leases:

#### As lessee

##### Initial measurement

Lease Liability: At the commencement date, a Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

Right-of-use assets: initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

##### Subsequent measurement

Lease Liability: Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

Right-of-use assets: subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset.

##### Impairment:

Right of use assets are evaluated for recoverability whenever events or changes in circumstances

indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

#### Short term Lease

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the company elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit

#### As a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income is recognised in the statement of profit and loss on straight line basis over the lease term.

#### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1<sup>st</sup> April, 2019 and applied the standard prospectively to its leases.

Refer note 2.20 significant accounting policy and other explanatory note -leases in the annual report of the company for the year

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

ended 31<sup>st</sup> March, 2019, for the erstwhile policy as per Ind AS 17.

### 2.21 Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded by the Company at the rate of exchange prevailing on the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies remaining unsettled at the end of the year are converted at the exchange rate prevailing on the reporting date. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. In respect of forward cover contracts, the mark to market loss / gain as at the reporting date is charged to Statement of Profit and Loss. In respect of options contracts to mitigate the probable foreign exchange fluctuation risk, the options contracts are fair valued and the resultant variation as at the reporting date is charged to Statement of Profit and Loss.

### 2.22 Taxes:

#### a. Current income tax

Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity, in such case it is recognised in OCI or directly in equity respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted on the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### b. Deferred tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting

date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The benefit of credit against the payment made towards Minimum Alternate Tax for the earlier years is available in accordance with the provisions of the section 115J (AA) of income tax act 1961 over the period of subsequent 15 assessment year and it is recognised to the extent of deferred tax liability in view of the certainty involved of its realisation against reversal of deferred tax liability.

### 2.23 Provisions, Contingent Liabilities and Contingent Assets

#### a. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the statement of profit and loss or balance sheet as the case may be.

#### b. Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

#### c. Contingent Assets

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

### 2.24 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### 2.25 Government Grant

Government grants are recognised when there is reasonable assurance that the grant will be received and the company will comply with conditions attached to the grant. Accordingly, Government grants is deducted to calculate the carrying amount of the asset, and is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense. Government grant related to specific expenses are shown as other income in the Statement of Profit and Loss.

### 3. Property, Plant and Equipment (PPE):

₹ in Crores

Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Right to Use Building #	Total
<b>Gross carrying amount</b>										
<b>Carrying Amount as at 1<sup>st</sup> April 2018</b>	<b>51.99</b>	<b>18.58</b>	<b>280.61</b>	<b>581.67</b>	<b>195.15</b>	<b>16.33</b>	<b>12.13</b>	<b>6.13</b>		<b>1,162.61</b>
Additions/Adjustment	21.27	1.77	22.03	166.81	45.03	4.42	2.45	0.71		264.48
Disposals	-	-	-	(0.33)	-	(0.01)	(0.01)	(0.01)		(0.36)
<b>Closing Gross Carrying Amount</b>	<b>73.26</b>	<b>20.35</b>	<b>302.64</b>	<b>748.15</b>	<b>240.18</b>	<b>20.74</b>	<b>14.57</b>	<b>6.82</b>		<b>1,426.72</b>
<b>Accumulated Depreciation</b>	-	10.72	31.88	158.55	33.34	2.85	5.22	1.75		244.31
Depreciation charge during the year	-	0.21	12.65	66.29	21.78	1.89	1.67	1.11		105.59
Disposals	-	-	-	(0.25)	-	(0.00)	(0.00)	(0.01)		(0.27)
<b>Closing Accumulated Depreciation</b>	-	<b>10.92</b>	<b>44.53</b>	<b>224.59</b>	<b>55.12</b>	<b>4.73</b>	<b>6.88</b>	<b>2.85</b>		<b>349.64</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2018	51.99	7.87	248.73	423.12	161.82	13.48	6.91	4.37		918.30
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2019</b>	<b>73.26</b>	<b>9.43</b>	<b>258.11</b>	<b>523.55</b>	<b>185.07</b>	<b>16.01</b>	<b>7.68</b>	<b>3.97</b>		<b>1,077.09</b>
<b>Gross carrying amount</b>										
<b>Carrying Amount as at 1<sup>st</sup> April 2019</b>	<b>73.26</b>	<b>20.35</b>	<b>302.64</b>	<b>748.15</b>	<b>240.18</b>	<b>20.74</b>	<b>14.57</b>	<b>6.82</b>	-	<b>1,426.72</b>
Additions/Adjustment	7.76	-	42.85	130.49	47.98	1.71	2.14	1.95	92.43	327.32
Disposals	-	-	-	-	-	-	(0.72)	-	-	(0.72)
<b>Closing Gross Carrying Amount</b>	<b>81.03</b>	<b>20.35</b>	<b>345.49</b>	<b>878.64</b>	<b>288.17</b>	<b>22.46</b>	<b>15.98</b>	<b>8.77</b>	<b>92.43</b>	<b>1,753.32</b>
<b>Accumulated Depreciation</b>	-	10.92	44.53	224.59	55.12	4.73	6.88	2.85	-	349.64
Depreciation charge during the year	-	0.23	13.61	76.51	27.83	1.35	1.72	1.06	13.37	135.67
Disposals	-	-	-	-	-	-	(0.09)	-		(0.09)
<b>Closing Accumulated Depreciation</b>	-	<b>11.15</b>	<b>58.14</b>	<b>301.10</b>	<b>82.95</b>	<b>6.09</b>	<b>8.51</b>	<b>3.91</b>	<b>13.37</b>	<b>485.21</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2019	73.26	9.43	258.11	523.55	185.07	16.01	7.68	3.97	-	1,077.09
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2020</b>	<b>81.03</b>	<b>9.21</b>	<b>287.35</b>	<b>577.54</b>	<b>205.22</b>	<b>16.37</b>	<b>7.47</b>	<b>4.86</b>	<b>79.06</b>	<b>1,268.11</b>

Note:

- The Company does not have any restrictions on the title of its property, plant and equipment.
- Sales proceeds are deducted from gross cost where cost is unascertainable.
- # Please Refer Note No 2(2.20) & 28(23).

**Notes to the Financial Statements** as on 31<sup>st</sup> March, 2020**4. Investment Property:** (Refer Note No 28(13))

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Free Hold Land</b>		
<b>Carrying Amount</b>	8.35	-
Additions	-	8.35
<b>Closing Gross Carrying Amount</b>	<b>8.35</b>	<b>8.35</b>

**5. Non-Current Financial Investment**

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Investments in Equity Instruments-Unquoted</b>		
<b>Valued at Cost</b>		
<b>Investment in Wholly Owned Subsidiaries</b>		
45,00,000 (PY: 45,00,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA.	30.31	30.31
1,20,000 (PY: Nil) equity shares of USD 1.00 each fully paid up in Alembic Pharmaceuticals Inc.	122.36	-
<b>Investment in Subsidiary</b>		
300,000 (PY: 300,000) equity shares of ₹ 10 each fully paid up in Aleor Dermaceuticals Limited	0.30	0.30
<b>Investment in Associate</b>		
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd.	3.00	3.00
<b>Valued at Amortised Cost</b>		
<b>Investments in Preference Shares</b>		
1% Cumulative Redeemable Non-Convertible Preference Shares 2,25,000 (PY: 2,25,000) of ₹ 10 each fully paid up in EICL (Redemption date 14.12.2031)	0.23	0.23
<b>Investments in Debentures &amp; Warrants of Subsidiary - Valued at Cost</b>		
Non-Convertible Debentures - Aleor Dermaceuticals Ltd: Considered good	677.00	472.50
Secured CY 30,000 (PY: 30,000) of ₹ 1,00,000 Unsecured Crores CY 37,700 (PY: 17,250) of ₹ 1,00,000 each maturing on 14.11.2026. Debenture carrying coupon rate of 10% & 12% to be accrued only when subsidiary start making cash profit.		
Warrants - Aleor Dermaceuticals Ltd CY 539200 (PY: 539200) warrants of ₹ 1/- each	0.05	0.05
<b>Aggregate amount of unquoted Investments</b>	<b>833.25</b>	<b>506.39</b>

**6. Inventories** (Basis of Valuation - Refer Note 2.11)

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw Materials	292.26	300.24
Packing Materials	50.89	46.67
Work-in-Process	55.43	50.02
Finished Goods	589.06	415.67
Stock-in-trade	47.71	43.92
Goods in Transit	18.19	24.28
Stores and Spares	19.64	10.62
	<b>1,073.18</b>	<b>891.41</b>

Note:

(i) Inventories are hypothecated as security for borrowings.

(ii) During the year ended 31.03.2020 the Company recorded inventory write-downs of ₹ 6.57 Crores (PY: 3.51 Crores).

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 7. Trade Receivables

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Unsecured, Considered good	a	784.11	539.78
Trade Receivables which have significant increase in credit Risk		2.23	2.12
Less Allowance for doubtful debts (expected credit loss allowance)		2.23	2.12
	b	-	-
	(a+b)	<b>784.11</b>	<b>539.78</b>

Note:

(i) Receivables are hypothecated as security for borrowings.

(ii) Refer Note No. 28 (7)(J) for related party receivable.

### 8. Cash and Cash Equivalents

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Balances with Banks		27.88	144.03
Cash on hand		0.34	0.22
		<b>28.22</b>	<b>144.25</b>

### 9. Bank Balances Other than Cash and Cash Equivalents

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Earmarked Balance with Bank			
Unpaid Dividend Account		7.12	4.79
Margin Money Deposit Account		1.78	1.76
		<b>8.91</b>	<b>6.55</b>

### 10. Other Financial Assets (Current)

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security Deposits		8.49	8.95
		<b>8.49</b>	<b>8.95</b>

Refer Note No 28(7) (J) for related party Deposits

### 11. Other Current Assets (Unsecured, considered good)

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advance to Employees		6.83	4.86
Advance to Suppliers		35.57	44.38
Pre-paid Expense		22.36	13.09
Balances with Government Authorities		175.57	176.02
		<b>240.33</b>	<b>238.35</b>

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 12. Equity Share Capital

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Authorized</b>		
20,00,00,000 - Equity shares of ₹ 2/- each	40.00	40.00
<b>Shares issued, subscribed and fully paid</b>		
18,85,15,914 - Equity shares of ₹ 2/- each	37.70	37.70
	<b>37.70</b>	<b>37.70</b>

#### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Numbers	₹ in Crores	Numbers	₹ in Crores
At the beginning of the year	18,85,15,914	37.70	18,85,15,914	37.70
Outstanding at the end of the year	18,85,15,914	37.70	18,85,15,914	37.70

#### The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital

The Company is having only one class of shares i.e. Equity carrying a nominal value of ₹ 2/- per share. Every holder of the equity share of the Company is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend.

#### Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,55,51,528	29.47%	5,55,51,528	29.47%
2 Nirayu Limited *	7,00,35,435	37.15%	4,93,36,655	26.17%
3 Shreno Limited *	100	0.00%	2,06,98,780	10.98%

\*Pursuant to the Order passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench dated 26<sup>th</sup> July, 2019 in the matter of Composite Scheme of Arrangement between Alembic Limited, Shreno Limited and Nirayu Private Limited, the equity shares held by Shreno Limited in the Company are transferred to Nirayu Private Limited. Further, Nirayu Private Limited has been converted into a Public Limited company and its name has been changed to Nirayu Limited pursuant to the Certificate of Incorporation dated 3<sup>rd</sup> October, 2019 issued by the Registrar of Companies, Gujarat in this regard.

### 13. Other Equity

(Refer statement of changes in equity for detailed movement in other equity balance)

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
(a) Capital Reserve	-	0.30
(b) General Reserve	1,536.06	1,336.25
(c) Retained Earnings	1,688.92	1,296.49
(d) Debenture Redemption Reserve	83.33	41.67
<b>Total Other Equity</b>	<b>3,308.32</b>	<b>2,674.71</b>

#### Nature and purpose of each Reserve

**Capital Reserve:-** Capital Reserve was created on receipt of Government subsidy for setting up factory in backward area, transferred to general reserve in current year.

**General Reserve:-** The reserve is created by transfer of a portion of the net profit.

**Debenture redemption reserve:** The company has created and continue to create debenture redemption reserve out of the profits as prudent practice in accordance with erstwhile provision of Companies Act, 2013.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 14 Borrowings (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unsecured</b>		
<b>From Bank</b>		
Term Loan	387.53	-
<b>Non-Convertible debentures</b>	499.46	499.30
	<b>886.99</b>	<b>499.30</b>

#### Notes:

(i) Maturity profile and rate of interest of Term loan and non-convertible debentures are set out as below:

Particulars	External Commercial Borrowings		
	Term Loan	Non-Convertible Debentures	Non-Convertible Debentures
<b>Effective Rate of Interest</b>	spread of 1.70% over 1 year G-sec with annual interest reset	6M Libor + 1.25%	8.42% to 9.05%
<b>Maturity profile</b>			
2021-22	-	-	₹ 300.00 Crores
2022-23	₹ 200.00 Crores	\$ 8.33 Million	₹ 200.00 Crores
2023-24	-	\$ 8.33 Million	-
2024-25	-	\$ 8.34 Million	-
<b>Total</b>	<b>₹ 200.00 Crores</b>	<b>\$ 25.00 Million</b>	<b>₹ 500.00 Crores</b>
<b>Total Equivalent ₹ as on 31.3.2020</b>	<b>₹ 200.00 Crores</b>	<b>₹ 188.75 Crores</b>	<b>₹ 500.00 Crores</b>
Amortised Cost Adjustment	-	(₹ 1.22 Crores)	(₹ 0.54 Crores)
<b>Closing Balance</b>	<b>₹ 200.00 Crores</b>	<b>₹ 187.53 Crores</b>	<b>₹ 499.46 Crores</b>

(ii) Term loan of ₹ 200.00 Crores classified as current in previous year, paid during the year - Interest @ rate of six months T Bills plus spread of 87 bps (Refer Note No 20).

### 15. Other Financial Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Lease Liability (Refer Note No. 28(23))	73.30	-
	<b>73.30</b>	<b>-</b>

### 16. Provisions (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Provision for Employee Benefits</b> (Refer Note No. 28(5))		
Provision for Leave benefits	31.20	23.39
<b>Provision for Non-Saleable return of goods</b> (Refer Note No. 28(12))	42.01	27.93
	<b>73.21</b>	<b>51.33</b>

**Notes to the Financial Statements** as on 31<sup>st</sup> March, 2020**17. Deferred Tax Liabilities (Net)**

₹ in Crores

		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Deferred Tax Liabilities</b>			
Depreciation	a	160.25	140.86
<b>Deferred Tax Assets</b>			
Provision for Doubtful debts		0.78	0.74
MAT Credit Entitlement		91.57	78.40
Intangible Asset		1.47	1.96
Others		20.68	14.50
	b	<b>114.49</b>	<b>95.59</b>
	<b>(a-b)</b>	<b>45.76</b>	<b>45.27</b>

**18. Borrowings (Current)**

₹ in Crores

		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Loans repayable on demand</b>			
<b>From Banks</b>			
<b>Secured</b>			
Working Capital Demand Loan		0.04	34.93
First charged on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at interest rate ranging between 7% to 10% repayable on demand			
<b>Unsecured</b>			
Bank overdraft @ 6 month MCLR		-	75.05
Working Capital Demand Loan, Interest rate vary in range from 6.75% to 7.75%		250.00	-
<b>From Other Parties</b>			
<b>Unsecured</b>			
Commercial Paper		550.00	250.00
Carrying interest rate ranging between 5.50% to 5.98%, Repayable in April 20 & June 20			
		<b>800.04</b>	<b>359.98</b>

**19. Trade Payables**

₹ in Crores

		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Due to Micro and Small Enterprises (Refer Note No. 28(3))		6.72	4.76
Others		386.45	467.99
		<b>393.17</b>	<b>472.75</b>

Refer Note No. 28(7) J for Related Party Payables.

**20. Other Financial Liabilities**

₹ in Crores

		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of long-term debt (Refer Note No. 14)		-	200.00
Lease Liability (Refer Note No. 28(23))		9.90	-
Payables on purchase of property, plant and equipment		46.24	57.16
Interest accrued but not due on borrowings		10.61	11.06
Unpaid dividends		7.12	4.79

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 21. Other Current Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Statutory payable	39.70	19.61
Advance from Customers	6.49	3.65
Employee benefits payables	54.58	61.41
	<b>100.77</b>	<b>84.67</b>

### 22. Provisions (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Provision for Employee Benefits</b> (Refer Note No. 28(5)&(6))		
Provision for Gratuity	10.38	4.07
Provision for Leave benefits	2.34	7.41
Others	4.53	-
<b>Provision for Non-Saleable return of goods</b> (Refer Note No. 28(12))	20.91	20.90
	<b>38.17</b>	<b>32.37</b>

### 23. Revenue from Operations

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Sale of products</b>		
- Domestic	1,585.86	1,500.02
- Exports	2,433.68	2,033.82
	<b>4,019.53</b>	<b>3,533.84</b>
<b>Other Operating Revenues</b>		
- Export Incentives	78.80	88.18
- Royalty	20.12	30.67
- Miscellaneous	14.10	7.59
	<b>4,132.55</b>	<b>3,660.27</b>

### 24. Other Income

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Dividend	130.22	0.00
Insurance Claims	1.07	1.68
Lease Rent Income (Refer Note No. 28(23))	0.39	0.40
Profit on Sales of Assets (net)	1.16	1.18
Profit on Sales of Investment	0.33	1.52
Interest Income	1.58	1.43
Miscellaneous income	-	0.20
	<b>134.75</b>	<b>6.42</b>

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 25. Cost of Material Consumed

₹ in Crores

		For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Inventory at the beginning of the year</b>		346.90	210.01
Add: Purchases		974.38	986.94
		<b>1,321.28</b>	<b>1,196.95</b>
Less: Inventory at the end of the year		343.16	346.90
		<b>978.13</b>	<b>850.04</b>
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress</b>			
Work in Process		55.43	50.02
Finished Goods		607.25	439.94
Stock-in-Trade		47.71	43.92
<b>Inventory at the end of the year</b>	a	<b>710.39</b>	<b>533.88</b>
Work in Process		50.02	51.92
Finished Goods		439.94	354.88
Stock-in-Trade		43.92	46.66
<b>Inventory at the beginning of the year</b>	b	<b>533.88</b>	<b>453.46</b>
	(b-a)	<b>(176.50)</b>	<b>(80.42)</b>

### 26. Employee Benefits Expense

₹ in Crores

		For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Salaries and Wages		732.94	627.23
Contribution to Provident and Other funds		50.27	37.39
Staff welfare expense		23.16	19.83
		<b>806.37</b>	<b>684.45</b>

### 27. Other Expenses

₹ in Crores

		For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Consumption of Stores, Spares, Laboratory Material and Analytical Expense		228.09	177.41
Power and Fuel		97.43	88.44
Manufacturing and Labour Charges		14.34	19.27
Repairs and Maintenance			
Machinery		30.91	24.29
Buildings		9.63	8.34
Others		8.47	4.64
Freight and Forwarding Charges		73.13	80.32
Sales Promotion, Service Fees and Commission		245.01	342.47
Rent (Refer Note No. 28(23))		0.74	15.78
Rates and Taxes		11.70	9.25
Insurance		5.04	3.79
Travelling Expense		126.12	129.79
Communication Expenses		27.65	26.08
Legal & Professional Fees		102.79	91.80
Payment to Auditors (Refer Note No. 28(8))		0.88	0.75
Exchange Difference (net)		(10.73)	(19.08)
Bad Debts written off		0.48	0.30

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Less: Bad Debts Provision Utilised	(0.48)	(0.30)
Provision for Doubtful Debts	0.56	0.47
Expenses on CSR Activities (Refer Note No. 28(14))	13.29	14.28
Donation	0.52	0.60
Patent Filing & Registration Fees	36.30	42.09
External Research & Development	31.65	20.60
Miscellaneous Expenses	23.89	15.67
	<b>1,077.40</b>	<b>1,097.06</b>

### 28. Other explanatory Notes to the Standalone Financial Statement

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>1 Earning Per Share (EPS)</b>		
a) Profit after Tax available for equity shareholders ₹ in crores	969.40	611.21
b) Weighted Average number of equity shares	18,85,15,914	18,85,15,914
c) Basic and Diluted Earnings per share before exceptional Items in ₹ (Face value per share ₹ 2/- each)	51.42	32.42

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>2 Contingent Liabilities, Contingent Asset and Commitments (To The Extent Not Provided For)</b>		
<b>i Estimated amount of contracts net of advances remaining to be executed on capital accounts</b>	265.31	149.70
<b>ii Contingent liabilities</b>		
(a) Letters of credit and Guarantees	185.91	250.10
(b) Liabilities Disputed in appeals		
Excise duty	0.24	5.35
Sales Tax	3.43	3.18
(c) Claims against the company not acknowledged as debt	0.35	0.37
(d) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

#### iii Contingent Asset

Interest on Investments made in 10% Secured Redeemable Non-Convertible Debentures of ₹ 300.00 Crores, 10% & 12% Unsecured Redeemable Non-Convertible Debentures of ₹ 200.00 Crores and ₹ 177.00 Crores respectively, and Warrants of ₹ 0.05 Crores of the 60% Subsidiary Company Aleor Dermaceuticals Limited which are carried at cost as per para 10 of Ind AS 27 'Separate Financial Statements.'

As per terms of the JV agreement and securities subscription agreement entered into between the Company and Aleor Dermaceuticals Limited "no interest shall accrue and be payable unless the subsidiary company earns cash profits". There is a long gestation period involved in the construction and commissioning of manufacturing facility, technology transfer and scale up of R&D projects, filing of ANDA application with USFDA and approval of ANDA's by USFDA before the said subsidiary company can start manufacturing and marketing the products on commercial basis. Even thereafter, as projected, there will be some time before the company can start making cash profits. During the intervening period, there will be many uncertainties which may delay the entire process and start yielding financial and economic benefits that are as intended by the management.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

Further, in terms of the said agreements, the tenure of NCD shall be of 10 years from the date of allotment of first tranche and in the event of default, i.e., if Subsidiary Company fails to redeem the NCD, the Company has a right to exercise the warrants held by it and to receive Equity shares of the subsidiary company.

As at the Balance Sheet date, no cash profits have been earned by the subsidiary company. As per the cash flows and profitability projections made by the subsidiary company, no cash profits are envisaged to be earned in a near future of say up to 3 years. Accordingly, there is no certainty of the date of the realization of interest and principal amounts and the net present value of the said receivables cannot be determined with reasonable accuracy.

In view of the aforesaid reasons and on the grounds of prudence, the Company has not recognized the interest income on the said investment. However since Company has a conditional right to receive interest on the above investments at the specified coupon rate amounting to ₹ 65.85 Crores for the year and accumulated till the year-end of ₹ 127.48 Crores is considered as Contingent asset.

### 3 Disclosure required under Micro, Small and Medium Enterprise Development Act 2006

On the basis of confirmation obtained from the supplier who are registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006), details are as below.

#### Total outstanding dues of Micro, Small and Medium Enterprises

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a The principal amount remaining unpaid to any supplier at the end of the year	12.79*	8.87*
b Interest due remaining unpaid to any supplier at the end of the year	-	-
c The amount of interest paid by the buyer in terms of section 16 , along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d The amount of interest due and payable for the period of delay in making payment	-	-
e The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f 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 section 23	-	-
	<b>12.79</b>	<b>8.87</b>

\* Out of above, amount pertaining to Micro & Small Enterprises are ₹ 6.72 Crores. (PY: ₹ 4.76 Crores).

### 4 Segment Reporting

Segment information as required under Ind AS 108 i.e. Operating Segments is given in the Consolidated financial statements of the Company

### 5 Defined benefit plans / compensated absences - As per actuarial valuation

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2020

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>i) Change in present value of defined benefit obligation</b>		
Present Value of defined benefit obligation at the beginning of the year	50.05	39.77
Current service cost	8.65	6.73
Interest Cost	3.34	2.63
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	6.33	0.24
- Due to change in demographic assumption	(0.04)	-
- Due to experience adjustments	3.05	3.33
Benefits paid	(4.08)	(2.65)
Present Value of defined benefit obligation at the end of the year	<b>67.29</b>	<b>50.05</b>

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>ii) Change in fair value of plan assets</b>		
Fair Value of plan assets at the beginning of the year	45.98	31.35
Expenses deducted from the fund		
Interest Income	3.36	2.26
Return on plan assets excluding amounts included in interest	(1.97)	1.14
Contributions paid by the employer	13.62	13.88
Benefits paid from the fund	(4.08)	(2.65)
Fair Value of plan assets at the end of the year	<b>56.91</b>	<b>45.98</b>

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>iii) Net asset / (liability) recognized in the Balance Sheet</b>		
Present Value of defined benefit obligation at the end of the year	(67.29)	(50.05)
Fair Value of plan assets at the end of the year	56.91	45.98
Amount recognized in the balance sheet	<b>(10.38)</b>	<b>(4.07)</b>
Net Liability - non current	-	-
Net Asset / (Liability) recognized - current	<b>(10.38)</b>	<b>(4.07)</b>

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>iv) Expense recognized in the statement of profit and loss for the year</b>		
Current service cost	8.65	6.73
Net interest cost	(0.02)	0.37
Total expenses included in employee benefit expenses	<b>8.63</b>	<b>7.11</b>
<b>v) Recognized in Other Comprehensive Income for the year</b>		
Actuarial changes arising from changes in financial assumptions	6.33	0.24
Actuarial changes arising from experience adjustment	3.05	3.33
Return on plan assets excluding amounts included in interest income	1.97	(1.14)
Recognized in other comprehensive income	<b>11.35</b>	<b>2.43</b>
<b>vi) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	7.35%
Rate of Salary Increase	5.25%	4.75%
Withdrawal Rates	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
<b>vii) Composition of the plan assets</b>		
Policy of insurance	100%	100%

**Notes to the Financial Statements** as on 31<sup>st</sup> March, 2020**viii) Maturity profile of Defined Benefit Obligation**

₹ in Crores

Cash Flow	As at 31 <sup>st</sup> March, 2020
Year 1	11.62
Year 2	3.19
Year 3	3.23
Year 4	3.03
Year 5	3.46
Year 6 to Year 10 Cash flow	20.57

The future accrual is not considered in arriving at the above cash-flows.

**ix)** The Expected contribution for the next year is ₹ 10.38 Crores and the average outstanding term of the obligations (years) as at valuation date is 10.97 years.

**x) Sensitivity Analysis**

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Delta Effect of +0.5% Change in Rate of Discounting	64.03	47.54
Delta Effect of -0.5% Change in Rate of Discounting	70.85	52.28
Delta Effect of +0.5% Change in Rate of Salary Increase	70.89	52.33
Delta Effect of -0.5% Change in Rate of Salary Increase	63.97	47.48
Delta Effect of +0.5% Change in Rate of Employee Turnover	67.30	51.04
Delta Effect of -0.5% Change in Rate of Employee Turnover	67.28	48.85

**The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognized in the Company's Financial Statements as at March 31, 2020**

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>i) Change in present value of defined benefit obligation</b>		
Present Value of defined benefit obligation at the beginning of the year	25.34	19.16
Current service cost	3.70	2.63
Interest Cost	1.79	1.37
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	3.68	0.14
- Due to change in demographic assumption	(0.02)	-
- Due to experience adjustments	7.39	7.55
Benefits paid	(8.34)	(5.51)
Present Value of defined benefit obligation at the end of the year	<b>33.54</b>	<b>25.34</b>

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>ii) Net asset / (liability) recognized in the Balance Sheet</b>		
Amount recognized in the balance sheet	(33.54)	(25.34)

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>iii) Expense recognized in the statement of profit and loss for the year</b>		
Current service cost	3.70	2.63
Past service cost and loss/(gain) on		
Net interest cost	1.79	1.37
Net value of measurements on the obligation	11.04	7.69
<b>Total Charge to statement of profit and loss</b>	<b>16.54</b>	<b>11.69</b>
<b>iv) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	7.35%
Rate of Salary Increase	5.25%	4.75%
Withdrawal Rates	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

### v) Maturity profile of Defined Benefit Obligation

	₹ in Crores
Cash Flow	As at 31 <sup>st</sup> March, 2020
Year 1	2.34
Year 2	2.23
Year 3	2.06
Year 4	1.72
Year 5	1.90
Year 6 to Year 10 Cash flow	10.19

The future accrual is not considered in arriving at the above cash-flows.

### vi) Sensitivity Analysis

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Delta Effect of +0.5% Change in Rate of Discounting	31.64	23.85
Delta Effect of -0.5% Change in Rate of Discounting	35.63	26.68
Delta Effect of +0.5% Change in Rate of Salary Increase	35.65	26.72
Delta Effect of -0.5% Change in Rate of Salary Increase	31.60	23.81
Delta Effect of +0.5% Change in Rate of Employee Turnover	33.55	26.13
Delta Effect of -0.5% Change in Rate of Employee Turnover	33.53	24.11

#### A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change, if any.

## 6 Provident Fund

The Company is liable for any shortfall, as per terms of the Provident Fund Trust deed, in the fund assets based on the Government specified rate of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same. ₹ 4.53 Crores (PY: ₹ Nil) short fall as at 31 March, 2020 has been provided.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 7 Disclosures in respect of Related Parties transactions

**(A) Controlling Company:** Nirayu Limited (Refer Note No 12)

**(B) Subsidiaries including step down subsidiaries:**

1	Aleor Dermaceuticals Limited	(Subsidiary of Alembic Pharmaceuticals Limited)
2	Alembic Pharmaceuticals Inc.	(Subsidiary of Alembic Pharmaceuticals Limited - from 17.03.2020 and ceases to be Subsidiary of Alembic Global Holding SA from said date)
3	Alembic Global Holding SA	(Subsidiary of Alembic Pharmaceuticals Limited)
4	Alembic Pharmaceuticals Australia Pty Ltd.	(Subsidiary of Alembic Global Holding SA)
5	Alembic Pharmaceuticals Europe Ltd.	(Subsidiary of Alembic Global Holding SA)
6	Alnova Pharmaceuticals SA	(Subsidiary of Alembic Global Holding SA)
7	Alembic Pharmaceuticals Canada Ltd.	(Subsidiary of Alembic Global Holding SA)
8	Genius LLC	(Subsidiary of Alembic Global Holding SA)
9	Orit Laboratories LLC	(Subsidiary of Alembic Pharmaceuticals Inc.)
10	Okner Realty LLC	(Subsidiary of Alembic Pharmaceuticals Inc.)

**(C) Associate Companies:**

1	Incozen Therapeutics Pvt. Limited	(Associate of Alembic Pharmaceuticals Limited)
2	Rhizen Pharmaceuticals SA	(Associate of Alembic Global Holding SA)
3	Dahlia Therapeutics SA	(Subsidiary of Rhizen Pharmaceuticals SA)
4	Rhizen Pharmaceuticals Inc.	(Subsidiary of Rhizen Pharmaceuticals SA)

**(D) Joint Venture:**

1	Alembic Mami SPA	(Joint venture of Alembic Global Holding SA)
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**(E) Other Related Parties:**

1	Alembic Limited	4	Viramyia Packlight LLP
2	Shreno Limited	5	Shreno Publications Limited
3	Paushak Limited		

**(F) Key Management Personnel:**

1	Mr. Chirayu Amin	Chairman & CEO
2	Mr. Pranav Amin	Managing Director
3	Mr. Shaunak Amin	Managing Director
4	Mr. R. K. Baheti	Director Finance & CFO
5	Mr. K.G. Ramanathan	Non-Executive Director
6	Mr. Pranav Parikh	Non-Executive Director
7	Mr. Paresh Saraiya	Non-Executive Director
8	Ms. Archana Hingorani	Non-Executive Director
9	Mr. Charandeep Singh Saluja	Company Secretary

**(G) Close Member Key Management Personnel:**

1	Mrs. Malika Amin	4	Mrs. Jyoti Patel
2	Mr. Udit Amin	5	Mrs. Ninochaka Kothari
3	Ms. Yera Amin	6	Mrs. Shreya Mukherjee

**(H) Key Managerial Personnel Remuneration:**

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Short Term Employment Benefits	67.55	62.51
Terminal Benefits	2.19	1.86
Other	0.59	0.68

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### (I) Transactions with Related parties:

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business:

	₹ In Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>(a) Sale of Goods/MEIS License (Net)</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Pharmaceuticals Inc.	1,549.68	870.12
Alembic Global Holding SA	166.58	160.53
Others	0.88	3.10
<b>Associates</b>	6.49	11.41
<b>Other Related Parties</b>	0.63	3.88
<b>(b) Purchase of Goods</b>		
<b>Controlling Company</b>	0.02	-
<b>Other Related Parties</b>		
Alembic Limited	37.15	54.82
Shreno Publications Limited	24.38	23.48
Others	0.71	2.07
<b>(c) Investment made</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Aleor Dermaceuticals Limited	204.50	207.50
<b>(d) Share Purchased</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	122.36	-
<b>(e) Corporate Guarantee Given</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	-	69.15
Alembic Pharmaceuticals Inc.	37.79	34.58
<b>(f) Withdrawal of Corporate Guarantee</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	-	34.58
<b>(g) Reimbursement of expenses</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Pharmaceuticals Inc.	29.44	12.45
Alembic Global Holding SA	22.31	-
Others	1.96	0.05
<b>Other Related Parties</b>		
Alembic Limited	4.33	10.50
Others	0.02	-
<b>Associates</b>	5.55	0.12
<b>(h) Rent Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Aleor Dermaceuticals Limited	0.44	0.42
<b>(i) Rent / Lease liability paid</b>		
<b>Other Related Parties</b>		
Alembic Limited	8.74	8.21
Others	0.63	0.63
<b>(j) Guarantee Commission Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	0.10	0.05
Alembic Pharmaceuticals Inc.	0.11	0.17

**Notes to the Financial Statements** as on 31<sup>st</sup> March, 2020

₹ In Crores

	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>(k) Receiving of Services</b>		
<b>Controlling Company</b>	0.02	-
<b>Other Related Parties</b>		
Alembic Limited	11.08	10.75
Others	0.22	0.02
<b>(l) Rendering of services</b>		
<b>Associates</b>		
Rhizen Pharmaceutical SA	-	0.89
<b>(m) Purchase of Property, Plant and Equipment</b>		
<b>Controlling Company</b>		
Nirayu Limited	18.89	-
<b>Other Related Parties</b>		
Shreno Limited	-	18.88
Paushak Limited	2.43	-
Others	0.49	-
<b>(n) Deposit Returned</b>		
<b>Other Related Parties</b>		
Alembic Limited	-	9.92
<b>(o) Dividend Paid</b>		
<b>Controlling Company</b>		
Nirayu Limited	87.86	19.73
<b>Other Related Parties</b>		
Alembic Limited	86.10	22.22
Others	20.70	8.28
<b>Relatives to Key Management Personnel</b>	10.73	2.79
<b>Key Management Personnel</b>	10.13	2.62
<b>(p) Dividend Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	130.47	-
<b>(q) Remuneration</b>		
<b>Key Management Personnel</b>	70.33	65.06

**(J) Balance Outstanding as at the end of the year:**

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Receivables</b>		
Subsidiaries including step down subsidiaries	717.14	278.95
Associate Companies	8.35	3.86
Controlling Company	0.10	-
Joint Venture	-	0.24
Other Related Parties	0.00	-
<b>Payables</b>		
Key Management personnel	37.10	35.50
Other Related Parties	4.26	7.64
<b>Investments</b>		
Subsidiaries including step down subsidiaries & Associates	833.02	506.16
<b>Corporate Guarantee</b>		
Subsidiaries including step down subsidiaries	211.69	159.05
<b>Deposit Received</b>		
Subsidiaries including step down subsidiaries	0.06	0.06
<b>Deposit Given</b>		
Other Related Parties	2.48	2.48

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 8 Auditors Fees and Expenses:

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
(a) Statutory Auditors:-		
As Auditors	0.28	0.28
In Other Capacity:-		
(i) Other Services		
Limited Review	0.29	0.29
Others	0.15	0.11
(ii) Reimbursement of expenses	0.03	0.02
(b) Cost Auditors:-		
Cost Audit Fees	0.02	0.02
(c) Tax Auditors:-		
Tax Audit Fee	0.09	0.03
(d) Secretarial Auditors:-		
Secretarial Audit Fee	0.03	0.02

### 9 Income Taxes

#### a. Income tax expense

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current Tax</b>		
Current tax expense	198.48	157.52
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	(19.39)	(22.36)
(Decrease) increase in deferred tax liabilities	19.39	22.36
<b>Total deferred tax expenses (benefit)</b>	-	-
<b>Total Income tax expenses *</b>	<b>198.48</b>	<b>157.52</b>

\*This excludes tax benefit on other comprehensive income of ₹ 1.98Cr for 31<sup>st</sup> March, 2020 & ₹ 0.52 Cr for 31<sup>st</sup> March, 2019 respectively.

#### b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Profit before Income tax expense	1,166.79	764.63
Tax at the Indian Tax Rate*	203.86	164.77
Dividend income	(0.00)	(0.00)
Expenditure related to exempt Income	0.01	0.01
Provision for debenture redemption	(7.28)	(8.98)
Others (including deferred tax)	1.89	1.73
<b>Income Tax Expense</b>	<b>198.48</b>	<b>157.52</b>

\* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31<sup>st</sup> March, 2020 is 17.472% and 21.5488% for 31<sup>st</sup> March, 2019.

**Notes to the Financial Statements** as on 31<sup>st</sup> March, 2020**c. Current tax (liabilities)/assets**

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Opening balance	6.74	1.95
Income tax paid	196.79	157.69
Current income tax payable for the period / year	(196.50)	(157.00)
Write back of income tax provision of earlier years	1.09	4.10
Net current income tax asset/ (liability) at the end	<b>8.12</b>	<b>6.74</b>

**d. Unrecognised deferred tax assets**

The details of unrecognised deferred tax assets are summarised below:

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Deductible temporary differences, net	284.36	280.59

During the year ended 31<sup>st</sup> March, 2020, the Company did not recognise deferred tax assets of ₹ 284.36 Crores on account of MAT credit entitlement, as the Company believes that utilization of same is not probable. The above MAT credit expire at various dates ranging from 2026 through 2036.

- 10** Expenses pending capitalisation included in Capital Work-In-Progress represent direct attributable expenditure for setting up of plants yet to commence commercial operation, the detail of expenses are:

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Opening Balance	191.39	82.30
Incurred during the current year		
Salaries, allowance and contribution to funds	70.12	62.15
Professional Fees	2.17	1.58
Others	96.12	45.36
<b>Closing balance</b>	<b>359.80</b>	<b>191.39</b>

**11 Research and Development Expenses**

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Material Consumption	99.38	80.58
Employees Benefit Expenses	151.32	131.41
Utilities	20.66	17.35
Depreciation	29.07	26.07
Others	273.24	212.33
Research and Development Expenses (included in Profit and Loss)	<b>573.67</b>	<b>467.74</b>



## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### 16 Financial Risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

#### 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, and arises principally from the Company's receivables from customers, Deposit and other receivables.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has used expected credit loss model for assessing the impairment loss.

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Trade Receivables	784.11	539.78
Allowance for doubtful debts (expected credit loss allowance)	2.23	2.12
Percentage	0.3%	0.4%

#### Reconciliation of loss allowance provision – Trade receivables

₹ in Crores

Loss allowance on April 1, 2018	1.96
Changes in loss allowance	0.16
Loss allowance on March 31, 2019	<b>2.12</b>
Changes in loss allowance	0.11
<b>Loss allowance on March 31, 2020</b>	<b>2.23</b>

#### Cash & Cash Equivalents and Other Bank Balances.

As at the year end, the Company held cash and cash equivalents of ₹ 28.22 Crores (PY: ₹ 144.25 Crores). The cash and cash equivalents other bank balances and derivatives are held with banks having good credit rating.

#### Other financial assets

Other financial assets are neither past over due nor impaired.

#### ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company ensures that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Company has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of safety regarding timely payment and servicing of financial obligation.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### Exposure to liquidity risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

₹ in Crores

	As at March 31, 2020			As at March 31, 2019		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
<b>Non derivative</b>						
Borrowings	800.04	886.99	1687.03	359.98	499.30	859.29
Trade payables	393.17	-	393.17	472.75	-	472.75
Other financial liabilities	113.34	73.30	186.64	287.55	-	287.55
<b>Derivative</b>						
Options contracts	8.01	-	8.01	3.42	-	3.42

### iii) Market risk

#### Currency Risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Company uses foreign exchange option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Company enters into foreign currency options contracts which are not intended for trading or speculative purposes but for mitigating currency risk.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

₹ in Crores

As at 31st March, 2020	US Dollars	Euro	Others	Total
<b>Financial assets</b>				
Trade receivables (net)	845.24	52.25	26.43	923.92
Cash and cash equivalents	18.72	-	-	18.72
<b>Financial liabilities</b>				
External Commercial Borrowing	188.95	-	-	188.95
Trade payables	62.51	12.48	2.28	77.26
<b>As at 31st March, 2019</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Financial assets</b>				
Trade receivables (net)	381.75	24.49	11.33	417.57
Cash and cash equivalents	138.52	0.00	0.00	138.52
<b>Financial liabilities</b>				
Trade payables	101.67	0.00	0.62	102.29

#### Sensitivity analysis

For the years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 every 5% weakening of Indian Rupee as compare to the respective major currencies for the above mentioned financial assets/liabilities would increase Company's profit and equity by approximately ₹ 32.61 Crores and ₹ 22.15 Crores respectively. A 5% strengthening of the Indian Rupee as compare to the respective major currencies would lead to an equal but opposite effect.

#### Interest rate risk and Exposure to interest rate risk

The Company has loan facilities on floating interest rate, which exposes the company to risk of changes in interest rates.

For the years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Company's interest cost by approximately ₹ 1.94 Crores and ₹ 0.55 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

#### Commodity rate risk

The Company's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

Since company has been significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite. Any adverse action by regulatory authority of the company's target market can adversely affect company's operation.

### 17 Capital Management

The Company's capital management objectives are:

\*to ensure the Company's ability to continue as a going concern; and

\*to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

#### Dividend on equity shares paid during the year

During the year Interim dividend of ₹ 188.52 Crores [Interim Dividend of ₹ 7/- (350%) per equity share and an additional Special Dividend of ₹ 3/- (150%) per equity share aggregating to total Interim Dividend of ₹ 10/- (500%) per equity share] and corporate tax of ₹ 12.46 Crores paid to the equity shareholders in respect of financial year 2019-20.

During the year dividend of ₹ 103.68 Crores (₹ 5.50 Per Shares i.e. 275% per equity share) and corporate tax of ₹ 21.31 Crores paid to the equity shareholders after the AGM approval in respect of financial year 2018-19.

### 18 Government Grant

The Company is entitled to subsidy, on its investment in the property, plant and equipment on fulfilment of the conditions stated in those Scheme. During previous year company has received ₹ 17.15 Crores as subsidy on investment in property, plant and equipment and

₹ 0.06 Crores as reimbursement of expense. The same is accounted as stated in accounting policy on Government Grant ( Refer Note No 2(25)).

### 19 Revenue Recognition

The Company is engaged in Pharmaceuticals business considering nature of products, revenue can be disaggregated as API business and Formulation business ₹ 697.64 Crores and ₹ 3434.91 Crores respectively, and considering Geographical business, revenue can be disaggregated as in India ₹ 1,599.95 Crores and out side India ₹ 2,532.60 Crores.

20 During the year company has purchased 120000 shares of Alembic Pharmaceutical Inc. from Alembic Global Holding for ₹ 122.36 Cr. the transaction is under common control and does not have any impact at group level.

21 Borrowing cost of ₹ 83.21 Crores (PY: ₹ 60.20 Crores) capitalised @ rate of 7.64%.

22 Exceptional item related to compensation to National Green Tribunal ₹ 10 Crores.

### 23 Lease - Effective date and transition

Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind As 116 Leases. Company apply retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. Company measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. The adoption of the standard did not have any material impact on the financial results. (Refer 2(2.20))

#### A) The following is the movement in lease liabilities

₹ In Crores

For the Year  
Ended  
31<sup>st</sup> March, 2020

<b>Balance as on 1<sup>st</sup> April, 2019</b>	
Additions	92.43
Finance cost accrued during the period	7.88
Payment of lease liabilities	(17.11)
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>83.20</b>

## Notes to the Financial Statements as on 31<sup>st</sup> March, 2020

### B) Maturity Analysis of Lease Liabilities

	₹ In Crores
	<b>31<sup>st</sup> March, 2020</b>
<b>Maturity Analysis - Contractual undiscounted Cash Flows</b>	
Less than one year	17.21
One to five years	72.94
More than five years	19.76
<b>Total Undiscounted Lease Liabilities</b>	<b>109.90</b>
<b>Lease Liabilities included in the Statement of Financial Position</b>	
Non Current	73.30
Current	9.90
<b>Total</b>	<b>83.20</b>

### C) Amount Recognized in the Statement of Profit & Loss

	₹ In Crores
	<b>For the Year Ended 31<sup>st</sup> March, 2020</b>
Interest on Lease Liabilities	7.88
Depreciation on Lease Asset	13.36

**D)** The Company has obtained certain premises for its business operations under short-term leases or leases of low-value leases. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms. (Refer note no 27).

**E)** As Lessor : Operating Lease income are recognised in the statement of profit and loss under "Lease Rent Income" in Note 24

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	₹ In Crores
Less than one year	0.38
One to five years	1.57
More than five years	10.28

**24** Please refer Annexure C of Board Report regarding particulars of the loans given investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.

**25** As assessed by the management, Impact of Covid 19 on the financial statements of the Company is likely to be modest and for short term. Management does not foresee any medium to long term risk in company 's ability to continue as going concern.

**26** The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Alembic Pharmaceuticals Limited** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, and the consolidated Statement of Profit and Loss (including Other comprehensive income), the consolidated Statement of Changes in equity and the consolidated Cash Flow Statement 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, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31<sup>st</sup> March, 2020, of consolidated profit (including other comprehensive income), consolidated changes in equity and its 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 Companies Act, 2013. Our responsibilities under those Standards 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, its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our

other ethical responsibilities in accordance with these requirements. 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. The following Key Audit Matters have been identified by us and as reported by the component Auditors.

#### 1. Provision for return of non-saleable goods (Expiry, Breakage and Spoilage) in the market in India (In the case of Holding Company)

This is considered as key audit matter in view of significant estimates and judgements made by the management for recognition and measurement for the same.

The Company, under the prevailing trade practice, has an obligation to accept returns of expiry, breakage and spoilage (EBS) products, from the stockiest (customers) in India. The methodology and assumptions used to estimate the accruals of EBS are monitored and adjusted regularly by the management in the light of the obligations, historical trends, past experience and prevailing market conditions.

The Company makes provision for accrual of EBS estimated in future out of the sales effected during the current period. The said provision is used for settling claims made by the customers in future. Actual returns on account of EBS can vary materially from period to period based upon actual sales volume, product mix, etc.

#### Principal Audit Procedures

We verified management's calculations in respect of estimate made by the management towards provision for accruals of EBS. We have examined the methodology and the assumptions made by the management while making this provision.

## Independent Auditor's Report (Contd.)

### 2. Impairment testing of 'Intangible assets under development' (In the case of a Subsidiary Company)

Auditors of Aleor Dermaceuticals Limited ("Aleor"), subsidiary company, have reported the following for the key audit matter:

Sr. No.	Particulars	Auditor's Response
1	<p><b>Impairment testing of "Intangible Assets under development"</b></p> <p>The Company is developing various Generic products. The eligible cost related to above are included under "Intangible Assets under development". The above 'Intangible assets under development' are tested for Impairments.</p> <p>This is a key audit matter because there is use of significant estimates and judgments by the management which are required for testing the same for impairments.</p>	<p><b>Principal Audit Procedures:</b></p> <ul style="list-style-type: none"><li>• We have assessed the company's valuation methodology to ensure the recoverable value of Intangible assets under development.</li><li>• We have considered the recoverable value based on value in use derived from discounted cash flows working provided by the management and certified by the independent external valuer.</li><li>• We have evaluated the assumptions applied to key inputs such as discount rates, sales volume and prices, long term growth rates and terminal values.</li><li>• We discussed potential changes in key drivers as compared to previous year/actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable.</li><li>• We have verified the application made by the company to external agencies for approval of its various products and also the approval received by the company for some of the products.</li></ul>

### "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon"

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexures thereto and Report on Corporate Governance but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have been provided the aforesaid reports and based on the work we have performed, we did not observe any material misstatement of this other information and accordingly, 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 Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally

accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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 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 Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group 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 and jointly controlled entities is responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

## 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 ability of the Group and its associates and jointly controlled entities 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 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 and its associates and jointly controlled entities 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 the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

# Independent Auditor's Report (Contd.)

## Other Matters

1. (a) The consolidated Financial Statements include the audited Financial Statements of 10 subsidiaries whose Financial Statements / financial information reflect total assets of ₹ 1901.79 Crores as at 31/03/2020, total revenue of ₹ 2211.69 Crores for the year ended on 31/03/2020 and cash flows (net cash outflow) of ₹ 23.00 Crores for the period year ended on 31/03/2020, as considered in the consolidated Financial Statements, which have been audited/ subjected to limited review by their respective independent auditors. The independent auditors' reports on financial statements / financial information of these subsidiaries have been furnished to us and our opinion on the consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors.

(b) The consolidated Financial Statements include the Group's share of net profit in 4 associates of ₹ 0.05 Crores for the year ended on 31/03/2020 which have been audited/ subjected to limited review by their respective independent auditors. The independent auditors' reports on financial statements /financial information of these associates have been furnished to us and our opinion on the consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on the report of such auditors.

(c) Audited financial statements for the year in respect of 1 Joint venture of the Group have not been received by the Group. No further share of loss in that joint venture is required to be borne by the Group as the entire Equity capital and loan given to it, is fully provided for, pending formal legal process for dis-association which is still to be initiated by the Group.

2. Re: Subsidiary Company, i.e., Aleor Dermaceuticals Limited. (Aleor)

Aleor's auditors have modified their audit opinion in financial statements for the year ended on 31<sup>st</sup> March, 2020 regarding the fact that Aleor has measured its financial liability of Non-convertible Redeemable Debentures (NCRD) issued to the Holding Company is valued at cost and is not at amortised cost as mandated by Ind AS 109-Financial Instruments. Had the NCRD been measured at Amortized Cost,

(a) the borrowing cost for the year to be included in the Property, plant and equipment (PPE), Intangible assets and qualifying asset Capital Work-in Progress and Intangible assets under development would have been higher by ₹ 49.71 Crores (PY: ₹ .40.35 Crores)

(b) the borrowing costs for the year to be recognized as expense would be higher by ₹ 16.14 Crores (PY: ₹ Nil) on account of borrowing costs attributable to Property, plant and equipment and Intangible assets capitalized during the year.

As a result of the above, the amount of Property, plant and equipment, Intangible assets and qualifying assets of Capital work in progress and Intangible assets under development as at 31<sup>st</sup> March, 2020 would be higher by 111.34 Crores (PY: 61.63 Crores) and the corresponding financial liability of NCRD would have been higher by ₹ 127.48 Crores.

Corresponding interest income up to 31<sup>st</sup> March, 2020 of ₹ 127.48 Crores (PY: 61.63 Crores) has not been recognized by the Holding Company (Alembic Pharmaceuticals Limited - APL) and is considered as contingent assets. The said NCRD have been carried at cost in separate financial statements of APL as per Ind AS 27.

On consolidation of financial statements (a) the said investment by APL and Financial liability of Aleor and (b) borrowing cost of Aleor and interest income of APL gets eliminated. Therefore it does not have any financial impact on the Group's Consolidated Financial statements.

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.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down under this section. In the case of a subsidiary company incorporated in India, the managerial remuneration has not been paid or provided and accordingly, the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act are not required;
- (h) 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:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 33(2)(ii) to the consolidated financial statements.
  - ii. The Group, its associates and jointly controlled entities did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

**For K. S. Aiyar & Co**

Chartered Accountants

Firm's Registration No.100186W

UDIN: 20038526AAAABD1779

**Rajesh S. Joshi**

Partner

Membership No.38526

Place: Mumbai

Date: 22<sup>nd</sup> May, 2020

## **ANNEXURE A** to the Independent Auditor's Report

**(Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Alembic Pharmaceuticals Limited)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2020, we have audited the internal financial controls over financial reporting of Alembic Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled company, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 subsidiary companies, associate companies and joint venture companies, which are companies incorporated in India, 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 Company's internal financial controls system over financial reporting of the Holding Company, its subsidiary companies, its associate companies and its joint venture company, which are companies incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

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 other auditors referred to in the 'Other Matter' paragraph below, the Holding Company, its subsidiary companies, and its associates and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an internal financial controls system with reference to consolidated financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting 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.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

### For K. S. Aiyar & Co

Chartered Accountants  
Firm's Registration No.100186W  
UDIN: 20038526AAAABD1779

### Rajesh S. Joshi

Partner  
Membership No.38526

Place: Mumbai

Date: 22<sup>nd</sup> May, 2020



## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

₹ in Crores

Particulars	Note No	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>I Revenue from Operations</b>	28	4,605.75	3,934.68
<b>II Other Income</b>	29	4.94	9.38
<b>III Total Income</b>		<b>4,610.69</b>	<b>3,944.06</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	30	979.05	850.04
Purchase of Stock-in-Trade		270.93	234.93
Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	30	(210.59)	(92.27)
Employee Benefits Expense	31	906.44	746.69
Finance costs		27.16	18.41
Depreciation and Amortization expense	6 & 7	157.32	115.23
Other Expenses	32	1,436.89	1,321.71
<b>Total Expense (IV)</b>		<b>3,567.22</b>	<b>3,194.74</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		1,043.47	749.32
<b>VI Exceptional Item</b>		43.65	-
<b>VII Profit Before Tax (V-VI)</b>		<b>999.82</b>	<b>749.32</b>
<b>VIII Tax Expense</b>	33(10)		
(i) Current Tax		204.57	178.14
(ii) Deferred Tax		(4.30)	(17.29)
(iii) Short/Excess Tax Provision		(1.09)	(4.10)
<b>IX Profit after Tax Before Share of Profit of Associate and Joint Ventures (VII-VIII)</b>		<b>800.64</b>	<b>592.57</b>
<b>X Share of Profit/(Loss) of an associate and a joint venture</b>		0.05	(9.28)
<b>XI Profit for the period before Non controlling Interest (IX+X)</b>		<b>800.70</b>	<b>583.29</b>
<b>XII Non- controlling Interest</b>		28.12	1.08
<b>XIII Profit for the period attributable to Owners of the Company</b>		<b>828.82</b>	<b>584.37</b>
<b>XIV Other Comprehensive Income</b>			
<b>A Items that will not be reclassified to Profit and Loss</b>			
(i) Re-measurements of post-employment benefit obligations		(11.42)	(2.47)
(ii) Income tax relating to Re-measurements of post-employment benefit obligations		1.97	0.53
		<b>(9.46)</b>	<b>(1.93)</b>
<b>B Items that will be reclassified to Profit or Loss</b>			
(i) Exchange differences in translating the financial statements of a foreign operations		7.64	7.76
		<b>7.64</b>	<b>7.76</b>
Total Other Comprehensive Income (A+B)		(1.82)	5.83
<b>XV Total Comprehensive Income for the year (XI+XIV)</b>		<b>798.88</b>	<b>589.12</b>
<b>Other Comprehensive Income for the year Attributable to:</b>			
(i) Non- controlling Interest		(0.05)	(0.01)
(ii) Owners of the Company		(1.77)	5.84
<b>Total Comprehensive Income for the year Attributable to:</b>			
(i) Non- controlling Interest		(28.17)	(1.09)
(ii) Owners of the Company		827.05	590.21
<b>XVI Earnings per equity share (FV ₹ 2/- per share):</b>			
Basic & Diluted (in ₹)	33(1)	43.97	31.00

The accompanying notes form an integral part of these Consolidated financial statements. 1-33

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

# Consolidated Statement of Changes in Equity

## A. Equity Share Capital

Particulars	No of Shares	₹ in Crores
<b>Equity shares of ₹ 2/- each issued, subscribed and fully paid</b>		
<b>Balance at 1<sup>st</sup> April, 2018</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
<b>Balance at 31<sup>st</sup> March, 2019</b>	<b>18,85,15,914</b>	<b>37.70</b>
<b>Balance at 1<sup>st</sup> April, 2019</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
<b>Balance at 31<sup>st</sup> March, 2020</b>	<b>18,85,15,914</b>	<b>37.70</b>

## B. Other Equity

Particulars	Reserve & Surplus				OCI Foreign Currency Translation reserve	Attributable to owners of Parent Company	Non- controlling interests	Total
	Capital Reserve	General Reserve	Debenture Redemption Reserve	Retained earnings				
<b>Balance at 1<sup>st</sup> April, 2018 (I)</b>	<b>0.30</b>	<b>1,237.12</b>		<b>937.00</b>	<b>8.03</b>	<b>2,182.44</b>	<b>0.31</b>	<b>2,182.75</b>
Other Comprehensive Income				(1.92)*	7.76	5.84	(0.01)	5.83
Profit for the period				584.37		584.37	(1.08)	583.29
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>582.45</b>	<b>7.76</b>	<b>590.21</b>	<b>(1.09)</b>	<b>589.12</b>
Dividends paid including Tax on Dividend				(90.91)		(90.91)		(90.91)
Reversal of Deferred Tax Asset		(0.62)				(0.62)		(0.62)
Provision for debenture redemption			41.67	(41.67)		-		-
Profit transferred to General Reserve		100.00		(100.00)		-		-
<b>Transaction for the year (III)</b>	<b>-</b>	<b>99.38</b>	<b>41.67</b>	<b>(232.57)</b>	<b>-</b>	<b>(91.53)</b>	<b>-</b>	<b>(91.53)</b>
<b>Balance at 31<sup>st</sup> March, 2019 (I+II+III)</b>	<b>0.30</b>	<b>1,336.50</b>	<b>41.67</b>	<b>1,286.87</b>	<b>15.79</b>	<b>2,681.12</b>	<b>(0.79)</b>	<b>2,680.33</b>
<b>Balance at 1<sup>st</sup> April, 2019 (I)</b>	<b>0.30</b>	<b>1,336.50</b>	<b>41.67</b>	<b>1,286.87</b>	<b>15.79</b>	<b>2,681.12</b>	<b>(0.79)</b>	<b>2,680.33</b>
Other Comprehensive Income				(9.41)*	7.64	(1.77)	(0.05)	(1.82)
Profit for the period				828.82		828.82	(28.12)	800.70
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>819.41</b>	<b>7.64</b>	<b>827.05</b>	<b>(28.17)</b>	<b>798.88</b>
Dividends paid including Tax on Dividend				(325.97)		(325.97)		(325.97)
Reversal of Deferred Tax Asset		(0.49)				(0.49)		(0.49)
Transfer to General Reserve	(0.30)	0.30				-		-
Provision for debenture redemption			41.67	(41.67)		-		-
Profit transferred to General Reserve		200.00		(200.00)		-		-
<b>Transaction for the year (III)</b>	<b>(0.30)</b>	<b>199.81</b>	<b>41.67</b>	<b>(567.64)</b>	<b>-</b>	<b>(326.47)</b>	<b>-</b>	<b>(326.47)</b>
<b>Balance at 31<sup>st</sup> March, 2020 (I+II+III)</b>	<b>-</b>	<b>1,536.30</b>	<b>83.33</b>	<b>1,538.64</b>	<b>23.43</b>	<b>3,181.71</b>	<b>(28.96)</b>	<b>3,152.75</b>

Note:

\*Represents remeasurements of the defined plans.

The accompanying notes are an integral part of the Consolidated financial statements (note 1-33).

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

₹ in Crores

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax</b>	999.82	749.32
Adjustments for:		
Depreciation and Amortisation	157.32	115.23
Interest charged	27.16	18.41
Interest Income	(1.73)	(2.58)
Dividend Income /Gain on Sale of Investments	(0.93)	(2.12)
Unrealised foreign exchange gain (net)	15.95	(23.83)
Provision / write off for doubtful trade receivables	8.55	16.69
Impairment goodwill and other intangible assets	53.71	
Impairment in value of investments (net)	33.65	-
Sundry balances written Back (net)	(2.82)	(0.58)
Remeasurement of Defined benefit obligations	(11.42)	(2.47)
Loss/(Profit) on sale of Asset	(1.16)	(1.18)
<b>Operating Profit before change in working capital</b>	<b>1,278.09</b>	<b>866.88</b>
<b>Working capital changes:</b>		
(Increase) In Inventories	(220.27)	(233.33)
(Increase)/Decrease In Trade Receivables	(358.26)	36.19
(Increase)/Decrease In Other Assets	(18.95)	175.13
(Decrease) In Trade Payables	(21.11)	(50.31)
Increase /(Decrease) In Other Liabilities	(2.52)	177.09
Increase In Provisions	28.27	6.79
<b>Cash generated from operations</b>	<b>685.24</b>	<b>978.45</b>
Direct taxes paid (Net of refunds)	(236.11)	(166.48)
<b>Net Cash inflow from Operating Activities (A)</b>	<b>449.13</b>	<b>811.96</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale Asset	0.60	1.28
Government assistance	-	17.15
Interest received	1.73	2.58
Dividend Income /Gain on Sale of Investments received	0.93	2.12
Purchase of property, plant & equipments, intangible assets and Capital Advance	(672.65)	(653.93)
Investment in Associate	-	(14.36)
Intangible assets under development	(62.25)	(110.44)
<b>Net Cash inflow from Investing Activities (B)</b>	<b>(731.63)</b>	<b>(755.60)</b>

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	378.02	603.70
Repayment of borrowings	(200.00)	(604.39)
Net increase / (decrease) in working capital demand loans	431.37	221.35
Payment of lease liabilities	(17.49)	-
Increase in Restricted Bank Balances other than Cash & Cash Equivalents	(0.02)	(0.38)
Dividends paid (including distribution tax)	(325.97)	(90.91)
Interest and other finance costs (including borrowing cost capitalised)	(111.06)	(70.34)
<b>Net Cash inflow from Financing Activities (C)</b>	<b>154.85</b>	<b>59.04</b>
<b>I Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(127.64)</b>	<b>115.40</b>
II. a) Cash and cash equivalents at the beginning of the Year	199.07	83.74
b) Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.41	(0.07)
<b>III. Cash and cash equivalents at the end of the Year (I+II)</b>	<b>71.84</b>	<b>199.07</b>
<b>IV. Cash and cash equivalents at the end of the Year</b>		
Balances with Banks	71.48	198.84
Cash on hand	0.36	0.23
<b>Cash and cash equivalents</b>	<b>71.84</b>	<b>199.07</b>

The accompanying notes are an integral part of the Consolidated financial statements (note 1-33).

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 1 General information

Alembic Pharmaceuticals Limited is in the business of development, manufacturing, and marketing of Pharmaceuticals products. The Company is the public limited Company domiciled in India and is incorporated under the provision of the Companies Act applicable in India. Its shares are listed on the two recognised Stock Exchanges in India. The registered office of the Company is located at Alembic Road, Vadodara – 390 003, India.

The consolidated financial statements are approved by the company's board of directors on May 22, 2020.

The Financial Statement of the subsidiaries, associates and Joint Venture used in the consolidation is drawn up to the same reporting date as that of the Alembic Pharmaceuticals Limited ("the Holding Company"), namely 31<sup>st</sup> March, 2020.

### 2 Significant accounting policies

#### Statement of compliance

The Group has prepared its consolidated financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

#### Principles of Consolidation:

The Consolidated Financial Statements consist of Alembic Pharmaceuticals Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), associates and Joint Venture. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Holding Company and its subsidiaries have been consolidated 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 and intra-group transactions resulting in unrealised profits as per Ind AS 110 "Consolidated Financial Statements" specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules, 2015.

Investment and share of profit of associate and Joint Venture have been consolidated as per the equity method as per Ind AS 28 – "Investments in Associates" and "Ind AS 111 Joint Arrangements" respectively specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised as Foreign Currency Translation Reserve through other comprehensive income.

The Group accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits resulting from transactions between the Group and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss and Other Comprehensive Income, if any, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves, if any, for the balance.

#### Change in Ownership interest

Changes in the Group's ownership interest in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 3 Companies Included in Consolidation:

Name	Country of Incorporation	Nature	Proportion of Ownership Interest As on 31.03.2019
Alembic Global Holding SA (AGH SA)	Switzerland	Subsidiary	100% subsidiary of Alembic Pharmaceuticals Limited India. (APL)
Alembic Pharmaceutical Inc.(AP Inc)	U.S.A	Subsidiary	100% Subsidiary of Alembic Pharmaceuticals Limited - from 17.03.2020 and ceases to be Subsidiary of Alembic Global Holding SA from said date
Aleor Dermaceuticals Limited	India	Subsidiary	60% subsidiary of APL
Incozen Therapeutics Pvt Limited	India	Associate	50% shareholding of APL
Alembic Pharmaceuticals Australia Pty Ltd	Australia	Subsidiary	} 100% subsidiary of AGH SA
Alembic Pharmaceuticals Europe Limited	Malta	Subsidiary	
Alnova Pharmaceuticals SA	Switzerland	Subsidiary	
Alembic Pharmaceuticals Canada Ltd	Canada	Subsidiary	
Genius LLC	Ukraine	Subsidiary	
Orit Laboratories LLC	USA	Subsidiary	100% subsidiary of AP Inc.
Okner Realty LLC	USA		
Alembic Mami SPA	Algeria	Joint Venture	49% shareholding of AGH SA
Rhizen Pharmaceuticals SA (RP SA)	Switzerland	Associate	50% shareholding of AGH SA
Dahlia Therapeutics SA	Switzerland	Subsidiary of	100% subsidiary of RP SA
Rhizen Pharmaceuticals Inc	USA	Associate	

### 4. Significant Accounting Policies:

The accounting policies of the parent company and that of its subsidiaries, associates and joint venture are similar and as per generally accepted accounting principles in India please refer page no. 95.

### 5. Translation of Accounts:

In Consolidated Financial Statements, the Financial Statements of subsidiary companies and proportionate share of associates and Joint Venture have been translated into INR as prescribed under Ind AS 21 "the Effects of Changes in Foreign Exchange Rates" specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 6. Property, Plant and Equipment (PPE):

₹ in Crores

Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Right to Use Building #	Total
<b>Gross Carrying amount</b>										
<b>Carrying Amount as at 1<sup>st</sup> April 2018</b>	<b>53.31</b>	<b>18.58</b>	<b>287.77</b>	<b>582.66</b>	<b>195.15</b>	<b>16.73</b>	<b>12.13</b>	<b>6.21</b>		<b>1,172.56</b>
Additions	29.62	1.77	22.03	171.09	45.03	4.42	2.45	0.78		277.19
Disposals	-	-	-	(0.33)	-	(0.02)	(0.01)	(0.07)		(0.43)
Foreign Exchange Adjustments	0.06	-	0.51	(0.10)	-	0.00	-	0.00		0.47
<b>Closing Gross Carrying Amount</b>	<b>83.00</b>	<b>20.35</b>	<b>310.31</b>	<b>753.32</b>	<b>240.18</b>	<b>21.14</b>	<b>14.57</b>	<b>6.92</b>		<b>1,449.78</b>
<b>Accumulated Depreciation</b>										
Depreciation charge during the year	-	0.21	12.92	66.50	21.78	1.94	1.67	1.13		106.14
Disposals	-	-	-	(0.25)	-	(0.00)	(0.00)	(0.04)		(0.30)
Foreign Exchange Adjustments	-	-	0.00	(0.05)	-	0.05	-	(0.00)		0.00
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>10.92</b>	<b>44.91</b>	<b>225.69</b>	<b>55.12</b>	<b>4.97</b>	<b>6.88</b>	<b>2.89</b>		<b>351.38</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2018	53.31	7.87	255.79	423.17	161.82	13.75	6.91	4.40		927.02
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2019</b>	<b>83.00</b>	<b>9.43</b>	<b>265.40</b>	<b>527.63</b>	<b>185.07</b>	<b>16.16</b>	<b>7.68</b>	<b>4.03</b>		<b>1,098.41</b>
<b>Gross Carrying amount</b>										
<b>Carrying Amount as at 1<sup>st</sup> April, 2019</b>	<b>83.00</b>	<b>20.35</b>	<b>310.31</b>	<b>753.32</b>	<b>240.18</b>	<b>21.14</b>	<b>14.57</b>	<b>6.92</b>	-	<b>1,449.78</b>
Additions	7.76	-	137.62	270.22	47.98	7.52	2.21	3.97	92.43	569.72
Disposals	-	-	-	-	-	-	(0.72)	-	-	(0.72)
Foreign Exchange Adjustments	0.13	-	0.72	0.39	-	0.10	-	(0.06)	-	1.28
<b>Closing Gross Carrying Amount</b>	<b>90.89</b>	<b>20.35</b>	<b>448.65</b>	<b>1,023.93</b>	<b>288.17</b>	<b>28.75</b>	<b>16.06</b>	<b>10.83</b>	<b>92.43</b>	<b>2,020.06</b>
<b>Accumulated Depreciation</b>										
As at 1 <sup>st</sup> April, 2019	-	10.92	44.91	225.69	55.12	4.97	6.88	2.89	-	351.38
Depreciation charge during the year	-	0.23	15.26	82.40	27.83	1.63	1.72	1.29	13.37	143.74
Disposals	-	-	-	-	-	-	(0.09)	-	-	(0.09)
Foreign Exchange Adjustments	-	-	0.05	0.04	-	0.05	-	(0.02)	-	0.13
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>11.15</b>	<b>60.22</b>	<b>308.13</b>	<b>82.95</b>	<b>6.66</b>	<b>8.51</b>	<b>4.16</b>	<b>13.37</b>	<b>495.16</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2019	83.00	9.43	265.40	527.63	185.07	16.16	7.68	4.03	-	1,098.41
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2020</b>	<b>90.89</b>	<b>9.21</b>	<b>388.43</b>	<b>715.80</b>	<b>205.22</b>	<b>22.09</b>	<b>7.55</b>	<b>6.67</b>	<b>79.06</b>	<b>1,524.90</b>

Note:

- The Company does not have any restrictions on the title of its property, plant and equipment.
- Sales proceeds are deducted from gross cost where cost is unascertainable.
- #Please Refer Note No 2(2.20) & 33 (22).

# Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

## 7. Goodwill and Other Intangible Assets

	₹ in Crores			
	Goodwill		Other Intangible Assets	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Carrying Amount</b>	4.20	3.94	68.58	65.95
Addition	1.51	-	31.30	-
Foreign Exchange Adjustments	0.39	0.26	6.38	2.62
<b>Closing Gross Carrying Amount</b>	<b>6.10</b>	<b>4.20</b>	<b>106.26</b>	<b>68.58</b>
Accumulated Amortisation	(0.60)	(0.17)	(12.14)	(3.37)
Amortisation expense	(0.43)	(0.42)	(13.15)	(8.66)
Impairment	(4.69)	-	(49.02)	-
Foreign Exchange Adjustments	(0.39)	(0.01)	(5.01)	(0.12)
<b>Closing Accumulated Amortisation</b>	<b>(6.10)</b>	<b>(0.60)</b>	<b>(79.32)</b>	<b>(12.14)</b>
<b>Net Carrying Amount</b>	<b>-</b>	<b>3.61</b>	<b>26.94</b>	<b>56.43</b>

## 8. Non-Current Financial Investment

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Investments in Preference Shares</b>		
<b>Valued at Amortised cost</b>		
1% Cumulative Redeemable Non-Convertible Preference Shares 4,50,000 (PY: 4,50,000) of ₹ 10 each fully paid up in EICL (Redemption date 14.12.2031)	0.45	0.45
	<b>0.45</b>	<b>0.45</b>

## 9. Investment accounted for using Equity Method

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Investments in Equity Instruments -Unquoted</b>		
<b>Valued at Cost</b>		
<b>(i) Investment in Associates</b>		
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd	1.68	1.65
Add Share in Profit / (loss) for the period	(0.07)	0.03
	<b>1.61</b>	<b>1.68</b>
62,000 (PY: 62,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA (Including ₹ 14.18 Crores Good will)	14.13	14.69
Add Share in Profit / (loss) for the period	0.12	0.10
Add Impact of Foreign Currency translations	1.30	-0.66
	<b>15.56</b>	<b>14.13</b>
<b>(ii) Investment in Joint Venture</b>		
34,297 (PY: 34,297) equity shares of DZD 1000 each fully paid up representing 49% of equity in Alembic Mami SPA, Algeria	32.50	39.19
Add /(Less): Share in Profit / (loss) for the period	-	(9.40)
Add/(Less):Provision for impairment Loss	(33.65)	
Add/(Less):Impact of Foreign Currency translations	1.15	2.71
	<b>-</b>	<b>32.50</b>
<b>Aggregate amount of unquoted Investments</b>	<b>17.17</b>	<b>48.31</b>

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 10. Other Non-Current Assets

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital Advances	47.72	14.85
Balance with Government Authorities	62.94	46.73
	<b>110.66</b>	<b>61.59</b>

### 11. Inventories (Refer note No. 4)

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw Materials	294.09	300.24
Packing Materials	52.19	46.67
Work-in-Process	55.43	50.02
Finished Goods	674.29	415.67
Stock-in-trade	72.42	102.34
Goods in Transit	18.19	41.71
Stores and Spares	20.93	10.62
	<b>1,187.53</b>	<b>967.26</b>

Note:

(i) Out of above Inventories of Alembic Pharmaceuticals Limited are hypothecated as security for borrowings.

### 12. Trade Receivables

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Unsecured, Considered good	a 864.75	488.92
Trade Receivables which have significant increase in credit Risk	19.89	10.44
Less Allowance for doubtful debts (expected credit loss allowance)	19.89	10.44
	b -	-
	<b>(a+b) 864.75</b>	<b>488.92</b>

Note:

Out of above Receivables of Alembic Pharmaceuticals Limited are hypothecated as security for working capital borrowings. Refer Note No 33 (8) (I) for related party receivable.

### 13 Cash and Cash Equivalents

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Balances with Banks	71.48	198.84
Cash on hand	0.36	0.23
	<b>71.84</b>	<b>199.07</b>

### 14. Bank Balances Other than Cash and Cash Equivalents

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Earmarked Balance with Bank		
Unpaid Dividend Account	7.12	4.79
Margin Money Deposit Account	1.78	1.76
	<b>8.91</b>	<b>6.55</b>



## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 18. Other Equity

(Refer statement of changes in equity for detailed movement in other equity balance)

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
(a) Capital Reserve	-	0.30
(b) General Reserve	1,536.30	1,336.50
(c) Retained Earnings	1,538.64	1,286.87
(d) Debenture Redemption Reserve	83.33	41.67
(e) Foreign Currency Translation reserve	23.43	15.79
<b>Total Other Equity</b>	<b>3,181.71</b>	<b>2,681.12</b>

#### Nature and purpose of each Reserve

**Capital Reserve:-** Capital Reserve was created on receipt of Government subsidy for setting up factory in backward area, transferred to general reserve in current year.

**General Reserve:-** The reserve is created by transfer of a portion of the net profit.

**Debenture redemption reserve:** Debenture redemption reserve : The company has created and continue to create debenture redemption reserve out of the profits as prudent practice in accordance with erstwhile provision of Companies Act, 2013.

**Foreign Currency Translation reserve:-** Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation Currency (i.e. INR) are recognised in the other comprehensive income and accumulated in foreign currency translation reserve.

### 19. Borrowings (Non-Current)

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unsecured</b>		
<b>From Banks</b>		
Term Loan	387.53	-
<b>Non-Convertible debentures</b>	499.46	499.30
	<b>886.99</b>	<b>499.30</b>

(i) Maturity profile and rate of interest of term loan and non-convertible debentures are set out as below:

Particulars	Term Loan	External Commercial Borrowings	Non-Convertible debentures
<b>Effective Rate of Interest</b>	spread of 1.70% over 1 year G-sec with annual interest reset	6M Libor + 1.25%	8.42% to 9.05%
<b>Maturity profile</b>			
2021-22	-	-	₹ 300.00 Crores
2022-23	₹ 200.00 Crores	\$ 8.33 Million	₹ 200.00 Crores
2023-24	-	\$ 8.33 Million	-
2024-25	-	\$ 8.34 Million	-
<b>Total</b>	<b>₹ 200.00 Crores</b>	<b>\$ 25.00 Million</b>	<b>₹ 500.00 Crores</b>
<b>Total Equivalent INR as on 31.3.2020</b>	<b>₹ 200.00 Crores</b>	<b>₹ 188.75 Crores</b>	<b>₹ 500.00 Crores</b>
Amortised Cost Adjustment	-	(₹ 1.22 Crores)	(₹ 0.54 Crores)
<b>Closing Balance</b>	<b>₹ 200.00 Crores</b>	<b>₹ 187.53 Crores</b>	<b>₹ 499.46 Crores</b>

(ii) Term loan of ₹ 200.00 Crores classified as current in previous year paid during the year - Interest @ rate of six months T Bills plus spread of 87 bps (Refer Note No 25).

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 20. Other Financial Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Lease Liability (Refer Note No. 33(22))	73.30	-
	<b>73.30</b>	<b>-</b>

### 21. Provisions (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Provision for Employee Benefits</b> (Refer Note No. 33(4))		
Provision for Gratuity	0.77	0.36
Provision for Leave benefits	31.73	23.74
<b>Provision for Non-Saleable return of goods</b> (Refer Note No. 33(14))	42.01	27.93
	<b>74.51</b>	<b>52.03</b>

### 22. Deferred Tax Liabilities (Net)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Deferred Tax Liabilities</b>		
Depreciation a	160.25	140.86
<b>Deferred Tax Assets</b>		
Provision for Doubtful debts	0.78	0.74
MAT Credit Entitlement	91.57	78.40
Intangible Asset	1.47	1.96
Others	54.25	41.03
	<b>148.06</b>	<b>122.12</b>
	<b>(a-b)</b>	<b>18.74</b>

### 23. Borrowings (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
<b>Secured</b>		
Working Capital Demand Loan	0.04	34.93
First charge on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at interest rate ranging between 7% to 10% repayable on demand		
<b>Unsecured</b>		
Working Capital Demand Loan, (Interest @ 3-month LIBOR plus 100 bps)	60.46	69.15
Overdraft facility @ 6 month MCLR	-	75.05
Working Capital Demand Loan, Interest rate vary in range from 6.75% to 7.75%	250.00	-
<b>From Other Parties</b>		
<b>Unsecured</b>		
Commercial Paper	550.00	250.00
Carrying interest rate ranging between 5.50% to 5.98%, Repayable in April 20 & June 20		
	<b>860.50</b>	<b>429.13</b>

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 24. Trade Payables

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Due to Micro and Small Enterprises (Refer Note No. 33(13))	7.11	5.09
Others	618.82	639.25
	<b>625.93</b>	<b>644.34</b>

Refer Note No. 33(8)(I) for Related Party Payables.

### 25. Other Financial Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of long-term debt (Refer Note No. 19)	-	200.00
Lease Liability (Refer Note No. 33(22))	9.90	-
Payables on purchase of property, plant and equipment	46.64	57.98
Interest accrued but not due on borrowings	10.78	11.46
Unpaid dividends	7.12	4.79
Trade Deposits	11.98	11.84
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.06	0.06
Unrealised Foreign Exchange Loss	35.44	6.07
	<b>121.92</b>	<b>292.19</b>

### 26. Other Current Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Statutory dues	41.89	21.35
Advance from Customers	6.49	3.65
Employee benefits payables	56.68	62.99
	<b>105.06</b>	<b>87.99</b>

### 27. Provisions (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Provision for Employee Benefits</b> (Refer Note No. 33(4)&(5))		
Provision for Gratuity	10.39	4.07
Provision for Leave benefits	2.37	7.42
Others	4.53	-
<b>Provision for Non-Saleable return of goods</b> (Refer Note No. 33(14))	20.91	20.90
	<b>38.19</b>	<b>32.39</b>

### 28. Revenue from Operations

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Sale of products</b>		
- Domestic	1,585.86	1,500.02
- Exports	2,906.12	2,306.60
	<b>4,491.97</b>	<b>3,806.61</b>
<b>Other Operating Revenues</b>		
- Export Incentives	78.98	88.20
- Royalty	20.85	32.28
- Miscellaneous	13.95	7.59
	<b>4,605.75</b>	<b>3,934.68</b>

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 29. Other Income

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Dividend	0.01	2.12
Insurance Claims	1.10	1.68
Lease Rent Income	0.02	0.03
Profit /(Loss) on Sales of Assets	1.16	1.18
Profit on Sales of Investment	0.92	1.57
Interest Income	1.73	2.58
Miscellaneous income	-	0.20
	<b>4.94</b>	<b>9.38</b>

### 30. Cost of Material Consumed

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Inventory at the beginning of the year</b>	346.90	210.01
Add: Purchases	975.31	986.94
	<b>1,322.21</b>	<b>1,196.95</b>
Less: Inventory at the end of the year	343.16	346.90
	<b>979.05</b>	<b>850.04</b>
<b>Changes in inventories of Finished Goods, Stock in Trade and Work in process</b>		
Work in Process	55.43	50.02
Finished Goods	692.48	457.37
Stock-in-Trade	72.42	102.34
<b>Inventory at the end of the year</b> a	<b>820.32</b>	<b>609.74</b>
Work in Process	50.02	51.92
Finished Goods	457.37	354.88
Stock-in-Trade	102.34	110.66
<b>Inventory at the beginning of the year</b> b	<b>609.74</b>	<b>517.46</b>
	(b-a)	<b>(92.27)</b>

### 31. Employee Benefits Expense

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Salaries and Wages	831.77	688.68
Contribution to Provident and other funds	50.89	37.41
Staff welfare expense	23.78	20.60
	<b>906.44</b>	<b>746.69</b>

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 32. Other Expenses

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	257.16	181.00
Power and Fuel	102.40	88.86
Manufacturing and Labour Charges	17.56	19.68
Repairs and Maintenance		
Machinery	32.10	24.79
Buildings	10.08	8.34
Others	8.87	5.17
Freight and Forwarding Charges	133.17	119.64
Sales Promotion, Service Fees and Commission	398.02	470.64
Excise Duty	-	-
Rent (Refer Note No. 33(22))	2.29	17.33
Rates and Taxes	12.60	10.23
Insurance	7.50	6.13
Travelling Expense	131.80	133.96
Communication Expenses	36.91	34.39
Legal & Professional Fees	109.23	93.45
Payment to Auditors (Refer Note No. 33(9))	1.48	1.10
Exchange Difference (net)	(8.46)	(17.48)
impairment of goodwill and other intangible assets	53.71	-
Bad Debts written off	0.48	13.25
Less: Bad Debts Provision Utilised	(0.48)	(0.30)
Provision for Doubtful Debts	8.55	3.74
Expenses on CSR Activities	13.29	14.28
Donation	0.52	0.60
Patent Filing & Registration Fees	38.01	43.97
External Research & Development	42.64	30.27
Miscellaneous Expenses	27.46	18.66
	<b>1,436.89</b>	<b>1,321.71</b>

### 33. Other explanatory Notes to the Consolidated Financial Statement

₹ in Crores

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>1 Earning Per Share (EPS)</b>		
a) Net Profit after non-controlling interest attributable to equity shareholders (₹ in Crores)	828.82	584.37
b) Weighted average numbers of equity shares	18,85,15,914	18,85,15,914
c) Basic and diluted Earnings per share before Extra-Ordinary Items in ₹ (Face Value per share ₹ 2/- each)	43.97	31.00

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

		₹ in Crores	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>2</b>	<b>Contingent Liabilities and Commitments (To The Extent Not Provided For)</b>		
<b>i</b>	<b>Estimated amount of contracts net of advances remaining to be executed on capital accounts</b>	269.18	156.90
<b>ii</b>	<b>Contingent liabilities</b>		
	(a) Letters of credit and Guarantees	113.40	94.73
	(b) Liabilities Disputed in appeals		
	Excise duty	0.24	5.35
	Sales Tax	3.43	3.18
	(c) Claims against the company not acknowledged as debt	0.35	0.37
	(d) Export obligation against advance licence	0.03	-
	(e) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

### 3 Additional Information

As at and for the year ended 31<sup>st</sup> March, 2020

		₹ in Crores							
Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income		
	As a % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	
	<b>Parent:</b>								
Alembic Pharmaceuticals Limited	104.88%	3346.02	116.96%	969.40	528.18%	(9.33)	116.08%	960.08	
<b>Subsidiaries:</b>									
1. Indian:									
Aleor Dermaceuticals Limited	(2.27%)	(72.34)	(8.48%)	(70.30)	7.34%	(0.13)	(8.52%)	(70.43)	
2. Foreign:									
- Alembic Global Holding SA	0.58%	18.35	5.38%	44.55	(499.00%)	8.81	6.45%	53.37	
- Alembic Pharmaceuticals, INC (Wholly owned subsidiary of Alembic Pharmaceuticals Limited)	1.75%	55.88	0.74%	6.15	(117.80%)	2.08	1.00%	8.24	
Minority interest in all subsidiaries	(0.91%)	(28.96)	3.39%	28.12	(2.94%)	0.05	3.41%	28.17	
<b>Associates:</b>									
(Investment as per the equity method)									
1. Indian: Incozen Therapeutics Pvt Limited	(0.04%)	(1.39)	(0.01%)	(0.07)	Nil	Nil	(0.01%)	(0.07)	
2. Foreign: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
<b>Joint Venture:</b>									
(As per proportionate consolidation / investment as per equity method)									
1. Indian: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
2. Foreign: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Intercompany Elimination and Consolidation Adjustments	(3.98%)	(127.11)	(17.98%)	(149.05)	184.23%	(3.25)	(18.42%)	(152.30)	
	<b>100.0%</b>	<b>3190.45</b>	<b>100.0%</b>	<b>828.82</b>	<b>100.0%</b>	<b>(1.77)</b>	<b>100.0%</b>	<b>827.05</b>	

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

As at and for the year ended 31<sup>st</sup> March, 2019

₹ in Crores

Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As a % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<b>Parent:</b>								
Alembic Pharmaceuticals Limited	99.79%	2712.41	104.59%	611.21	(32.60%)	(1.90)	103.24%	609.30
<b>Subsidiaries:</b>								
1. Indian: A G Research Pvt Ltd.	0.00%	0.0	0.00%	-	0.00%	0.00	0.00%	-
Aleor Dermaceuticals Limited	(0.07%)	(1.91)	(0.46%)	(2.70)	(0.49%)	(0.03)	(0.46%)	(2.73)
2. Foreign:								
Alembic Global Holding SA (wholly owned subsidiary of Alembic Pharmaceuticals Limited)*	4.11%	111.63	(2.14%)	(12.53)	136.82%	7.99	(0.77%)	(4.54)
Minority interest in all subsidiaries	(0.03%)	(0.79)	0.18%	1.08	0.20%	0.01	0.18%	1.09
<b>Associates:</b>								
(Investment as per the equity method)								
1. Indian: Incozen Therapeutics Pvt Limited	(0.05%)	(1.32)	0.00%	0.03	Nil	Nil	0.00%	0.03
2. Foreign: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Joint Venture:</b>								
(As per proportionate consolidation / investment as per equity method)								
1. Indian: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Foreign: NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Intercompany Elimination and Consolidation Adjustments	(3.75%)	(101.97)	(2.18%)	(12.71)	(3.92%)	(0.23)	(2.19%)	(12.94)
	<b>100.0%</b>	<b>2718.04</b>	<b>100.0%</b>	<b>584.37</b>	<b>100.0%</b>	<b>5.84</b>	<b>100.0%</b>	<b>590.21</b>

#### 4 Defined benefit plans / compensated absences - As per actuarial valuation

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2020

	Funded		Non-funded	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
	<b>i) Change in present value of defined benefit obligation</b>			
Present Value of defined benefit obligation at the beginning of the year	50.05	39.77	0.36	0.15
Current service cost	8.65	6.73	0.26	0.17
Interest Cost	3.34	2.63	0.03	0.01
Components of actuarial gain/losses on obligations:	-	-	-	-
- Due to Change in financial assumptions	6.33	0.24	0.05	0.00
- Due to change in demographic assumption	(0.04)	-	(0.00)	-
- Due to experience adjustments	3.05	3.33	0.07	0.04
Benefits paid	(4.08)	(2.65)	-	(0.01)
Present Value of defined benefit obligation at the end of the year	<b>67.29</b>	<b>50.05</b>	<b>0.77</b>	<b>0.36</b>

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

	Funded		Non-funded	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>ii) Change in fair value of plan assets</b>				
Fair Value of plan assets at the beginning of the year	45.98	31.35	-	-
Expenses deducted from the fund				
Interest Income	3.36	2.26	-	-
Return on plan assets excluding amounts included in interest	(1.97)	1.14	-	-
Contributions paid by the employer	13.62	13.88	-	-
Benefits paid from the fund	(4.08)	(2.65)	-	-
Fair Value of plan assets at the end of the year	<b>56.91</b>	<b>45.98</b>	-	-

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020
	<b>iii) Net asset / (liability) recognized in the Balance Sheet</b>			
Present Value of defined benefit obligation at the end of the year	(67.29)	(50.05)	(0.77)	(0.36)
Fair Value of plan assets at the end of the year	56.91	45.98	-	-
Amount recognized in the balance sheet	<b>(10.38)</b>	<b>(4.07)</b>	<b>(0.77)</b>	<b>(0.36)</b>
Net Liability - non current	-	-	(0.77)	(0.36)
Net Asset / (Liability) recognized - current	<b>(10.38)</b>	<b>(4.07)</b>	<b>(0.00)</b>	<b>(0.00)</b>

	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
	<b>iv) Expense recognized in the statement of profit and loss for the year</b>			
Current service cost	8.65	6.73	0.26	0.17
Net interest cost	(0.02)	0.37	0.03	0.01
Total expenses included in employee benefit expenses	<b>8.63</b>	<b>7.11</b>	<b>0.29</b>	<b>0.18</b>

<b>v) Recognized in Other Comprehensive Income for the year</b>				
Actuarial changes arising from changes in financial assumptions	6.33	0.24	0.05	0.00
Actuarial changes arising from experience assumptions	3.05	3.33	0.07	0.04
Return on plan assets excluding amounts included in interest income	1.97	(1.14)	-	-
Recognized in other comprehensive income	<b>11.35</b>	<b>2.43</b>	<b>0.12</b>	<b>0.04</b>

<b>vii) Actuarial Assumptions</b>				
Rate of Discounting	6.85%	7.35%	6.85%	7.35%
Rate of Salary Increase	5.25%	4.75%	4.75%	4.75%
Withdrawal Rates	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

<b>viii) Composition of the plan assets</b>				
Policy of insurance	100%	100%	-	-

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### viii) Maturity profile of Defined Benefit Obligation

₹ in Crores

Cash Flow	Funded	Non-funded
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020
Year 1	11.62	0.00
Year 2	3.19	0.01
Year 3	3.23	0.03
Year 4	3.03	0.04
Year 5	3.46	0.04
Year 6 to Year 10 Cash flow	20.57	0.20
The future accrual is not considered in arriving at the above cash-flows.		
Expected Contribution for the Next year (₹ in Crores)	10.38	0.00
Average Outstanding Terms of obligation (years)	10.97	15.68

### ix) Sensitivity Analysis

	Funded		Non-funded	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
Delta Effect of +0.5% Change in Rate of Discounting	64.03	47.54	0.72	0.34
Delta Effect of -0.5% Change in Rate of Discounting	70.85	52.28	0.83	0.39
Delta Effect of +0.5% Change in Rate of Salary Increase	70.89	52.33	0.83	0.39
Delta Effect of -0.5% Change in Rate of Salary Increase	63.97	47.48	0.72	0.34
Delta Effect of +0.5% Change in Rate of Employee Turnover	67.30	51.04	0.78	0.36
Delta Effect of -0.5% Change in Rate of Employee Turnover	67.28	48.85	0.77	0.36

The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognized in the Company's Financial Statement as at March 31, 2020

₹ in Crores

i) Change in present value of defined benefit obligation	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
	Present Value of defined benefit obligation at the beginning of the year	25.71
Current service cost	3.86	2.76
Interest Cost	1.82	1.38
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	3.72	0.14
- Due to change in demographic assumption	(0.02)	-
- Due to experience adjustments	7.40	7.61
Benefits paid	(8.38)	(5.54)
Present Value of defined benefit obligation at the end of the year	<b>34.10</b>	<b>25.71</b>

₹ in Crores

ii) Net asset / (liability) recognized in the Balance Sheet	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	Amount recognized in the balance sheet	(34.10)

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

	₹ in Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>iii) Expense recognized in the statement of profit and loss for the year</b>		
Current service cost	3.86	2.76
Past service cost and loss/(gain) on		
Net interest cost	1.82	1.38
Net value of remeasurements on the obligation	11.09	7.75
<b>Total Charge to statement of profit and loss</b>	<b>16.77</b>	<b>11.89</b>
<b>iv) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	7.35%
Rate of Salary Increase	In Range of 4.75% to 5.25%	4.75%
Withdrawal Rates	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

### v) Maturity profile of Defined Benefit Obligation

	₹ in Crores
Cash Flow	As at 31 <sup>st</sup> March, 2020
Year 1	2.37
Year 2	2.25
Year 3	2.08
Year 4	1.74
Year 5	1.93
Year 6 to Year 10 Cash flow	10.32
The future accrual is not considered in arriving at the above cash-flows.	

### vi) Sensitivity Analysis

	₹ in Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
Delta Effect of +0.5% Change in Rate of Discounting	32.16	24.19
Delta Effect of -0.5% Change in Rate of Discounting	36.22	27.07
Delta Effect of +0.5% Change in Rate of Salary Increase	36.25	27.11
Delta Effect of -0.5% Change in Rate of Salary Increase	32.12	24.15
Delta Effect of +0.5% Change in Rate of Employee Turnover	34.11	26.49
Delta Effect of -0.5% Change in Rate of Employee Turnover	34.08	24.47

#### A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis's performed by varying single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change, if any.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 5 Provident Fund

The group is liable for any shortfall, as per terms of the Provident Fund Trust deed, in the fund assets based on the Government specified rate of return in case of Employee Benefits Plan. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same. ₹ 4.53 Crores (PY: ₹ Nil) short fall as at 31 March, 2020 has been provided.

### 6 Research and Development Expenses:

₹ in Crores

	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
Material Consumption	99.38	80.58
Employees Benefit Expenses	167.84	145.61
Utilities	20.98	17.67
Depreciation	63.04	35.50
Others	293.58	224.28
<b>Total</b>	<b>644.82</b>	<b>503.64</b>

### 7 Operating Segment

The Group Company has only one reportable segment i.e. Pharmaceuticals

#### Information about products and services turnover

₹ in Crores

a) API	707.59
b) Formulations	3,898.16

#### Information about Geographical Areas

a) Revenue from External Customers	
In India	1590.16
Outside India	3015.59
b) Non-Current Assets	
In India	3495.29
Outside India	13.39
c) Information about major customers	
Consolidated Revenue – exceeding 10% from each single external customer.	NIL

### 8 Disclosures in respect of Related Parties transactions

**(A) Controlling Company:** Nirayu Limited (Refer note No. 17)

#### **(B) Associate Companies:**

1 Incozen Therapeutics Pvt. Limited	(Associate of Alembic Pharmaceuticals Limited)
2 Rhizen Pharmaceuticals SA	(Associate of Alembic Global Holding SA)
3 Dahlia Therapeutics SA	(Subsidiary of Rhizen Pharmaceuticals SA)
4 Rhizen Pharmaceuticals Inc.	(Subsidiary of Rhizen Pharmaceuticals SA)

#### **(C) Joint Venture:**

1 Alembic Mami SPA	(Joint venture of Alembic Global Holding SA)
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#### **(D) Other Related Parties:**

1 Alembic Limited	4 Viramya Packlight LLP
2 Shreno Limited	5 Shreno Publications Limited
3 Paushak Limited	

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### (E) Key Management Personnel:

1	Mr. Chirayu Amin	Chairman & CEO
2	Mr. Pranav Amin	Managing Director
3	Mr. Shaunak Amin	Managing Director
4	Mr. R. K. Baheti	Director Finance & CFO
5	Mr. K.G. Ramanathan	Non-Executive Director
6	Mr. Pranav Parikh	Non-Executive Director
7	Mr. Paresh Saraiya	Non-Executive Director
8	Ms. Archana Hingorani	Non-Executive Director
9	Mr. Charandeep Singh Saluja	Company Secretary

### (F) Close Member Key Management Personnel:

1	Mrs. Malika Amin	4 Mrs. Jyoti Patel
2	Mr. Udit Amin	5 Mrs. Ninochaka Kothari
3	Ms. Yera Amin	6 Mrs. Shreya Mukherjee

### (G) Key Managerial Personnel Remuneration:

	₹ in Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
Short Term Employment Benefits	67.55	62.51
Terminal Benefits	2.19	1.86
Others	0.59	0.68

### (H) Transactions with Related parties:

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business:

	₹ in Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
<b>(a) Sale of Goods/MEIS License (Net)</b>		
<b>Associates</b>		
Rhizen Pharmaceutical SA	6.49	11.41
Other Related Parties	0.63	3.88
<b>(b) Purchase of Goods</b>		
<b>Controlling Company</b>	0.02	-
<b>Other Related Parties</b>		
Alembic Limited	37.15	51.59
Shreno Publications Limited	24.38	23.48
Others	0.71	2.07
<b>(c) Reimbursement of expenses</b>		
<b>Other Related Parties</b>		
Alembic Limited	4.33	10.50
Others	0.02	-
<b>Associates</b>		
Rhizen Pharmaceutical SA	5.55	0.12
<b>(d) Rent / Lease liability paid</b>		
<b>Other Related Parties</b>		
Alembic Limited	8.74	8.21
Others	0.63	0.63



## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 9 Auditors Fees and Expenses:

	₹ in Crores	
	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019
(a) Statutory Auditors:-		
As Auditors	0.88	0.62
In Other Capacity:-		
(i) Other Services		
Limited Review	0.29	0.29
Others	0.15	0.11
(ii) Reimbursement of expenses	0.03	0.02
(b) Cost Auditors:-		
Cost Audit Fees	0.02	0.02
(c) Tax Auditors:-		
Tax Audit Fee	0.09	0.03
(d) Secretarial Auditors:-		
Secretarial Audit Fee	0.03	0.02

### 10 Income Taxes

#### a. Income tax expense

	₹ In Crores	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Current Tax		
Current tax expense	204.57	178.14
Deferred Tax		
Decrease (increase) in deferred tax assets	(23.69)	(39.68)
(Decrease) increase in deferred tax liabilities	19.39	22.36
<b>Total deferred tax expenses (benefit)</b>	<b>(4.30)</b>	<b>(17.32)</b>
<b>Total Income tax expenses *</b>	<b>200.27</b>	<b>160.82</b>

\*This excludes tax benefit on other comprehensive income of ₹ 1.97 Crores for 31<sup>st</sup> March, 2020 & ₹ 0.53 Crores for 31<sup>st</sup> March, 2019 respectively.

#### b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	₹ in Crores	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Profit before Income tax expense	999.82	749.32
Tax at the Indian Tax Rate*	174.69	161.47
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	(0.00)	(0.00)
Expenditure related to exempt income	0.01	0.01
Provision for debenture redemption	(7.28)	(8.98)
Effect on account of overseas tax	34.53	23.77
Deferred tax	(4.30)	(17.32)
Others	2.63	1.86
<b>Income Tax Expense</b>	<b>200.27</b>	<b>160.82</b>

\* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31<sup>st</sup> March, 2020 is 17.472% and 21.5488% for 31<sup>st</sup> March, 2019.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### c. Current tax (liabilities)/assets

₹ in Crores

	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Opening balance	(3.61)	3.45
Income tax paid	236.11	166.44
Current income tax payable for the period / year	(202.61)	(177.61)
Write back of income tax provision of earlier years	1.09	4.10
Net current income tax asset/ (liability) at the end	<b>30.98</b>	<b>(3.61)</b>

### d. Unrecognised deferred tax assets

The details of unrecognised deferred tax assets are summarised below:

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Deductible temporary differences, net	284.36	280.59

During the year ended 31<sup>st</sup> March, 2020, the Company did not recognise deferred tax assets of ₹ 284.36 Crores on account of MAT credit entitlement, as the Company believes that utilization of same is not probable. The above MAT credit expire at various dates ranging from 2026 through 2036.

## 11 Financial instruments

### Category of Financial Instrument

₹ In Crores

	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Fair value through profit and loss	Amortised cost	Fair value through profit and loss	Amortised cost
<b>Financial assets</b>				
Investment in Preference shares	-	0.45	-	0.45
Trade Receivables	-	864.75	-	488.92
Cash and cash equivalents	-	71.84	-	199.07
Bank balances other than (iii) above	-	8.91	-	6.55
Derivatives not designated as Hedge	-	-	-	-
Others	-	8.65	-	9.10
<b>Total</b>	<b>-</b>	<b>954.61</b>	<b>-</b>	<b>704.10</b>
<b>Financial liabilities</b>				
Borrowings	-	1,747.49	-	928.44
Trade Payables	-	625.93	-	644.34
Other Financial liabilities	-	187.21	-	288.77
Derivatives not designated as Hedge	8.01	-	3.42	-
<b>Total</b>	<b>8.01</b>	<b>2,560.63</b>	<b>3.42</b>	<b>1,861.55</b>

### Fair value measurement hierarchy:

	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
	Level of input used in			Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Derivatives not designated as Hedge	-	8.01	-	-	3.42	-

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2** inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

**Level 3** inputs are unobservable inputs for the asset or liability.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

In case of investment in equity instruments, cost has been considered as approximate fair value in view of materiality of value of investment.

Refer Note No 8,12,13,14,15,19,20,23,24 & 25

**12** Expenses pending capitalisation included in Capital Work-In-Progress represent direct attributable expenditure for setting up of plants yet to commence commercial operation, the detail of expenses are:

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Opening Balance	256.96	108.89
Capitalised during year	(65.57)	-
Incurring during the current year		
Salaries, allowance and contribution to funds	70.12	78.75
Professional Fees	2.17	1.99
Others	96.12	67.33
<b>Closing balance</b>	<b>359.80</b>	<b>256.96</b>

### 13 Disclosure required under Micro, Small and Medium Enterprise Development Act 2006

On the basis of confirmation obtained from the supplier who are registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006), details are as below.

#### Total Outstanding due of Micro, Small & Medium Enterprises

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a The principal amount remaining unpaid to any supplier at the end of the year	13.18 *	9.20 *
b Interest due remaining unpaid to any supplier at the end of the year	-	-
c The amount of interest paid by the buyer in terms of section 16 , along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d The amount of interest due and payable for the period of delay in making payment	-	-
e The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f 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 section 23	-	-
	<b>13.18</b>	<b>9.20</b>

\*Out of above, amount pertaining to Micro and Small Enterprises is ₹ 7.11 Crores. ( PY: ₹ 5.09 Crores).

### 14 Provision for Non-Saleable return of goods

	₹ In Crores
	As at 31 <sup>st</sup> March , 2020
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>48.83</b>
Increase during the year	35.00
Reduction during year	(20.91)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>62.92</b>

### 15 Government Grant

The Company is entitled to subsidy, on its investment in the property, plant and equipment on fulfilment of the conditions stated in those Scheme. During previous year company has received ₹ 17.15 Crores as subsidy on investment in property, plant and equipment and ₹ 0.06 Crores as reimbursement of expense. The same is accounted as stated in accounting policy on Government Grant ( Refer Note No 2(25)).

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### 16 Revenue Recognition

The Company is engaged in Pharmaceuticals business considering nature of products, revenue can be disaggregated as API business and Formulation business ₹ 707.59 Crores and ₹ 3,898.16 Crores respectively, and considering Geographical business, revenue can be disaggregated as in India ₹ 1,590.16 Crores and outside India ₹ 3,015.59 Crores.

17 Borrowing cost of ₹ 83.21 Crores (PY: ₹ 60.20 Crores) capitalised @ rate of 7.64%.

### 18 Financial Risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

#### 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, and arises principally from the Group's receivables from customers, Deposit and other receivables.

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has used expected credit loss (ECL) model for assessing the impairment loss.

₹ in Crores

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Trade Receivables	864.75	488.92
Allowance for doubtful debts	19.89	10.44
Percentage	2.3%	2.1%

### Reconciliation of loss allowance provision – Trade receivables

₹ In Crores

Loss allowance on April 1, 2018	1.96
Changes in loss allowance	8.48
Loss allowance on March 31, 2019	<b>10.44</b>
Changes in loss allowance	9.45
<b>Loss allowance on March 31, 2020</b>	<b>19.89</b>

### Cash & Cash Equivalents and Other Bank Balances.

As at the year end, the Group held cash and cash equivalents of ₹ 71.84 Crores (PY: ₹ 199.07 Crores). The cash and cash equivalents other Bank balances and derivatives are held with banks having good credit rating.

### Other financial assets

Other financial assets are neither past over due nor impaired.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Group has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of safety regarding timely payment and servicing of financial obligation.

#### 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

	As at March 31, 2020			As at March 31, 2019		
	Less than 1 year	More than 1 Years	Total	Less than 1 year	More than 1 Years	Total
	₹ in Crores					
<b>Non derivative</b>						
Borrowings	860.50	886.99	1,747.49	429.13	499.30	928.44
Trade payables	625.93	-	625.93	644.34	-	644.34
Other financial liabilities	113.91	73.30	187.21	288.77	-	288.77
<b>Derivative</b>						
Options contracts	8.01	-	8.01	3.42	-	3.42

### iii) Market risk

#### Currency risk

The Group's foreign exchange risk arises from its foreign operations, foreign currency revenues, and expenses. The Group uses foreign exchange option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Group enters into foreign currency options contracts which are not intended for trading or speculative purposes but for mitigating currency risk.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

As at 31st March, 2020	₹ in Crores			
	US Dollars	Euro	Others	Total
<b>Financial assets</b>				
Receivables (net)	848.21	52.25	26.43	926.89
Cash and cash equivalents	18.72	0.00	0.00	18.72
<b>Financial liabilities</b>				
External Commercial Borrowing	188.95	0.00	0.00	188.95
Payables (net)	65.15	13.12	2.42	80.70
<b>As at 31st March, 2019</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Financial assets</b>				
Receivables (net)	381.75	24.49	11.33	417.57
Cash and cash equivalents	138.52	0.00	0.00	138.52
<b>Financial liabilities</b>				
Payables (net)	108.40	0.19	1.31	109.89

#### Sensitivity analysis

For the years ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 every 5% weakening of Indian Rupee as compare to the respective major currencies for the above mentioned financial assets/liabilities would increase Company's profit and equity by approximately ₹ 32.6 Crores and ₹ 21.81 Crores respectively. A 5% strengthening of the Indian Rupee as compare to the respective major currencies would lead to an equal but opposite effect.

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### Interest rate risk and Exposure to interest rate risk

The Group has loan facilities on floating interest rate, which exposes the group to risk of changes in interest rates.

For the years ended March 31, 2020 and March 31, 2019, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Group's interest cost by approximately ₹ 2.24 Crores and ₹ 0.90 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

### Commodity rate risk

The Group's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

### Other Risk

Since Group significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite, any adverse action by regulatory authority of the group's target market can adversely affect Group operation.

## 19 Capital Management

The Group's capital management objectives are:

\*to ensure the Group's ability to continue as a going concern; and

\*to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

### ii) Dividend on equity shares paid during the year

During the year Interim dividend of ₹ 188.52 Crores [Interim Dividend of ₹ 7/- (350%) per equity share and an additional Special Dividend of ₹ 3/- (150%)

per equity share aggregating to total Interim Dividend of ₹ 10/- (500%) per equity share] and corporate tax of ₹ 12.46 Crores paid to the equity shareholders in respect of financial year 2019-20.

During the year dividend of ₹ 103.68 Crores (₹ 5.50 Per Shares i.e. 275% per equity share) and corporate tax of ₹ 21.31 Crores paid to the equity shareholders after the AGM approval in respect of financial year 2018-19.

## 20 Exceptional items

Exceptional items relates to impairment provision on investment and loan given to Alembic Mami Algeria - Joint Venture held by wholly owned subsidiary of the company ₹ 69.06 Crores, compensation to National Green Tribunal ₹ 10 Crores and write back of certain provisions, refund by vendor for non performance and settlement of ₹ 35.42 Crores.

21 During the year company has fully provided for diminution in value of investment in Joint Venture - Alembic Mami SPA & discontinued recognition of its share in loss, as share of losses in joint venture exceeds its interest in the joint venture. The company does not carry any further liability to said Joint venture or third party on account of this arrangement.

## 22 Lease - Effective date and transition

Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind As 116 Leases. Company apply retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. Company measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. The adoption of the standard did not have any material impact on the financial results. (Refer 2(2.20))

# Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

## A) The following is the movement in lease liabilities

	₹ in Crores For the Year Ended 31 <sup>st</sup> March, 2020
<b>Balance as on 1<sup>st</sup> April, 2019</b>	
Additions	92.43
Finance cost accrued during the period	7.88
Payment of lease liabilities	(17.11)
<b>Balance as on 31<sup>st</sup> March, 2020</b>	<b>83.20</b>

## B) Maturity Analysis of Lease Liabilities

	₹ in Crores 31 <sup>st</sup> March, 2020
<b>Maturity Analysis - Contractual undiscounted Cash Flows</b>	
Less than one year	17.21
One to five years	72.94
More than five years	19.76
<b>Total Undiscounted Lease Liabilities</b>	<b>109.90</b>
<b>Lease Liabilities included in the Statement of Financial Position</b>	
Non Current	73.30
Current	9.90
<b>Total</b>	<b>83.20</b>

## C) Amount Recognized in the Statement of Profit & Loss

	₹ in Crores For the Year Ended 31 <sup>st</sup> March, 2020
Interest on Lease Liabilities	7.88
Depreciation on Lease Asset	13.36

**D)** The Company has obtained certain premises for its business operations under short-term leases or leases of low-value leases. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms. (Refer note no 32).

**E)** As Lessor Operating Lease income are recognised in the statement of profit and loss under "Lease Rent Income" in Note 29.

**23** As assessed by the management, Impact of Covid 19 on the financial statements of the Company is likely to be modest and for short term. Management does not foresee any medium to long term risk in company's ability to continue as going concern.

**24** The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date  
**For K. S. Aiyar & Co.**  
 Chartered Accountants  
 Firm Registration No.: 100186W

**Rajesh S. Joshi**  
 Partner  
 Membership No.: 38526

Mumbai, 22<sup>nd</sup> May, 2020

For and on behalf of the Board  
**Chirayu Amin**  
 Chairman & CEO  
 DIN: 00242549

**R. K. Baheti**  
 Director Finance & CFO  
 DIN: 00332079

**Pareesh Saraiya**  
 Director  
 DIN: 00063971

**Charandeep Singh Saluja**  
 Company Secretary

Vadodara, 22<sup>nd</sup> May, 2020

## Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

### Form AOC-I

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

### Part "A": Subsidiaries

₹ in Crores

Sr. No	Name of the subsidiary	Date of acquisition	Reporting currency	Exchange rate	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed Dividend	% of shareholding
1	Aleor Dermaceuticals Limited	23.05.2016	INR	1.00	0.50	(72.84)	623.28	695.62	0.23	3.15	(70.12)	0.18	(70.30)	NIL	60
2	Alembic Global Holding SA	14.12.2007	USD	75.58	33.67	17.08	160.04	109.29	35.05	188.79	44.61	1.05	43.56	NIL	100
3	Alnova Pharmaceuticals SA	17.12.2012	USD	75.58	1.50	(16.31)	0.02	14.83	-	-	(13.86)	0.01	(13.87)	NIL	100
4	Alembic Pharmaceuticals Australia Pty Ltd	18.01.2013	AUD	46.24	3.75	(4.75)	0.90	1.90	-	0.52	(1.29)	-	(1.29)	NIL	100
5	Alembic Pharmaceuticals Canada Ltd	23.04.2014	CAD	53.69	0.05	(0.63)	0.05	0.63	-	-	(0.10)	-	(0.10)	NIL	100
6	Alembic Pharmaceuticals Europe Limited	23.08.2012	EUR	83.14	13.30	(9.88)	1.44	(1.98)	-	-	(0.12)	-	(0.12)	NIL	100
7	Alembic Pharmaceutical Inc.	18.06.2015	USD	75.58	31.13	153.12	1,084.39	900.14	94.47	1,969.54	89.59	0.55	89.04	NIL	100
8	Genius LLC	26.10.2014	UAH	2.71	0.70	(0.39)	0.32	0.01	-	-	0.00	-	0.00	NIL	100
9	Okner Realty LLC	31.10.2017	USD	75.58	7.56	(0.37)	7.37	0.19	-	-	(0.15)	-	(0.15)	NIL	100
10	Orit Laboratories LLC	31.10.2017	USD	75.58	86.91	(117.92)	23.97	54.98	-	48.97	(74.09)	-	(74.09)	NIL	100

#### Notes:

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year - NA
- Reporting period for all the above subsidiaries is same as that of Holding company.

# Notes to the Consolidated Financial Statements as on 31<sup>st</sup> March, 2020

## Form AOC-I

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

### Part "B": Associates and Joint Ventures

Sr. No.	Name of Associates	Date of acquisition	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year		
			Latest Audited Balance Sheet Date	No. in Associates	Amount of Investment				Extent of Holding %	Considered in Consolidation	Not Considered in Consolidation
1	Incozen Therapeutics Pvt. Ltd.	29.10.2008	31.03.2020	100000	3.00	50%	NA	NA	1.61	(0.07)	(0.07)
2	Rhizen Pharmaceuticals SA	06.11.2008	31.03.2020	62000	15.34	50%	NA	NA	0.53	0.18	0.18
3	Dahlia SA	26.11.2014	31.03.2020	50000	0.37	50%	NA	NA	(0.32)	(0.06)	(0.06)
4	Rhizen Pharmaceuticals Inc	30.09.2016	31.03.2020	5000	0.04	50%	NA	NA	0.00	-	-
5	Alembic Mami SPA	17.10.2014	31.03.2019	34297	51.64	49%	NA	NA	(14.74)	-	-

₹ in Crores

1 Names of associates or joint ventures which are yet to commence operations: - NA

2 Names of associates or joint ventures which have been liquidated or sold during the year. - NA

As per our report of even date

**For K. S. Aiyar & Co.**

Chartered Accountants

Firm Registration No.: 100186W

For and on behalf of the Board

**Chirayu Amin**

Chairman & CEO

DIN: 00242549

**Paresh Saraiya**

Director

DIN: 00063971

**Rajesh S. Joshi**

Partner

Membership No.: 38526

**R. K. Baheti**

Director Finance & CFO

DIN: 00332079

**Charandeep Singh Saluja**

Company Secretary

Mumbai, 22<sup>nd</sup> May, 2020

Vadodara, 22<sup>nd</sup> May, 2020

## Alembic Pharmaceuticals Limited

CIN: L24230GJ2010PLC061123

Regd. Office: Alembic Road, Vadodara – 390 003

Tel: +91 265 2280550 | Fax: +91 265 2282506

Website: www.alembicpharmaceuticals.com | E-mail Id: apl.investors@alembic.co.in

## Notice

Notice is hereby given that the 10<sup>th</sup> Annual General Meeting of the Members of **Alembic Pharmaceuticals Limited** will be held on Wednesday, the 22<sup>nd</sup> July, 2020 at 3:00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend (including a special dividend) on equity shares for the financial year 2019-20.
3. To appoint a Director in place of Mr. Pranav Amin (DIN: 00245099), who retires by rotation and being eligible, offers himself for re-appointment.
4. **To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

#### Appointment of Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. K. C. Mehta & Co., Chartered Accountants having Firm Registration No. 106237W, be and are hereby appointed as the Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting for the financial year 2024-25 on such remuneration and terms and conditions as set out in the explanatory statement to this Notice."

### Special Business

5. **To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

#### Ratification of Remuneration to the Cost Auditor for the financial year 2020-21:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to M/s. Diwanji & Co., Cost & Management

Accountants having Firm Registration No. 000339 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21 amounting to ₹ 2 Lacs plus applicable tax, travelling and other out-of-pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed."

6. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

#### Approval for issue of equity shares / other securities convertible into equity shares through Qualified Institutions Placement:

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 62, 179 and other applicable provisions, if any, of the Companies Act 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, and other applicable provisions, if any (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force), all other applicable laws, rules and regulations, the Foreign Exchange Management Act, 1999, including any amendments, statutory modification(s) and / or re-enactment thereof, Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, including any amendments, statutory modification(s) and / or re-enactment thereof, provisions of Memorandum and Articles of Association of the Company, regulations for qualified institutions placement contained in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and such other statutes, clarifications, rules, regulations, circulars, notifications, guidelines, if any, as may be applicable, as amended from time to time issued by the Government of India ("Government of India"), the Ministry of Corporate Affairs ("MCA"), the Reserve Bank of India ("RBI"), BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE", and together with BSE, the "Stock Exchanges") where the equity shares of the Company ("Equity Shares") are listed, the Securities and Exchange Board of India ("SEBI") and any other appropriate authority under any other applicable laws and subject to all other approval(s), consent(s), permission(s) and / or sanction(s) as may be required

## Notice (Contd.)

from various regulatory and statutory authorities, including the Government of India, the RBI, SEBI, MCA and the Stock Exchanges (hereinafter referred to as "Appropriate Authorities"), and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting such approval, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee constituted / to be constituted by the Board from time to time, to exercise its powers, including powers conferred by this resolution), approval of the members of the Company be and is hereby accorded to the Board to offer, issue and allot (including with provisions on firm and / or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of Securities (as defined hereinafter), for cash, for an aggregate amount up to INR 1,200 Crores (Indian Rupees Twelve Hundred Crores) by way of a qualified institutions placement ("QIP") to "qualified institutional buyers" as defined in the SEBI ICDR Regulations, by way of an issue of Equity Shares or non-convertible debt instruments along with warrants or convertible securities other than warrants or any combination thereof or any other eligible security (instruments listed above collectively with the Equity Shares to be hereinafter referred to as the "Securities") or any combination of Securities with or without premium, to be subscribed by all eligible investors, including, residents or non-resident investors (collectively called "Investors"), to all or any of them, jointly or severally through a placement document, private placement document and / or such other documents / writings / circulars / memoranda, on such terms and conditions considering the prevailing market conditions and other relevant factors wherever necessary, including securities premium, at such price or prices, (whether at prevailing market price(s) or at permissible discount or premium to market price(s) in terms of applicable regulations) and on such terms and conditions as the Board may determine in consultation with the lead managers, deciding of other terms and conditions like number of securities to be issued, face value, number of Equity Shares to be allotted, rights attached to the warrants, period of conversion, fixing of book closure terms if any, as the Board may in its absolute discretion decide, in each case subject to applicable law and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the lead managers to be appointed by the Company so as to enable the Company to list the Securities issued, on the Stock Exchanges.

**RESOLVED FURTHER THAT** in case of issue and allotment of Securities by way of QIP in terms of Chapter VI of the SEBI ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning rendered to such term under Regulation 171(a) of the SEBI ICDR Regulations):

1. the Eligible Securities to be so created, offered, issued and allotted, shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
2. the allotment of the Eligible Securities, or any combination of the Eligible Securities as may be decided by the Board and subject to applicable laws, shall be completed within 365 days from the date of passing of the special resolution of the shareholders of the Company or such other time as may be allowed under the SEBI ICDR Regulations;
3. the Equity Shares that may be issued by the Company (including issuance of Equity Shares pursuant to conversion of any Securities as the case may be in accordance with the terms of the offering) shall rank *pari passu* with the existing Equity Shares of the Company in all respects and shall be listed on the Stock Exchanges;
4. the number and/or price of the Eligible Securities or the underlying Equity Shares issued on conversion of Eligible Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring;
5. in the event Equity Shares are issued, the "relevant date" for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or the committee of directors authorized by the Board decides to open the proposed issue of Equity Shares, subsequent to the receipt of members' approval in terms of provisions of Companies Act, 2013 and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares; in the event that Eligible Securities issued are eligible convertible securities, the relevant date for the purpose of pricing of the convertible securities to be issued, shall be, either the date of the meeting in which the Board or a committee of directors authorised by the Board decides to open the proposed issue or the date on which the holders of such eligible convertible securities

become entitled to apply for Equity Shares, as decided by the Board;

6. the tenure of the convertible or exchangeable Eligible Securities issued through the QIP shall not exceed sixty months from the date of allotment;
7. any issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Part IV of Chapter VI of the SEBI ICDR Regulations (the "QIP Floor Price") or at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price; and
8. the Eligible Securities allotted in the QIP shall not be eligible for sale by the respective allottees, for a period of one year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the consent of the shareholders of the Company is hereby accorded to the Board to do all such acts, deeds, matters and things including but not limited to finalization and approval of the placement document(s), determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, execution of various transaction documents, as the Board may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the proceeds as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint lead manager(s), underwriter(s), advisor(s), to determine the terms and conditions of the aforesaid issue of Securities including the exact

price, proportion and timing of such issue, approve offer / placement document(s), selection of Investors to whom the Securities are to be offered, issued and allotted and matters related thereto.

**RESOLVED FURTHER THAT** Board be and are hereby severally authorized to do all such acts, deeds and things, as may be required to give effect to the above resolution, including but not limited to intimating the above to the stock exchanges and making other statutory and / or regulatory filings, if any on behalf of the Company and execute all such agreements, documents, instruments, declarations and writings as may be required, with power to settle all questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem necessary and to delegate all or any of its powers herein conferred to any committee of directors and / or director(s) and / or officer(s) of the Company to give effect to this resolution."

**7. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

**Revision in terms of appointment of Mr. Udit Amin, CEO of Alembic Global Holding SA, Wholly Owned Subsidiary of the Company:**

**"RESOLVED THAT** pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and such other applicable laws and regulations, approval of the members of the Company be and is hereby accorded for revision in terms of appointment of Mr. Udit Amin, a related party for the Company and CEO of Alembic Global Holding SA ("AGH"), Wholly Owned Subsidiary of the Company as mentioned in the explanatory statement.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and MCA Circulars, the AGM of the Company will be held through VC / OAVM.

2. Since this AGM is being held through VC / OAVM, pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**
3. In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com), website of stock exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and on the website of National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. The details of Mr. Pranav Amin, Director seeking re-appointment, pursuant to Regulation 36(3) of the SEBI Listing Regulations, 2015 and other applicable provisions are annexed herewith as Annexure - A.
6. As per the provisions of Section 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("IEPF Rules, 2016"), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF), a fund constituted by the Government of India under Section 125 of the Act.

Further, in accordance with the provisions of Section 124(6) of the Act and IEPF Rules, 2016, shares on which dividend has not been paid or claimed for seven consecutive years or more, are liable to be transferred to IEPF Suspense Account.

Members who have not claimed dividend for previous year(s) are requested to claim the same by approaching the Company or the R & T Agents of the Company.

The due dates for transfer of unclaimed / unpaid dividend to IEPF are as under:

Date of Declaration of Dividend	Dividend for Financial Year	Proposed Month and Year of Transfer to IEPF
7 <sup>th</sup> August, 2013	2012-13	September, 2020
28 <sup>th</sup> July, 2014	2013-14	August, 2021
31 <sup>st</sup> July, 2015	2014-15	August, 2022
29 <sup>th</sup> July, 2016	2015-16	August, 2023
20 <sup>th</sup> July, 2017	2016-17	August, 2024
27 <sup>th</sup> July, 2018	2017-18	August, 2025
29 <sup>th</sup> July, 2019	2018-19	August, 2026
6 <sup>th</sup> March, 2020	2019-20	April, 2027

7. All the work related to share registry in terms of both physical and electronic, are being conducted by Company's R & T Agents, Link Intime India Pvt. Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Tel: +91 265 2356573 | 6136000, Email Id: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in). The Members are requested to send their communication to the aforesaid address.
8. The Company has designated an exclusive Email Id: [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in) for redressal of Shareholders'/Investors' complaints/grievance. In case you have any queries, complaints or grievances, please email to [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in) or contact at order file (S436) Space (3) (4) 5 0867 e-mail address.

complaints/grievance) - Sat He ss (e) - 2 (1) - 5 (s) 2 f (1) or 1 r 2 (e) - 6 (d) 4 (d) 4 (d) 4 (d) @ (en-U

through the e-voting services provided by NSDL on all the resolutions set forth in this Notice.

Mr. Chirayu Amin, Chairman & CEO of the Company and in his absence Mr. R. K. Baheti, Director - Finance & CFO, will declare the voting results based on the Scrutinizer's report received on e-voting and voting at the meeting. The voting results along with Scrutinizer's report will be displayed on the:

- (i) Notice Board of the Company at its Registered Office;
- (ii) Company's website [www.alembicpharmaceuticals.com](http://www.alembicpharmaceuticals.com);
- (iii) NSDL's website [www.evoting.nSDL.com](http://www.evoting.nSDL.com) and
- (iv) Stock exchanges' website [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

The instructions for casting your vote electronically are as under:

- i. The remote e-voting period begins on 19<sup>th</sup> July, 2020 (9:00 a.m. IST) and ends on 21<sup>st</sup> July, 2020 (5:00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as at the cut-off date of 15<sup>th</sup> July, 2020 may cast their vote electronically. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of this Notice and holding shares as on 15<sup>th</sup> July, 2020, may obtain the login Id and password by sending request at [evoting@nSDL.co.in](mailto:evoting@nSDL.co.in). The remote e-voting module shall be disabled by NSDL for voting after 21<sup>st</sup> July, 2020 (5.00 p.m. IST).
- ii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- iii. Those Members, who will be present in the AGM through VC / OAVM and have not casted their vote through remote e-voting and are otherwise not barred from doing this, shall be eligible to vote through e-voting system during the AGM.
- iv. M/s. Samdani Shah & Kabra, Practising Company Secretaries, Vadodara has been appointed as the Scrutinizer to scrutinize the remote e-voting process and the voting during the AGM in a fair and transparent manner.
- v. The details of process and manner for remote e-voting and e-voting during the AGM are as under:

**Step 1: Log-in to NSDL e-Voting system at** <https://www.evoting.nSDL.com/>

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nSDL.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if EVEN is 101456 and folio number is 001*** then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated

## Notice (Contd.)

to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in this Notice.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

### Details on Step 2 is given below:

#### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote, which for this AGM is 112958.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

- i. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, through its registered Email Id to the Scrutinizer at [cssamdani@gmail.com](mailto:cssamdani@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or

"Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

- iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

Grievances connected with e-voting may be referred to:

Ms. Pallavi Mhatre, Manager, NSDL,  
4<sup>th</sup> Floor, 'A' Wing, Trade World,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013.  
Email Id: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)  
Tel: +91 22 24994545 / 1800-222-990

#### 11. Instructions for Members for attending the AGM through VC / OAVM:

- i. Members will be able to attend the AGM through VC / OAVM provided by NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.

Members who do not have the User ID and Password for E-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice. Further, Members can also use OTP based login for logging into the e-Voting system of NSDL.

Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of its Board Resolution / Authority letter etc. authorizing its representative to attend the AGM through VC / OAVM on its behalf. The said Resolution / Authority letter shall be send through its registered Email Id to the Scrutinizer at [cssamdani@gmail.com](mailto:cssamdani@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- ii. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- iii. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email Id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. to the Company at [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in) from 13<sup>th</sup> July, 2020 to 17<sup>th</sup> July, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- iv. Members who need assistance before or during the AGM, can contact on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) / +91 22 24994360 / +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager, NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in) / +91 22 24994553 / +91 9326781467.

#### 12. Recommendation to the Members:

It is recommended to join the AGM through laptop for better experience. You are requested to use internet with a good speed to avoid any disturbance during the meeting. Members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their data network. It is therefore recommended to use stable wi-fi or wired connection to mitigate any kind of aforesaid glitches.

By Order of the Board,

Sd/-

**Charandeep Singh Saluja**  
Company Secretary

Date: 22<sup>nd</sup> May, 2020

## Notice (Contd.)

### Explanatory Statement as required under Section 102 of the Companies Act, 2013

#### Item No. 4

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants will retire by rotation at the conclusion of this Annual General Meeting ('AGM').

The Board of Directors at its meeting held on 22<sup>nd</sup> May, 2020, on the recommendation of the Audit Committee, approved the appointment of M/s. K. C. Mehta & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of this AGM till the conclusion of the AGM for the financial year 2024-25.

Proposed Fee: Fixed Remuneration for Statutory Audit (including limited review) shall be ₹ 55 Lacs plus applicable taxes, travelling and other out-of-pocket expenses incurred by them in connection with the statutory audit of the Company for the financial year 2020-21. The proposed fee is based on knowledge, expertise and industry experience possessed by them. The proposed fee is also in line with the industry benchmarks. The fees for any other professional work including certifications will be in addition to the audit fee as mentioned above and will be decided by the management in consultation with the Auditors. The Board of Directors are authorized to fix the remuneration for the remaining tenure of their appointment in consultation with the Audit Committee.

#### Credentials

M/s. K. C. Mehta & Co., Chartered Accountants (FRN 106237W) was established in 1958. The firm has its registered office in Vadodara and branch offices in Ahmedabad, Mumbai & Bengaluru. The firm is regularly Peer Reviewed and holds a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India.

The firm has vast experience of conducting statutory audits of listed companies and also of companies in the pharmaceutical industry. M/s. K. C. Mehta & Co. has a robust audit process, specialised team for assurance and maintains highest standards of integrity and independence.

The Board of Directors recommends the resolution at Item No. 4 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 4 of this Notice.

#### Item No. 5

In accordance with the provisions of Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited from a qualified Cost

Accountant. The Board of Directors at its meeting held on 22<sup>nd</sup> May, 2020, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Diwanji & Co., Cost & Management Accountants, to conduct the audit of the cost records of the Company for the financial year 2020-21.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2020-21 as set out in the resolution for aforesaid services to be rendered by them.

The Board of Directors recommends the resolution at Item No. 5 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 5 of this Notice.

#### Item No. 6

Members are hereby informed that in order to meet the fund requirements of the Company for its business growth including but not limited to capital expenditure for expansion and ongoing projects, working capital, refinance existing debt and general corporate purposes, the Board of Directors at its meeting held on 22<sup>nd</sup> May, 2020, subject to approval of the members, approved the enabling resolution for issue of equity shares or non-convertible debt instruments along with warrants or convertible securities other than warrants or any combination thereof or any other eligible security ("Securities") through a Qualified Institutions Placement ("QIP") made by way of a placement document or through any other permitted modes at a price to be determined as per the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement) Regulations 2018, as amended ("SEBI ICDR Regulations") or as per other applicable rules and regulations up to an amount not exceeding INR 1,200 Crores (Indian Rupees Twelve Hundred Crores).

Further, Members are aware that the Company has invested aggressively in building new capacities and new capabilities to fuel further growth of Company's business. In last couple of years, the Company has set up new green field Oral Solid Dosage Formulation Facility, Oncology Facility (both Oral Solid Dosage and Injectable) and General Injectable Facility. Apart from this, it has also invested in expanding capacities of its API facilities. These capital expenditures have been largely funded by internal accruals and borrowings. The Board in future may raise equity capital

at an appropriate time to fund its future growth and also to deleverage the Company.

Members may please note that the proposed resolution is only an enabling resolution and therefore the proposal only seeks to confer upon the Board (includes a committee thereof) the sole and absolute discretion to determine the terms and conditions of the aforesaid issue of Securities, including the exact price, proportion and timing of such issue, approve offer / placement document(s), selection of qualified institutional buyers to whom the equity shares are to be offered, issued and allotted and matters related thereto. The detailed terms and conditions of such issuance will be determined by the Board, considering prevailing market conditions, practices and in accordance with the applicable provisions of law. This will also give adequate flexibility and discretion to the Board to raise funds for the aforesaid purposes.

Pursuant to Sections 42 and 62 of the Companies Act, 2013, as amended (the "Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, a company offering or making an invitation to subscribe aforesaid Securities is required to obtain prior approval of the shareholders by way of the special resolution. If approved by shareholders and if the Board decides to undertake an issuance of QIP, such issuance shall be completed within 365 days from the date of passing of special resolution.

The Board of Directors recommends the resolution at Item No. 6 of this Notice for approval of the Shareholders as a Special Resolution.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 6 of this Notice.

#### **Item No. 7**

Members are hereby informed that Mr. Udit Amin, a related party for the Company was appointed as CEO of Alembic Global Holding SA ("AGH"), Wholly Owned Subsidiary of the Company w.e.f. 1<sup>st</sup> February, 2017 for a period of 5 years at a remuneration of USD 5,00,000 per annum plus perquisites and allowances, to oversee the operations of AGH, after obtaining prior approval of the members of the Company by way of a resolution passed through postal ballot on 14<sup>th</sup> March, 2017.

AGH has significantly expanded its global presence and the overseas business has grown under his leadership. AGH has an investment in Rhizen Pharmaceuticals SA ("Rhizen"), an early stage drug discovery company. Their first product was licensed out to TG Therapeutics which is undergoing a New Drug Application (NDA) filing with the USFDA. The Board of AGH has requested Mr. Udit Amin to take additional responsibilities of ensuring planning and a successful launch of this product.

Rhizen's business strategy involves collaborating / licensing with large pharmaceutical companies for late stage clinical development and global marketing while focusing on pushing the research pipeline through preclinical and early human clinical development.

As part of the future growth of the business, the Company and AGH are looking at similar investment opportunities in Drug Discovery companies and in innovative products. Mr. Udit Amin will be expected to play an important role in exploring and developing such opportunities.

Mr. Udit Amin has more than a decade of combined experience in the areas of pharmaceutical and allied research, development and marketing across therapeutic areas and has management experience to drive ambitious growth objectives of AGH.

Considering the progress made by AGH under his leadership and the additional responsibilities, the Board of AGH recommended a revision in the remuneration of Mr. Udit Amin in the manner given below. Further, Mr. Udit Amin's appointment will be due for renewal w.e.f. 1<sup>st</sup> February, 2022 and it would be expedient to extend the term of his appointment upto 30<sup>th</sup> September, 2025.

The Audit Committee and the Board of Directors of the Company have at their meeting held on 22<sup>nd</sup> May, 2020 respectively, approved the revision in the terms of appointment of Mr. Udit Amin, CEO of AGH. Though the appointment of Mr. Udit Amin, a related party to an office or place of profit in a subsidiary was carried out after prior approval of the members, as a good corporate practice, at the instructions of the Board of Directors of the Company, AGH has made only a provision in its books of accounts for the revised remuneration. The payment of the revised remuneration will be made only after the members of the Company approve the same.

## Notice (Contd.)

Information as required to be mentioned in the explanatory statement as per the provisions of Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

Name of the Related Party	Mr. Udit Amin
Name of the Director or Key Managerial Personnel who is related, if any	Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin
Nature of Relationship	Mr. Udit Amin is the son of Mr. Chirayu Amin, Chairman & CEO and brother of Mr. Pranav Amin and Mr. Shaunak Amin, Managing Directors of the Company.
Nature, material terms, monetary value and particulars of the contract or arrangement	Revision in terms of appointment as mentioned below.
Any other information relevant or important for the Members to take a decision on the proposed resolution	The revised remuneration will be paid only after obtaining members approval.

### Revised Terms of Appointment:

**The tenure of the appointment of Mr. Udit Amin be extended upto 30<sup>th</sup> September, 2025.**

**Remuneration w.e.f. 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2025:**

Basic Salary and other allowances ("Remuneration") up to maximum CTC of USD 1,500,000 (1.50 Million) per annum plus the perquisites as mentioned below, with the authority to the Board of AGH to determine the Remuneration from time to time within the above referred limit.

### Perquisites and Allowances:

- Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of AGH.
- Leave Travel Concession for self and family as per rules of AGH.
- Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of AGH.
- Conveyance: As per rules of AGH.
- Free Telephone / Mobile Facility as per rules of AGH.

Mr. Udit Amin would be eligible for reimbursement of all legitimate expenses actually and properly incurred by him while performing his duties, which would not be treated as perquisites.

Since, Mr. Udit Amin is a related party as per the provisions of Section 2(76) of the Companies Act, 2013, the proposed resolution at Item No. 7 shall be subject to approval of unrelated equity shareholders as per Section 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of the Board and its Powers) Rules, 2014 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, all related parties of the Company including Promoters and entities forming part of promoter group shall not vote on this resolution.

The Board of Directors recommends the resolution at Item No. 7 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, have any concern or interest, financial or otherwise, in the resolution at Item No. 7 of this Notice.

## Annexure – A

Details of the Director seeking re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are as under:

<b>Name of the Director</b>	<b>Mr. Pranav Amin</b>
Age	44 years
Qualifications	M.B.A.
Experience	20 years
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	N.A.
Remuneration last drawn (2019-20)	₹ 19.50 Crores
Nature of expertise in specific functional Areas	Management & Leadership
Date of first appointment on to the Board	31/03/2011
No. of Shares held in the Company as on 31 <sup>st</sup> March, 2020	10,09,800
Relationship with other Directors, Manager and other Key Managerial Personnel	Mr. Pranav Amin is the son of Mr. Chirayu Amin and brother of Mr. Shaunak Amin
No. of Meetings of the Board attended during the year	5
Directorship in other companies as on 31 <sup>st</sup> March, 2020	1. Incozen Therapeutics Private Limited
Chairmanship/Membership of Committees of other Board	Nil

## Corporate Information

### Auditors

**Statutory auditor**

M/s. K.S. Aiyar & Co.

**Internal auditor**

M/s. Ernst and Young LLP

### Rating

Long Term: Crisil AA+/stable

Short Term: Crisil A1+

### Listing

BSE & NSE: APL LTD

### Registrar and Share Transfer Agent

**Link Intime India Pvt. Limited**

B-102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta,  
Akota, Vadodara – 390 020  
Tel: +91 265 2356573 | 6136000  
E-mail ID: vadodara@linkintime.co.in

### Registered Office

**Alembic Pharmaceuticals Limited**

CIN: L24230GJ2010PLC061123  
Alembic Road, Vadodara - 390 003  
Tel: +91 265 2280550  
Fax: +91 265 2282506  
E-mail ID: apl.investors@alembic.co.in  
Website: www.alembicpharmaceuticals.com

### Plant Address

**Panelav**

Village Panelav, PO Tajpura,  
Near Baska, Taluka Halol,  
Panchmahal - 389 350, Gujarat

**Karkhadi**

Village Karkhadi, Padra Taluka,  
Vadodara - 331 440, Gujarat

**Jarod**

Plot 401, 406-408, 410-412, 415,  
Halol Road, Jarod, Taluka Vaghodiya,  
Vadodara - 391 510, Gujarat

**Sikkim**

Samardung Busty, Namthang South,  
Sikkim - 737 132

### Debenture Trustee

**Axis Trustee Services Limited**

Contact Person: Mr. Anil Grover,  
Operations Head  
The Ruby, 2<sup>nd</sup> Floor, 29 Senapati Bapat Marg,  
Dadar West, Mumbai - 400 028  
Tel: +91 22 62300451  
Fax: +91 22 62300700  
Email ID: anil.grover@axistrustee.com

### Principal Banks

Axis Bank Limited  
Bank of Baroda  
BNP Paribas  
Citibank N.A.  
HDFC Bank Limited  
IDBI Bank Limited  
Standard Chartered Bank  
The Hongkong and  
Shanghai Banking  
Corporation Limited  
Yes Bank Limited

## CAUTIONARY STATEMENT

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

