

# Diversified. To Deliver.



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Building momentum through distinguished reach

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Diversifying ahead

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Preparing for tomorrow

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Delivering quality at scale

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# Diversified. To Deliver.

Diversity is key to addressing evolving needs and fulfilling customer aspirations in today's transformational world.

At Alembic Pharmaceuticals Limited, we are always working to move with the times, become a more inclusive solutions provider for a vast spectrum of stakeholders. We strive each day to provide our customers with quality products that help them lead better and healthier lives. Over the years, we have built a culture of integrity and launched several initiatives to help our team maintain good manufacturing practices. This has led to consistent financial growth across our businesses and has helped us derive a premium with a steady client base.

We further strengthened our resolve to reach patients with differentiated offerings by embarking on a capacity expansion plan few years ago. We have progressed steadily on our strategy to build capability and capacity for diverse therapeutic areas like Oncology, Dermatology and Ophthalmic along with various dosage forms, including injectables.

We are one of India's most trusted providers of specialty medicines for various chronic and acute therapies.

We are focused on growing market share and reaching a wider cross section with a portfolio tailored to the Indian market - among the fastest growing, major emerging economies.

With a focus on building a diverse pipeline of products, we added competitive advantages by investing extensively in R&D and implementing manufacturing efficiencies and supply chain measures to meet patient needs.

Alembic is on a steady path to help bring a better future for patients and people around the world. Our agile supply chain, manufacturing capabilities, operational excellence, adherence to quality and competent workforce are helping us leverage every opportunity that comes our way.

We are progressing in step with the pharmaceutical sector's broad transition; and are well positioned to emerging as a global pharmaceutical company that upholds quality and integrity to deliver value to all its stakeholders.

## 2020-21 highlights

**₹5,393 Crores**

Revenue

▲ 17%

**₹1,631 Crores**

EBITDA

▲ 35%

**₹1,178 Crores**

Profit after tax

▲ 42%

**₹18,804 Crores**

Market Capitalisation  
(As on 31<sup>st</sup> March 2021)

▲ 87%

**₹60.81**

Earnings per share

▲ 38%

▲ YoY growth

Who we are

# Building on our legacy



Oncology injectable and OSD plant (F2), Panelav

**We expanded our manufacturing capacity by adding three new plants for oncology oral solids and injectables, general injectables, ophthalmic and oral solids, bringing it to six cutting-edge facilities that define manufacturing excellence.**

We are a vertically integrated pharmaceutical company committed to delivering high-quality healthcare for patients around the world. Founded in 1907, we are one of India's oldest and leading pharmaceutical companies to manufacture formulations and APIs for India and the global market. We are globally recognised for our strengths in research and development, manufacturing, product commercialisation as also compliance with international regulatory standards.

We offer a suite of quality products catering to 10 therapeutic areas in the domestic market and are known for on-time delivery to our clients. Our ever-enriching portfolio is owing to unparalleled research and

development strengths, concentrated across our R&D facilities in Vadodara (Gujarat), Hyderabad (Telangana) and New Jersey (USA).

Our products are manufactured across 6 state-of-the-art formulation plants, namely F1, F2, F3, F4, Aleor Dermaceuticals and Branded business Sikkim plant. Our facilities are approved by regulatory authorities of many developed countries, including the USFDA. We expect our F2, F3, and F4 plants to be commercialised in the near term. A marketing and distribution office in the US and the international markets enable us to solidify our presence overseas.



## Our mission

To improve healthcare  
with innovation,  
commitment and trust.

## Quick facts

# 114

Years of legacy

# 3

API manufacturing facilities

# 6

Formulation facilities

# CRISIL AA+ (Stable)

Credit rating

# ₹208 Crores

Net Debt

(Net of cash and marketable securities)



Formulation Plant, Sikkim

## Our businesses

# Our value drivers

### International Formulations

#### Overview

- Present in US, Europe, Canada, Australia, Brazil, South Africa, and other markets
- Offering diverse products
- Long-term relationships with clients and impactful partnerships are key enablers for this business

#### Manufacturing facilities

##### Gujarat

- Panelav
- Karkhadi
- Jarod



#### R&D facilities

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

### Products/plants/therapies

#### Existing

F1

Panelav



Oral Solids

Aleor JV - Karkhadi



Dermatology

#### Recent Additions/Upcoming

F2

Panelav



Oncology OSD

F3

Karkhadi



General Injectables

F4

Jarod



New Oral Solids



Oncology Injectables



Ophthalmic

#### Key highlights

- 86 products launched through the US frontend (16 launched in 2020-21), 6 products are on partner label
- 15+ products in the launch pipeline for 2021-22
- Operational plants audited by key regulatory authorities across the globe, with minimal to no observations

#### Story in numbers

₹2,942 Crores

Total revenues (2020-21)

139

ANDA approvals (in 2020-21, including 16 tentative approvals)

29

ANDA filings (2020-21)

92

Products launched so far in the USA

212

ANDA filings (Cumulatively)

## 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
- Caters to around 1,75,000 doctors in India
- High brand recall among doctors and patients alike

### Manufacturing facilities

#### Sikkim



### Key highlights

- 1.4% market share in Indian pharma space
- 94% new launches in specialty
- 2 brands in top 300 (Source: IQVIA)

## API

### Overview

- Developing APIs internally for selective formulation products
- World-class facilities and adding more capacities to cater future growth opportunities
- API supplied to formulators in over 60 countries across the globe
- FDA-approved facilities
- State-of-the-art R&D centre and process development lab

### Products/therapies

#### Therapies



Cardiology



Anti-Diabetic



Gynaecology



Gastrology



Dermatological



Orthopaedic



Ophthalmology



Nephro/Uro



Anti-Infective



Cold and cough

### Story in numbers

**₹1,497 Crores**

Total revenues (2020-21)

**19%**

Product portfolio in National List of Essential Medicines (NLEM)

**185**

Brands

**17**

Marketing divisions

### Manufacturing facilities

- Panelav
- Karkhadi

### Key highlights

- Sales across geographies as preferred supplier
- Investing in plants to create additional capacities

### Story in numbers

**₹955 Crores**

Total revenues (2020-21)

**8**

DMFs filed (2020-21)

**117**

DMFs filed (Cumulatively)

## Key milestones

# Setting new benchmarks

### 1907

● Established by Amin family

● To accelerate availability of quality medicines for more people in India and the world

### 2006

● FDA approves API facility

● Deeper access to the domestic and international market



### 2007

● Acquired Dabur's Indian Cardiology, GI and Gynaecology brands

● Strengthening the product pipeline



### 2008

● FDA approves Formulation facility

● Expand capacity to deliver across the domestic and international market



### 2010

● Pharmaceutical's business demerged from Alembic

● Listing of APL

### 2012

● Formed a Joint Venture (JV) with Rhizen

● Access to NCE research



## 2013

- Launched first NDA with a partner
- Commenced filing in Ex-US market

Entry into the EU, Australia, and Brazil market

## 2015

- Launched Aripiprazole on Day 1
- Established US front-end: transition to direct marketing

Strengthen positioning in the US market

## 2016

Formed a JV, Aleor for Dermatology portfolio

Strengthen Dermatology portfolio in the international markets



## 2018

- FDA approves Aleor's Dermatology facility
- Highest ever investment commitment across four new manufacturing facilities

Enhanced manufacturing capabilities to strengthen Dermatology portfolio

## 2019

Formed a JV to enter China, FDA approves Oncology oral solid facility

Foray into China



## 2020

US front-end achieved milestone of crossing \$250 Million Sales in FY20

Become a formidable player in the US Generics business

## 2021

Rhizen's out-licenced, novel molecule "Umbralicib (UKONIQ)" is launched by TG Therapeutics USA for MZL and FL

Long-term revenue stream from royalties

## Key strengths

# Demonstrating intrinsic business resilience and optimism

As an organisation, we believe that our strengths lie in leveraging them appropriately to deliver quality as well as long-term, sustainable value to our customers and stakeholders.



### Unmatched R&D capabilities

We are a science-driven company, and we believe that our strong R&D expertise is critical for success across geographies and markets. Our Formulations R&D activities include developing various dosage forms, such as OSD and injectables, oncology OSD and injectables and dermatological products. We are supported by a dedicated team of analytics, documentation and IPR. We also have API development teams focused on developing and filing our DMFs with the USFDA.

# 1,200+

R&D employees with diverse skill sets



### Modern and compliant manufacturing capacities

The products that we are bringing to the market require complex manufacturing expertise and our facilities are globally competitive, scalable, and widely accredited for their outcomes. We have progressively reinforced our compliance with the standards in regulated markets. We continue to strengthen our compliance culture through consistent investments in people, technologies, and processes.

# 212

ANDA filings



### Diversified portfolio

Our diverse portfolio comprises premium products that fetch higher margins across each of our business segments. We invest in building a portfolio of niche, specialty medicines that present opportunities for sustainable revenue growth. We have made targeted acquisitions that present value enhancement opportunities and internal product development to leverage our intellectual and manufacturing advantage.

# 10

Therapeutic areas

# ₹670 Crores

R&D spend (Excluding Capex)

# 117

Drug Master Files (DMFs) filed

# 185

Brands

# 12.4%

R&D expenditure to sales

# All EIRs in Place

(except F3)



### Vertical integration leading to operating leverage and supply reliability

Our vertically integrated facilities are a response to the need for greater supply chain efficiencies and operational synergies, considering the evolving landscape. Our supply chain efficiencies have helped us strengthen relationship with clients, and today, we are a preferred supplier for the US market. We invest multiple forms of capital in our pipeline to build a solid road to consistent revenue growth. We are creating capacity for new value-adding opportunities while also delivering returns to shareholders.



### Experienced management personnel

Our leadership team has strong ties with the Alembic group and works to protect the vision and the sense of purpose with which the group was found. Our company has a high performance and innovative culture to take our business onto newer growth trajectories while staying true to our values in the face of challenges.



### Robust financials

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 five years in a row from 20% in 2016-17 to 30% in 2020-21. We enjoy attractive return ratios, and with a significant portion of the capital expenditure behind us, these metrics are expected to sustain over the long run. Our strong balance sheet and cashflows have held us in good stead across varied cycles. We are committed to staying true to our disciplined approach to managing capital.



Aleor Dermatology plant, Karkhadi

# 0.10x

Net Debt to Equity

# 41%

RoCE (Excluding new projects)

# 23%

RoE

## Chairman's communique

# Scaling up to expand affordable access



**Chirayu Amin**  
Chairman & CEO

### **Dear Stakeholders,**

We hope that you have been safe and healthy through this singular and unprecedented challenge that humanity is faced with today. Although the demand for pharmaceuticals is the least disrupted relative to other industries, the operational challenges remain enormous. Last financial year was indeed the demonstration of our resilient business model. As we overcame the challenges, we continued to achieve growth across all our geographies and segments.

In 2020-21, our overall revenue grew by 17% to ₹5,393 Crores. We saw growth across all our business divisions and in particular the International Formulations business (Ex-USA) and API business demonstrated solid double-digit growth. This performance was possible due to our commitment to delivering quality products, maintaining the highest levels of compliance, promoting manufacturing excellence and improving our supply chain.

Amid the pandemic and challenges thrown open by it, the global pharmaceutical industry responded with agility. Since March 2020, the industry has been hit with debilitating restrictions and impediments in reaching customers and supplying drugs to India and the world. However, the pharmaceutical industry has surpassed expectations in response to this global crisis, supplying drugs to over 150 countries besides meeting all domestic demands.



India's pharmaceutical industry has grown at a compounded growth rate of ~11% in the domestic market and ~16% in exports over the past two decades. While the domestic market has grown at a similar pace to the gross domestic product (GDP), the overall growth has been driven by the industry's leadership in supplying generic formulations to markets across the globe.

According to IQVIA, the global medicine market is expected to grow at 3–6% CAGR through 2025, reaching about \$1.6 trillion in total market size in 2025. This excludes spending on COVID-19 vaccines, where total cumulative spending through 2025 is projected to be \$157 Billion.

Emerging industry opportunities include innovation and R&D, healthcare delivery, manufacturing and supply chain, and market access. Efficient capacity building and optimising productivity will be essential in the next normal.

### Delivering on our commitment in 2020-21

Supply chain disruptions reduced mobility and industry-wide dislocation caused by the COVID-19 pandemic impacted aspects of our operations. Nonetheless, we strengthened our reputation for resilience and reliability by continuing to deliver life-saving therapeutic products around the world. At the same time, we prioritised the health and safety of our people and implemented additional safety measures at our facilities.

With a legacy as old as 114 years and a mission to help improve healthcare with innovation, commitment, and trust, we have continuously worked on enhancing quality and value of our offerings for our customers and stakeholders. During 2020-21,

we continued to develop innovative complex molecules, diversify our portfolio, and ensure a continuous supply of quality products while demonstrating the highest standards of ethics, compliance, and governance.

We continued to enhance our manufacturing capabilities during the year and spent about 12.4% of our revenue towards R&D activities to take complex generics to the maximum number of people worldwide. Our team of over 1,200 R&D workforce enable us to develop complex products across general injectables, Oncology injectables and OSDs, Ophthalmology, and Dermatology. Some of these experts focus on developing niche, specialty products to reinforce our branded product offerings. We saw significant growth along with a substantial market share gain for Azithral OSD and we stood as a formidable player globally as Azithromycin was a key molecule for the treatment of COVID-19.

We are well positioned for the future with our focused strategy and ongoing investments in research, our complex manufacturing competence and advanced supply chain management practices to achieve operational excellence.

We believe in progress that creates and shares value with the society. Regular community interventions, ethical business practices and charitable efforts to empower people's lives make us a trusted brand among our stakeholders.

We believe in upgrading and strengthening an enterprise-wide culture of good governance to ensure transparency and fairness in decision-making

### We saw growth across all our business divisions and in particular the International Formulations business (Ex-USA) and API business demonstrated solid double-digit growth

within an ethical framework that promotes the responsible consideration of all stakeholders while also holding decision-makers appropriately accountable.

In these critical and uncertain times, we responded quickly and efficiently to meet the challenges at hand. We formed a Crisis Management Committee and took COVID-19 precautions and measures to ensure the safety of our employees and business continuity under the guidance of the senior management on tackling challenges resulting from the pandemic.

Despite multiple disruptions resulting from the COVID-19 pandemic and lockdowns, our teams, including Supply Chain, HR, IT, Finance, Operations, Manufacturing did a remarkable job of ensuring business continuity by optimising overall productivity and efficiency without compromising on safety protocols.

I want to thank our esteemed shareholders, partners, and stakeholders for placing their trust and confidence in us. We will together emerge stronger from this global crisis.

Best regards,

**Chirayu Amin**  
Chairman & CEO

## Management message

# Delivering against all odds



**Pranav Amin**  
Managing Director

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**Shaunak Amin**  
Managing Director

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### Dear Stakeholders,

The pandemic gave rise to humungous social, economic, and healthcare challenges. It tested the agility, resilience, and adaptability of our business model. We responded to the crisis proactively and emerged stronger out of the fight. We prioritised our employees' health and safety during the year and ensured improved productivity and efficiency in our supply chain and operations. We made efforts to imbue innovation into our offerings and processes, further

diversified our portfolio, expanded our presence, and deepened relationships with our valued customers. We are navigating the unprecedented times by ensuring a key focus on implementing our growth strategy.

According to the Economic Survey 2020-21, the domestic market is expected to grow 3x in the next decade. According to IBEF, India's domestic pharmaceutical market is estimated at US\$ 41 Billion in 2021, likely to reach US\$ 65 Billion by 2024 and further expand to reach

~US\$ 120-130 Billion by 2030. On the other hand, India's drugs and pharmaceuticals exports stood at US\$ 20.14 Billion during the year.

The Active Pharmaceutical Ingredients (API) market has traditionally been dominated by anti-infectives and diabetes, cardiovascular, analgesics and pain management drugs. However, going by the R&D trends, demand is shifting toward developing complex APIs used in novel formulations, targeting niche therapeutic areas. The launch of



new drugs and biological products, acquisitions, collaborations, and regional expansions are strategic initiatives to maintain stability in the market. This will likely fuel market growth.

The Government of India has taken active measures to reduce costs and bring down healthcare expenses. The speedy introduction of generic drugs into the market remained one of the key focus areas and is expected to benefit the Indian pharmaceutical industry. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines augurs well for the pharmaceutical companies in the country.

### Continued growth momentum

In 2020-21, our performance was impressive despite the pandemic-induced pressures. Our consolidated revenue for the full year grew by 17% to ₹5,393 Crores,

**It was a year of good performance for our international business. We saw growth across our territories, including API, US as well Ex-US formulations.**

EBITDA grew by 35% to ₹1,631 Crores, and EBITDA is 30% of sales. Profit before tax went up by 37% to ₹1,368 Crores, and profit after tax went up by 42% to ₹1,178 Crores. In addition, we successfully increased operational efficiencies by addressing bottlenecks across our operations. This, along with an increasing share of high-margin products in our portfolio, contributed to overall profitability.

Our EPS for the year ended was ₹60.81 per share on weighted average expanded capital versus ₹43.97 on old capital in the corresponding previous year. Our debt to equity (net)

is virtually negligible as it reduced to 0.10x in 2020-21 from 0.54x in 2019-20. Our goal is to strengthen our balance sheet and free cash flow over the next couple of years.

We continued to create value for our shareholders through capital appreciation as well as by paying dividends consistently. On March 31, 2021, our market capitalisation was ₹18,804.21 Crores, and we declared a dividend of ₹14.0 per equity share at 700% on a face value of ₹2 per equity share, which is 40% higher than last year.

The International Generics business contributed 54% to our revenues and grew 19% to ₹2,942 Crores. Revenues from the US grew 9% to ₹2,163 Crores during the year and formed 40% of our overall revenue. Revenue from non-US international markets grew 57% to ₹779 Crores and constituted 14% of our overall revenue. The Domestic Branded business contributed 28%



## Management message

to our revenue and grew 5% to ₹1,497 Crores. At the same time, our API business contributed 18% to our revenue and grew 35% to ₹955 Crores.

It was a year of good performance for our international business. We saw growth across our territories, including API, US as well Ex-US formulations. Despite being a late entrant in the international markets, we have done reasonably well with a product basket comprising 212 ANDA filings (73 pending approval).

The US business is firmly in place with new approvals and launches. A total of 92 products were launched till date in the US, and we plan to launch 10-15 products (primarily in OSD, Derma, and Ophthalmic) in the US in 2021-22.

We expect significant opportunities in the injectables market, which we shall soon launch. We expect it to open significant growth avenues for us. Our Ex-US markets registered impressive growth once we overcame the challenge of implementing serialisation modules at our plants.

Our domestic sales comprise a higher contribution from specialty drugs (~69% of domestic sales). We aim to grow our presence in the specialty and chronic therapies segments, and we are consciously focusing on overhauling distribution channels while defocusing on trade generics. Our Domestic Business performed well during the first half of the year; as we are one of the largest players in azithromycin globally,

there was an excellent traction and order pipeline. We anticipate decent growth in our domestic formulations business next year, in sync with the industry levels. Strong brand recall, an efficient sales force, a growing network of supportive doctors and timely product launches are the key catalysts for this business.

Our drug discovery venture, Rhizen Pharmaceuticals, entered into an out-licensing agreement for TGR-1202 (Umbralisib) with TG Therapeutics. Umbralisib (UKONIQ™) is the first product developed in India, which has received USFDA approval and is now commercialised.

We expect US sales to remain subdued in the near term due to



Research and Development Center, New Jersey



**Our agile and nimble supply chain clubbed with proactive frontend marketing helped us witness overall growth, while we also gained market share, solidified our bond with existing customers and added new customers during the year.**

pricing pressure across the Sartan portfolio, as well as fewer supply disruptions in the marketplace. However, we hope for a steady run rate on the domestic front as we continue to focus on our specialty divisions. The API business saw robust growth during 2020-21. The early impetus came due to the supply chain disruptions from China, which settled down during the remainder of the year, but this business continues to look attractive for us. Investment impetus remains on R&D and manufacturing for US Oncology injectable and Dermatology segments, and are expected to lead to growth and margin expansion in the long term.

We have cumulatively invested ₹1,813 Crores on all our ongoing projects, while capex for 2020-21 stood at ₹687 Crores, and we spent about ₹670 Crores (12.4% of our revenue) towards R&D activities. R&D investments are a high priority for us, and we expect to leverage the opportunity arising out of our capability expansions.

Our agile and nimble supply chain clubbed with proactive frontend

marketing helped us witness overall growth, while we gained market share, solidified our bond with existing customers and added new customers during the year. Over the past year, we continued to eliminate redundancies and bottlenecks in our processes across facilities. As we strengthen our manufacturing capabilities to create a diverse product line, we expect to gain additional market share across our business segments.

GMP compliance continues to remain one of our primary agendas. Our General Injectable formulations plant, F3, was audited by the FDA in February 2021 with five observations, which were procedural in nature. We cumulatively invested ₹822 Crores towards Aleor, our joint venture to develop Dermatology products for the international markets, which also filed 4 ANDAs. We intend to have 10 filings per annum and 25-30 products to be commercialised in the next two years.

We are working to monetise our assets to fund the next phase of our growth. We are now embarking on scaling up our capabilities to build a robust portfolio that will drive future growth. Once operational, our increased capabilities will be adequate to boost growth over the next three to four years. With the completion of our significant capital investment, we will see a higher cash flow generation and more attractive return ratios from 2021-22. Our continued focus will be to improve efficiency, reduce operating costs and optimise resources to improve profit margins.

We are committed to enhancing transparency and disclosures to

strengthen stakeholder trust in our brand. We are focused on growing as an industry leader that is responsible, environmentally conscious, and ethically strong. Good governance is also at the core of our business. A key role of our Board is to ensure that the foundations to support responsible business practices across our operations remain unshakeable.

The progress we made over the years is our stepping stone towards a more inspiring future, creating long-term value for our stakeholders and impacting humanity in profound ways.

We want to thank all our shareholders for the confidence they have placed in us and look forward to their continued support.

Best regards,

**Pranav Amin and  
Shaunak Amin**  
Managing Directors

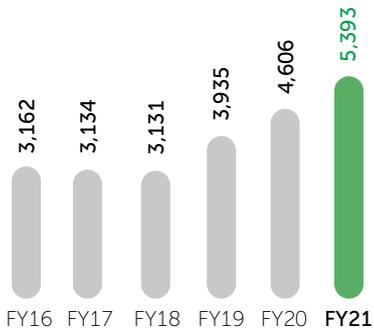
## Key performance indicators

# Delivering value through the years

### Profit and Loss metrics

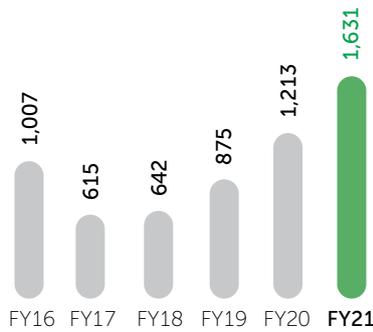
#### Revenue

(₹ in Crores)



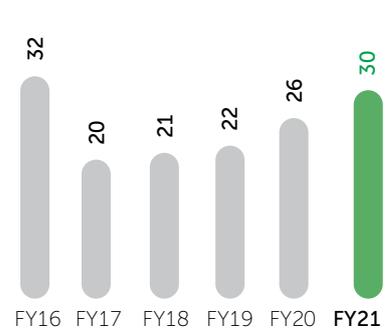
#### EBITDA

(₹ in Crores)



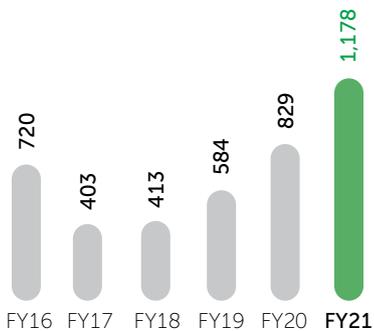
#### EBITDA Margin

(%)



#### PAT

(₹ in Crores)



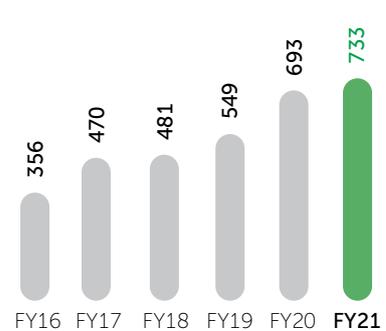
#### PAT Margin

(%)



#### R&D spend (including capex)

(₹ in Crores)



### Balance Sheet metrics

#### RoCE<sup>\*,\*\*</sup>

(%)



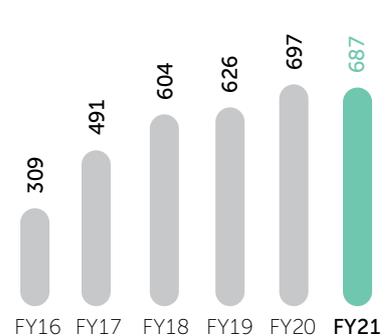
#### RoE<sup>\*\*</sup>

(%)



#### Gross capital expenditure

(₹ in Crores)



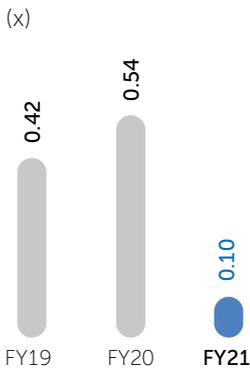
\*Capital excludes new projects

\*\*On account of improved profitability

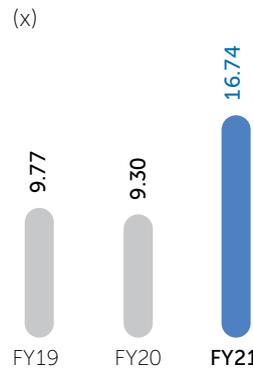


## Key Ratios

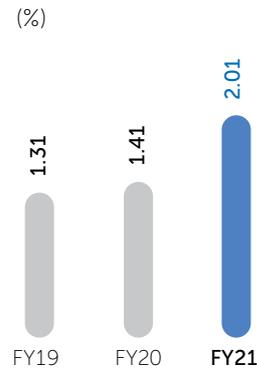
### Debt equity ratio<sup>#</sup>



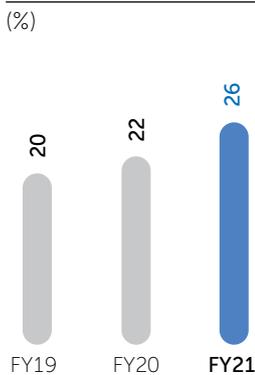
### Interest coverage ratio<sup>##</sup>



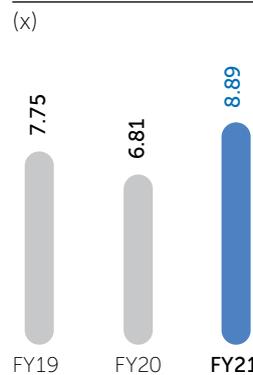
### Current ratio<sup>###</sup>



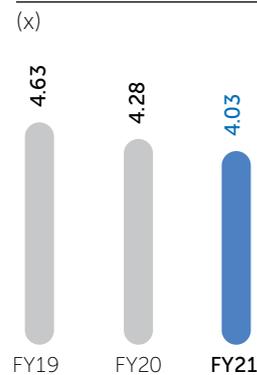
### Operating margin ratio



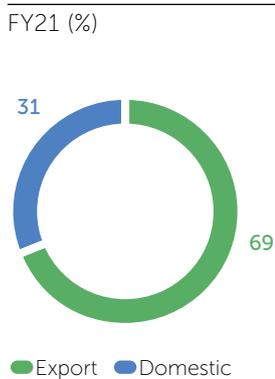
### Debt turnover ratio<sup>##</sup>



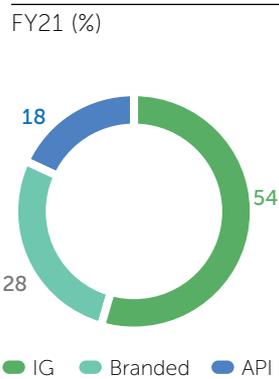
### Inventory turnover ratio



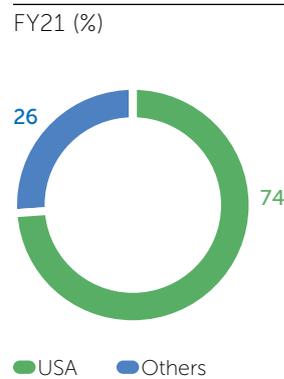
### Sales mix



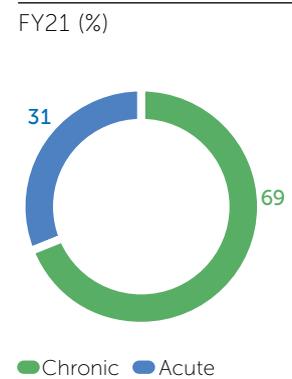
### Business segment mix



### Revenue mix (International Generics)



### Domestic Branded - Therapy-wise mix



# QIP - Fund raised Rs.750 Crores    ## Reduction in loan liability    ### Repayment of short term loans



## Building momentum through distinguished reach

We meticulously plan our operations, taking into consideration worldwide market opportunities, R&D investments, cost structure, product pipeline, efficiency of processes, manufacturing capacity and the capabilities of our people.

### Creating a sound US strategy

At Alembic, we follow a country-specific and product-specific model. This approach to focus on select countries and widen the portfolio in accordance with the market needs there, helps us run a sustainable and profitable business. Growth is largely being driven by our strategy to meaningfully participate only in those product opportunities that offer favourable pricing while being a marginal player in the commoditised segments.

We invested in manufacturing infrastructure to foray into injectables (general and Oncology), Ophthalmic, Dermatology and Oncology oral solids. The business is focused on launching high-potential, high-margin products to make the most of existing and emerging opportunities. We continue to build the ANDA pipeline for the US market (73 ANDAs pending approval), comprising oral solids, injectables, Ophthalmic or Dermatology products.

### India

Our Domestic Branded business is involved with making products to cater to cardiology, anti-diabetic, gynaecology, gastrology, dermatological, orthopaedic, ophthalmology, nephrology/urology, anti-infective as well as cold and cough. Aggressive launches and improving research productivity facilitate our growth in this segment.

We are working to grow our market share and reach a wider cross-section with a portfolio tailored to the Indian market, which has immense opportunities being among the fastest growing major emerging economies.

Superior customer service, delivery and compliance mechanism and unmatched quality strengthen our product offerings and help create differentiated value for our stakeholders. Consequently, within a short span of time, we built a loyal and thriving base of customers.

# 212

ANDA filings

# 117

Drug Master Files (DMFs) filed

# 139

ANDA/NDA approved



## Diversifying ahead

Our business demonstrates diversity in terms of the therapeutic areas and geographies it caters to, ensuring to bring down concentration risks. We offer a wide range of products across several major therapeutic categories and are working to establish our presence within more therapy areas.

We manufacture products in various dosage forms across 10 therapeutic areas to maximise our prospects across the domestic as well as international markets, and we give our clients the advantage of unparalleled consistency and on-time delivery.

We have the capacity and influence to reach out to 1.75+ lakh doctors across our 17 therapy focused marketing divisions and we enjoy 1.5% domestic market share, while 28% of revenues come from our Domestic Branded business. We are one of India's most trusted providers of specialty medicines for various chronic and acute therapies. Our specialty segment has yielded rich dividends and our large product portfolio helps us maintain and continuously augment our market share.

The depth and diversity of our product portfolio benefit our customers by

extending them a single, dependable source for a substantial number of their pharmaceutical requirements. Our large product portfolio, long-standing customer relationships, and a reliable supply chain also help us realise sales and distribution synergies across geographies.

We are one of the largest manufacturers of Azithromycin, with a 30% market share of the Indian domestic formulation market. Amid rising demand for the product, we have ramped up production capacity for Azithromycin in the domestic as well as international markets. The demand for Azithromycin shot up significantly as it is being used to treat COVID-19, in combination with hydroxychloroquine in the US and several parts of Europe.

### Diversified portfolio

Dosage form	FY15	FY21
Oral Solids	Yes	Yes
Injectable	No	Yes
Oncology	No	Yes
Dermatology	No	Yes
Ophthalmology	No	Yes
Biologics	No	No
NCEs	Yes	Yes



## Preparing for tomorrow

At Alembic, we think that our future readiness depends vitally on our research and development (R&D) capabilities. We view it as a critical component of our business strategy that provides us with a competitive advantage.

We are building new capabilities and investing in R&D projects with better risk-return profiles. Our US marketing team is driving our consumer engagement capabilities and helps us create greater value. We have, with time, invested in adding capacities to leverage economies of scale; and ensure sufficient supply for our customers.

### Strengthening our R&D core

We are moving closer to our vision of building a better future for more people by strengthening our research foundation through prudent investments that place us at the front-line of technology and help us deliver complex products. Our research and development activities are outlined based on market demands and driven by technological prowess.

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 do not fit the criteria are dropped from the grid, ensuring that our R&D efforts keep moving in the right direction.

### R&D focus

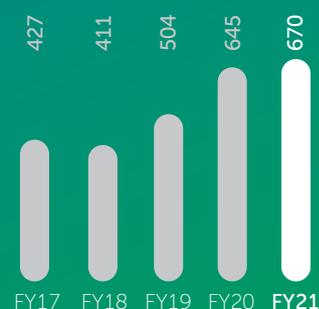
- Support growth strategy by developing new products and processes, which enhance our portfolio
- Strive for constant process improvement and attain manufacturing cost competency
- Focus on the innovative power of leading complex chemistry to develop products with high-entry barrier

At our R&D facilities, we develop niche and specialty products in addition to complex products. We currently have 200+ products in our R&D pipeline, and we plan to file 25-30 new filings per year. With injectables and complex generics in the pipeline, our R&D investments are expected to start yielding dividends from 2021-22. These initiatives are expected to enhance product registration filings.

### Significant investments in building capabilities (Excluding capex)

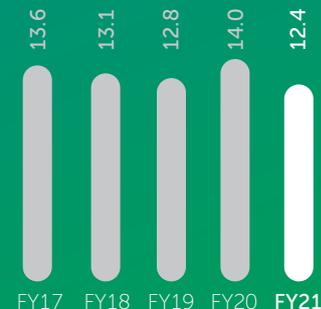
#### R&D spend

(₹ Crores)



#### R&D% of sales

(%)





## Delivering quality at scale

As one of the leading players in the pharmaceutical market, we leverage our expertise in entering the next phase of our growth. We are continuously stepping up our manufacturing and R&D capabilities to meet the increasing demand in the international and domestic pharmaceutical market. However, our focus remains on delivering products that are at par with global standards in terms of their quality.

Our world-class facilities are equipped to deliver innovation at scale. We make continuous efforts in enhancing and upgrading these facilities through focused investments and targeted improvements. Our manufacturing plants are designed to ensure uncompromised quality, integrity, stringent compliance, and agility in adapting to changing market demands.

Our culture of quality reflects in our impeccable history of compliance, which has earned us the confidence of our global customers and partners, leading drug regulatory bodies and the industry. Today, we are recognised among the few leading Indian companies with regular USFDA clearances.

We believe that the integrated nature of our standard operating procedures,

multiple quality checks across the organisation and round-the-clock audit preparedness facilitate the maintenance of the highest quality standards.

Our teams follow Good Manufacturing Practices (GMP) across product cycles, with constant technology upgrades, such as the Laboratory Information Management System (LIMS). An integrated risk-based management system at our plants upholds our Quality by Design initiative to enhance the safety and efficacy of our products.

The manufacturing facilities conform to rigorous quality frameworks and assurance procedures. Quality is a key driver in our manufacturing process and the team focuses on multiple strategies to reduce cost (by changing directions and reagents)

after obtaining regulatory conformity. Some of the ways in which we ensure top-notch quality consistently are:

- Following standard operating procedures to ensure manufacturing processes and equipment are tested and authorised
- Regularly upgrading our processes in line with the evolving regulatory scenario

### Encouraging stakeholder interactions to map and prioritise our EHS goals and performance

## Operational review

# Steady progress across segments

### International Formulations

Our International Formulations business gained significant momentum over the years, across USA, Canada, Europe and Australia. These markets hold great potential and offer opportunities in the fields of Dermatology, Ophthalmology, Oncology, and Injectable Formulations. In order to expand our portfolio across these segments, we expanded our manufacturing capabilities and increased our R&D spends to cater to these markets.

### Key highlights of 2020-21

- The segment contributed 54% to our total revenues in the year. Revenues from this business grew 19% to ₹2,942 Crores from ₹2,473 Crores in 2019-20
- Revenues from the US business contributing to 40% grew by 9% and stood at ₹2,163 Crores during the year – contributing 73.5% to the International Generics business
- Regions excluding US contributed 14% to the business, showcasing stellar performance with a growth rate of 57% during the year with revenues of ₹779 Crores vis-a-vis ₹497 Crores in 2019-20. This performance was driven by new product launches, strategic partnerships, and solid relationships with customers
- The division now covers regulated geographies in the US, Europe, Canada, South Africa, and Australia. With our expanded capabilities, we are ready to capture the opportunities in the segments of ophthalmology, general injectables, oncology injectables and oral solids
- Our F3 facility for General Injectable in Formulations, was audited by the FDA and received five observations post-inspection of the USFDA, the same were procedural in nature. We maintained robust compliance, and establishment inspection reports are under way for some of our other commercialised facilities
- Adopted prudent growth strategy, involving a mix of low-risk and high-return Para IV filings
- 29 ANDA were filed during the year. We launched 16 new products in the US and will be ramping up new product launches in the future



New OSD plant (F4), Jarod



Oncology Injectable and OSD plant

### Update on Rhizen Pharmaceuticals

- Rhizen Pharmaceuticals AG, of which we own 50% equity, had entered into an out-licensing agreement for TGR-1202 (Umbralisib) with TG Therapeutics in September 2014
- Umbralisib (UKONIQ™) received USFDA accelerated approval for adult patients with relapsed or refractory MZL and FL and it is a huge validation of Rhizen's drug discovery and development capabilities
- TG Therapeutics launched a product called UKONIQ for two indications and has commercialised it. It is also the first product to be developed in India

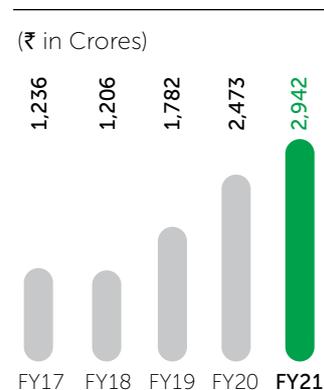
### Risks and challenges

- Intense competition is a crucial risk within the industry. Improving operational efficiencies, by way of establishing better supply chains, is a key area of interest for us
- The business is vulnerable to risks resulting from foreign exchange movements, regulatory changes, and geopolitical events

### Continuing priorities

- We are looking at launching new and distinct products across our international markets and improving the value proposition of existing products. Our emphasis is on developing complex and niche products with limited competition
- Regulatory compliance including USFDA audit readiness continues to be our priority
- We are making the requisite investments to strengthen our workforce, upskill them and welcome new recruits. This aligns with our plans to expand capacity and meet growing demand

### International Formulations sales



## Operational review

### Domestic Branded business

Our Domestic Branded business comprises branded and generic formulations. We have significant market share and well-established brands in multiple therapies, including cardiology, anti-diabetic, gynaecology, gastrology, dermatology, orthopaedic, ophthalmology, nephro/uro, anti-infective and cold and cough.

### Key highlights of 2020-21

- Our domestic business contributed 28% of our annual revenues and grew 5% to ₹1,497 Crores from ₹1,425 Crores
- The growth was driven by our Focused Specialty segments, with 94% of all new launches being from the Specialty (Chronic) segment, driving overall growth. At the same time, we continued to face headwinds in acute therapies; particularly, the cough and cold segment declined in line with the industry
- There was significant growth demonstrated by Azithral Oral Solid, which also helped us gain substantial market share in the domestic market
- Reorganisation, new trade practices, and portfolio rationalisation helped drive growth

- The domestic market is expanding at a healthy rate, and within the next two years, we expect to reach the industry growth levels of ~11%
- Our strategic restructuring decisions made during the last year helped us identify new areas of growth in order to broaden our current product portfolio
- Our strong field force, association with doctors and right product launches are key enablers for this business

# 17

Marketing divisions

# 5,000+

Field strength engaging with doctors, patients, and caregivers



Research and Development Center, Vadodra



### Risks and challenges

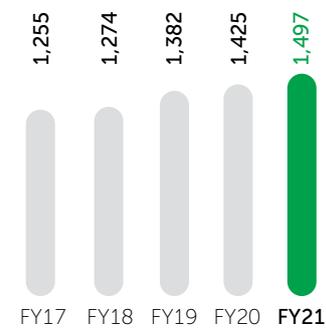
- Inconsistent implementation of the drug price control policy in India. Prices for drugs on the National Essential Medicines List (NLEM) are determined by the government alone, with no representation from the industry
- With increased competition, the business must constantly focus on strengthening awareness initiatives and building a robust supply chain management framework to make the product accessible across the country

### Continuing priorities

- To meet the evolving medical needs of the Indian population, we aim to provide high-value, high-efficiency products
- To fuel future growth, we are looking to expand our portfolio of specialty products. We focus on attracting new customers and enhancing the experience of existing ones
- Using technology, we aim to improve field force productivity in expanding customer base and making our products more accessible

### Domestic Branded sales

(₹ in Crores)



## Operational review

### API business

As a vertically integrated drugs manufacturer backed by world-class facilities, we are developing APIs in-house for select formulation products. Continued investments in scaling existing facilities and creating additional capacities help expand our API portfolio across multiple segments and propel sales across geographies. We are providing essential ingredients to produce medicines with an assurance of quality and delivery at scale. With 117 DMFs, 3 API manufacturing capacities, and a core strategic focus on backward integration, we have emerged as a significant player in the API business.

### Key highlights of 2020-21

- Our API business continued its growth at 35% to ₹955 Crores
- In-house API development with vertical integration for selective formulation products
- Sales across geographies as preferred supplier along with substantial rise in repeat orders
- Investing in plants to create additional capacities
- FDA - compliant plants
- State-of-the-art R&D centre and process development lab
- Automated many processes to reduce human intervention and contamination
- Disruptions in supply chain led to robust growth in API business due to our increased supply of Azithromycin for the treatment of COVID-19 to the exports market

# 117

DMF filings on cumulative basis

# 33%

Captive consumption of API as of 2020-21





API plant, Karkhadi

### Risks and challenges

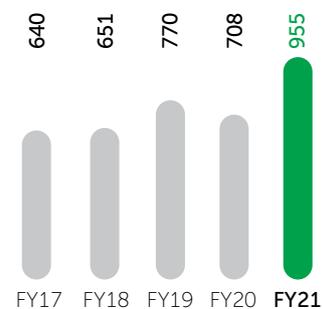
With technological advancements and product innovations, increased number of API players have been emerging as contract manufacturers with a diversified client base, thereby gaining market share by introducing new ingredients at competitive prices.

### Continuing priorities

- Our advanced technology and expertise in the field of manufacturing API to meet specifications as stated by our customers
- Continued focus on planning and optimising manufacturing processes

### API Revenue

(₹ in Crores)



## External environment

# Market dynamics that are driving growth

The world around us is becoming increasingly volatile. Pharmaceutical companies must adapt to diversifying healthcare needs that include creating innovative new drugs, making preventative medical care more widely available, and contributing to global health. This will require the establishment of non-conventional new business models.



### Global rise in medicine usage and spending

The use of medicines is one of the primary influencers in the global health scenario, and measuring it lends a unique window into health systems across the world. Driven by increased medicine usage stemming from lifestyle practices, greater access to healthcare, among others, as per IQVIA report, the global medicine market is expected to grow at 3–6% CAGR through 2025, reaching about \$1.6 trillion in total market size in 2025.



### Evolving regulatory environment

The global pharmaceutical industry is heavily regulated to ensure the development of quality medicines that comply with stringent safety, efficacy, and quality standards. Although there is a continuous harmonisation process, the regulatory requirements for product development, manufacturing and distribution vary significantly in countries around the world.



### Demographic shifts influencing global healthcare needs

The global population continues to grow and is rapidly ageing. The improvement in life expectancy, increased population growth, predominantly in the developing world, and the resultant increase in demand for access to healthcare create several opportunities, but it also results in significant challenges. These demographic shifts result in larger populations requiring healthcare for longer periods. The prevalence and diagnosis of non-communicable diseases and chronic conditions, such as cancer as well as cardiovascular, metabolic and respiratory diseases are increasing, particularly in developing countries as their populations grow. This increasing demand for healthcare is placing a significant strain on already burdened healthcare systems and limited healthcare budgets.



## \$63.96 Billion

Global Cardiovascular drugs market size by 2026 at a CAGR of 3.8% from 2020-26

(Source: dataintel.com)



### Injectable segment expected to witness significant growth

Injectables are among the most effective ways to administer drug, as they enhance the drug's bioavailability and brings down reaction time, compared to other routes. Innovations, such as needle-free injectors have bolstered its growth. Diabetes, cardiovascular problems, cancer, and several other chronic diseases are domains where injectables are increasingly becoming the chosen alternative.

# \$104.9 Billion

Global Auto-Injectables market size by 2025 at a CAGR of 17.9% from 2020-25

(Source: Mordor Intelligence)



### Serialisation requirements

The EU region had put in place a serialisation policy to combat the threat of counterfeit medicines. The policy involves multiple manufacturing and overall distribution system changes and entails significant investments in requisite technology by pharma companies. Even though the situation has now normalised in EU pharmaceutical markets, other markets are likely to implement such norms.



### Robust Laboratory Information Management System (LIMS)

COVID-19 has put pressure on testing procedures, bringing about increased demand for innovation. We are advancing traditional laboratory procedures and upgrading systems to be at par with global standards. Time is a crucial factor during the pandemic in arresting multiplying cases, LIMS platforms are robust in tracking and monitoring laboratory information. As per FDA and CDC guidelines, this platform helps manage and accelerate the laboratory workflow in less than four weeks through its in-built capabilities.

# \$2 Billion

Global LIMS market size by 2026 at a CAGR of 12% from 2020-26

(Source: Research and Markets)



### Evolving supply chain practices

The pharmaceutical supply chain is an integrated global network, which has been under stress because of the COVID-19 pandemic. In many ways, it has opened our eyes to the vulnerabilities that our network is subject to, because of which onshoring to strengthen domestic capabilities, is becoming an increasingly common theme as governments look to de-risk their supply chains.

### Alembic approach

As the industry and environment around us continue to remain dynamic, core strategic intent and delivery methods of business models are put to test.

At Alembic, our teams follow Good Manufacturing Practices across product cycles. We continue to adopt technology and modernise our facilities to enhance the quality of our products and processes.

Our focus continues to remain on innovating and developing niche complex molecules across specialty (chronic) and acute therapies with our expanded capabilities. At the same time, we are ready to capture the opportunities in the segments of Ophthalmology, General injectables, Oncology injectables and oral solids.

We have a diverse product portfolio, streamlined operations, and a steady pipeline of new product launches across our markets, which help us remain resilient within the evolving landscape.

## Strategic priorities

# Strategy that enables sustainable growth

Our mission 'to improve healthcare with innovation, commitment and trust' governs our actions. The four pillars of quality, capability, customer centricity and diversity are the key enablers for our future growth.



### Quality

Quality is paramount in our operational ecosystem to deliver consistently and retain our brand reputation. Our management helps ensure complete compliance with the regulations. We constantly strive 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 to quality control with a focus on strengthening our workforce and manufacturing capabilities.

### Enhancing our people capabilities

Learning and development programmes are one of our most patent ways of engaging our workforce. We believe in cross-functional training and ensure that our functions work with a deep understanding of the whole process and ensure quality across levels.

Through our training laboratories, we sensitise our teams to good manufacturing practices (GMPs). Training also covers maintaining documentation, providing need-based technical understanding on equipment/machines, among others. We engaged with external agencies like the National Science Foundation (NSF) to train our middle management on critical topics, such as compliance. These initiatives boosted employee confidence, and our employee retention rates soared over the past few years.

### Upgrading our manufacturing capabilities

Technology has been our mainstay in continuously advancing the processes at our manufacturing facilities. Some of the important initiatives implemented in recent years include the adoption of Laboratory Information Management System (LIMS) in our plants to ensure seamless workflow and data tracking and the Quality by Design (QbD) initiative to enhance the safety and efficacy of our products.

We believe that the integrated nature of our standard operating procedures, multiple quality checks across levels and round-the-clock audit preparedness ensure the maintenance of highest quality standards at all times.





## Capability

### Major capacity expansion nearing completion

We invested significant capital in the past 4-5 years (cumulative capex of ₹1,813 Crores) across new plants to strengthen US pipeline and build manufacturing plants for oral solids, general and Oncology injectables, Dermatology and Ophthalmic products. Given our strong execution capabilities, customer relationships, regulatory track record and nimble supply chain, our investments are expected to start yielding dividends from 2022-23.

### R&D capabilities

Our research effort drives our vision of becoming a reputed, profitable, and integrated global pharmaceutical company. Today, a team of over 1,200 R&D workforce determinedly work towards finding innovative solutions to meet patient needs across the globe. We spent 12.4% of our revenues towards R&D in 2020-21 and this function will be a key catalyst for our future growth. We are providing products in different dosage forms across several therapies to maximise the opportunities across markets in which we are present. Our R&D pipeline currently stands at 200+ products and we expect to file 25-30 new filings every year.



# 12.4%

of topline highest spends on R&D

# 200+

products under development

## Strategic priorities



### Customer-centricity

#### Responding swiftly to newer opportunities

Our proactive approach in identifying market gaps and developing quality products to deliver on time enables us to gain market share. With 212 ANDAs across different

combinations, we are well equipped to maximise untapped potential. Strengthening our supply chain, distribution and delivering a superior customer experience are key focus areas of our business.



#### Strong fundamentals of the API business

The key strengths of our API business are advanced technology and our high manufacturing expertise. As a result, we are among the customers' preferred suppliers, leading to strong customer loyalty and repeated order levels. In the last couple of years, we doubled our API capacity to meet the growing demand. We implemented several measures to enhance the segment's operational efficiency, including automation of our processes to reduce contamination. We believe there are tremendous opportunities within our existing APIs, including azithromycin.

### Our customer-centric strategy

#### Build

a strong product pipeline

#### Launch

new and innovative products

#### Strengthen

supply chain with steady focus

#### Leverage new

capacities to capitalise on market opportunities

#### Increase

marketing goals and achieve them

#### Maintain

execution excellence



## Diversity

### A growing suite of products

To better serve our patients, we augmented our capabilities to develop products across a diverse suite of therapies and dosage forms. We have come a long way from being mainly focused on oral solids a few years back, to today offering a comprehensive portfolio. Our Domestic Business caters to chronic and acute therapies, including cardiology, antidiabetic, gynaecology, gastrological, dermatological, orthopaedic, ophthalmology, nephrology/urology, anti-infective and cold and cough. Our offerings in the specialty segment have been quite successful, and we are working to strengthen this portfolio further.

### Building a distinguished team of experts

Our success depends on an engaged workforce that is thoroughly in touch with our goals and values as well as the responsibilities expected of them. We are a team of dedicated people, working towards a common purpose: develop and produce innovative medicines with an emphasis on quality and greater access. We prioritise merit and sincerity over everything else and have well-defined reward and recognition mechanisms in place. By providing a nurturing environment to our people, we motivate them to put their best foot forward every day.



# 12,000+

Total strength

## Risk management

# Poised to respond to challenges in the healthcare landscape

Principal risks	
 <b>Quality risk</b>	In case of discrepancies in packaging/manufacturing, adverse events may occur due to the failure to collect, review, follow up, or report events from sources.
 <b>Regulatory and compliance</b>	An unfavourable facility inspection from any major regulatory body, leading to significant delay of product exports
 <b>Competitive dynamics</b>	Adverse global and domestic demand-supply dynamics and unfair trade practices can pose competitive risks.
 <b>Currency risk</b>	Our expenses and investments are primarily in Indian currency. However, revenues are spread across various international currencies. Therefore, our income may be vulnerable to fluctuations in exchange rates
 <b>Environment, Health, Safety and Sustainability</b>	Any shortcoming in compliance with our policies on maintaining environment, health, safety and sustainability standards can erode the brand image and trust
 <b>Temporary delay</b>	Any delay in the approval of new plants will lead to a delay in launching new products, resulting in revenue and opportunity loss
 <b>Intellectual property</b>	We may run the risk of running into litigation if our products and processes infringe a patent held by other manufacturer
 <b>Cyber security</b>	Data protection is of utmost importance and its lack can lead to tangible and intangible losses



### Mitigation strategy

- Constant quality enhancements across plants to comply with international standards
- Improvements incorporated throughout the organisation and team committed to quality standards and procedures

- Established a strong team of experts with domain expertise
- Robust quality control system across the organisation to ensure complete compliance
- Effective training to all technical personnel
- 24x7 audit preparedness as a result of frequent mock audits

- Continuously monitor and evaluate the market developments and competitive landscape
- Agile supply chain to ensure products being delivered wherever required and on time

- Established robust currency hedging strategy and execution capabilities to safeguard ourselves

- Greater focus and increased regulatory activity on environmental issues
- Stringent controls and governance framework enabling compliance

- Stringent monitoring of new plant activities for timely commissioning and completion of audits
- Built strong R&D expertise to leverage manufacturing opportunities on receiving approvals

- Created a vigilance mechanism via an IPR department to check for possible infringement of intellectual property rights of patent holders/innovators

- Strong cyber security infrastructure with robust data protection policy
- Constant investment in upgrading skills of workforce and systems

### 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 constantly strive to integrate the entire organisation, strategic support functions, such as finance, human resources, and regulatory affairs into core operations, such as research, manufacturing, and the supply chain. The internal audit function is further strengthened in conjunction with the statutory auditors to monitor statutory and operational matters. Adherence to statutory compliance is a key focus area for the entire leadership team of the Company.

We appointed Sharp & Tannan Associates, as internal auditors to audit the adequacy and effectiveness of all internal control systems and propose improvements. Significant issues are brought to the attention of the Audit Committee for periodic review. The enterprise-wide risk evaluation and validation process are carried out by the Risk Management Committee and the Board of Directors.

To set the pace for effective and efficient internal control and documentation, we have institutionalised a document management system for core and strategic operations. Additionally, we obtained ISO 9001 and ISO 14001 certifications and adhere to the standard operating procedures applicable to our manufacturing and operating activities.

# Board of Directors



**Standing left to right** Mr. Shaunak Amin, Mr. Pranav Amin, Dr. Archana Hingorani, Mr. Paresch Saraiya, Mr. Raj Kumar Baheti

**Sitting left to right** Mr. K. G. Ramanathan, Mr. Chirayu Amin, Mr. Pranav Parikh

## Mr. Chirayu Amin

Chairman & CEO



Mr. Chirayu Amin, the Chairman of 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 our charitable trust.

## 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. After joining the organisation, he 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.

## Mr. Shaunak Amin

Managing Director

Mr. Shaunak Amin has graduated from University of Massachusetts, USA with Economics as his special. He has varied work experience with renowned multinationals including Merrill Lynch, Hong Kong and Shanghai Banking Corporation, among others. His extensive experience in Sales and Marketing has benefited our Company.

**Mr. Raj Kumar Baheti**

Director - Finance &amp; CFO



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

**Mr. K. G. Ramanathan**

Independent Director



Mr. K. G. Ramanathan is a postgraduate in Physics from the 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 vast industrial experience, particularly in the fields of fertilizers, chemicals and petrochemicals. Before he retired from government service, he was the Chairman and Managing Director of Indian Petrochemicals Corporation Limited (IPCL). Mr. Ramanathan is well connected with National level Industry organisation such as FICCI & CII. He was also the president of Chemical and Petrochemical Manufacturers Association of India (CPMA) for over 2 decades. He is the founder President of the Indian Centre for Plastics in the Environment (ICPE), a voluntary body supported by the industries to look into environmental issues.

**Mr. Pranav Parikh**

Independent Director



Mr. Pranav Parikh is a Commerce Graduate and has done Business Administration Programme 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 forums and organisations.

**Mr. Paresh Saraiya**

Independent Director



Mr. Paresh Saraiya is a senior business leader and the Chairman of Transpek Silox Industry Pvt. Ltd., which is a Joint-Venture Company between Silox S.A., Belgium; Excel Industry Ltd. & Transpek Industry Ltd. He has steered the Company since its inception as the Managing Director of the Company from January 2001 till July 2020. He is also a Designated Partner in MuellerUnifab Packaging LLP, a 50-50 Joint-Venture between Mueller Group of Switzerland & Unifab Engineers, a Saraiya family firm.

Mr. Saraiya has held key positions in different trade bodies such as Federation of Gujarat Industries (FGI), Vadodara, CII-Western Region and Gujarat Safety Council, etc.

Outside of business, Mr. Saraiya is also a patron of art & culture and an advocate for environmental preservation. He is associated as Trustee with several socio-cultural organisations including the United Way of Baroda, Swar Vilas, etc.

**Dr. Archana Hingorani**

Independent Director



Dr. Archana Hingorani holds a Bachelor's Degree in Arts from the University of Mumbai, a Master's Degree in Business Administration from the Graduate School of Business, University of Pittsburgh, USA and a Doctorate Degree in Philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 27 years of experience in financial services and private equity fund investment. She is currently a Managing Partner at Siana Capital, an investment firm focused on technology and innovation and a Visiting Faculty for Private Equity at the Katz Graduate School of Business, University of Pittsburgh, USA. She has been the recipient of various awards including the 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, and '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, etc. In sum, she has over 35 years' experience in the financial services business, teaching and research.

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

© Chairman (M) Member

## Corporate Social Responsibility

# Growing responsibly

As a company devoted to ensuring a better world for everyone, we hold ourselves to account for the impact of our operations on the planet and the communities. Our initiatives this year, as detailed below, are within the domains of efficient use of resources, community upliftment and people empowerment, where concerted efforts are helping us make tangible difference in the society.

### Strengthening community infrastructure

Alembic CSR Foundation is working in 15 villages in and around Panelav since last 35 years to build a better atmosphere for health and community development. As part of our sanitation interventions, we constructed 242 household toilets in Karkhadi and Pindapa panchayat of Vadodara district in the year. We also built 346 household toilets in Tajpura, Dadiyapura and Shivjipura villages of Vaseti Panchayat.

**Our plantation drives, including 100 saplings planted in Gopipura village this year, have cumulatively amounted to 1,300 saplings being planted over the past 5 years across 4 panchayats of Panchmahals district.**



### COVID-19 preparedness

Our response to the pandemic has put emphasis on the safety of employees and business continuity. We adopted several precautionary measures to remain ahead of the operational

disruptions brought about by the pandemic, as detailed below:

- Constant communication with employees to raise awareness on guidelines
- Increased frequency of cleaning and sanitisation
- Discontinued congregations and restricted visitors on premise
- Precautions taken for those travelling from outside the city
- Biometric finger-print punching replaced by face recognition and card swiping and thermal scanners at entry points





## Implementing operational changes

We reduced the number of people on the premises by introducing work from home, closing operations in specific facilities during the lockdown and maintaining rotational shifts. Across our campuses, we promoted social distancing by making changes across the canteen facility, such as expansion, staggered timing, change in seating, among others. We also provided increased number of buses to transport employees to our plants.



## Contingency planning

- Formed Crisis Management Committee, which is a thinktank to prepare for and manage crisis situations
- Identified high-risk areas and created clusters in the in the high-risk areas with demarcated boundaries, including roadblocks manned by security to prevent employees from moving from one cluster to another
- Arranged for employees from each cluster to travel by separate bus and created separate entry and exists, thereby insulating employees of one cluster from another
- Created documentary evidence to explain the existence and working of the clusters



## Raising resilient and empowered communities

Our efforts are concentrated towards connecting the disenfranchised with equitable opportunities to ensure a better and more dignified standard of life for themselves and the people around them.

## Making good health commonplace

### Spreading Smiles

Through this initiative, our employees and their family members have the opportunity to make a difference in the society. Under this initiative, one can use their weekends to spend time among the marginalised sections to understand their afflictions and extend aid for their upliftment. We have touched 2,200+ lives through the project.

## Learning initiatives

- 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
- Conducted district-level teacher training for the past four years.



# Board's Report

Dear Members,

Your Directors have pleasure in presenting their 11<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2021.

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

Particulars	₹ In Crores			
	Standalone Basis		Consolidated Basis	
	2021	2020	2021	2020
Revenue from operations	5,051.44	4,132.55	5,393.13	4,605.75
Other Income	9.73	134.75	10.02	4.94
Profit for the year before Interest, Depreciation & Amortisation and Tax	1,581.97	1,327.65	1,567.58	1,184.30
Less:				
Interest (net)	12.77	25.19	16.02	27.16
Depreciation & Amortisation Expense	152.60	135.67	183.47	157.32
Provision for Taxation	241.20	197.39	253.32	199.18
Share of (Profit) / Loss of Associates and Joint Venture	-	-	(31.74)	(0.05)
Non-controlling Interest	-	-	(31.61)	(28.12)
<b>Net Profit for the year</b>	<b>1,175.39</b>	<b>969.40</b>	<b>1,178.11</b>	<b>828.82</b>
<b>Retained Earnings – Balance brought forward</b>	<b>1,688.92</b>	<b>1,296.49</b>	<b>1,538.64</b>	<b>1,286.87</b>
Less:				
Other Comprehensive Income	0.88	9.33	0.99	9.41
Provision for Debenture Redemption	41.67	41.67	41.67	41.67
Dividend paid on Equity Shares during the year	-	292.20	-	292.20
Corporate Dividend tax paid during the year	-	33.77	-	33.77
Transfer to General Reserve	250.00	200.00	250.00	200.00
<b>Balance carried forward</b>	<b>2,571.77</b>	<b>1,688.92</b>	<b>2,424.10</b>	<b>1,538.64</b>

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

Particulars	₹ In Crores	
	2021	2020
Formulations		
India	1,496.65	1,425.32
International	2,941.78	2,472.84
API		
India	182.18	164.84
International	772.51	542.75
<b>Total</b>	<b>5,393.13</b>	<b>4,605.75</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 (the "Act").

## 2. Transfer to Reserves:

The Company has transferred an amount of ₹ 250 Crores from the net profits of the Company to General Reserve for the financial year ended 31<sup>st</sup> March, 2021.

## 3. Dividend:

The Board of Directors at their meeting held on 4<sup>th</sup> May, 2021 has recommended Dividend of ₹ 14/- (700%) per equity share having face value of ₹ 2/- each for the financial year 2020-21 as against the Dividend of

₹ 7/- (350%) per equity share and an additional Special Dividend of ₹ 3/- (150%) per equity share aggregating to total Dividend of ₹ 10/- (500%) per equity share having face value of ₹ 2/- each for the financial year 2019-20.

## 4. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report as required under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") forms part of 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, due to COVID-19 pandemic, only our new Injectable Facility (F-3) at Karkhadi was inspected by USFDA with 5 procedural observations. As on date, the Establishment Inspection Report (EIR) is in place for all our USFDA facilities (including the facility of our Joint Venture, Aleor Dermaceuticals Limited), except for the said facility at Karkhadi.

#### 6. **Change in capital structure:**

During the year under review, the Company through its maiden Qualified Institutional Placement (QIP) allotted 80,47,210 equity shares to the eligible Qualified Institutional Buyers (QIBs) at an issue price of ₹ 932/- per equity share (including a premium of ₹ 930/- per equity share) aggregating to approximately ₹ 750 Crores.

The Company has fully utilised the net proceeds of funds raised through the QIP for the purposes mentioned in the placement document.

#### 7. **Financing:**

As on 31<sup>st</sup> March, 2021, 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 had issued commercial papers (CPs) to meet working capital requirements. As on 31<sup>st</sup> March, 2021, there are no outstanding CPs.

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

#### 8. **Subsidiaries, Associates and Joint Venture:**

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

In accordance with third proviso of Section 136(1) of the Act, 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.

#### 9. **Directors:**

The Board of Directors at its meeting held on 19<sup>th</sup> January, 2021 has re-appointed Mr. Chirayu Amin (DIN: 00242549) as Executive Director (Chairman & Chief Executive Officer), Mr. Pranav Amin (DIN: 00245099) as Managing Director and Mr. R. K. Baheti (DIN: 00332079) as Director-Finance & Chief Financial Officer of the Company for a period of five years, effective from 1<sup>st</sup> April, 2021, subject to approval of the members at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. R. K. Baheti (DIN: 00332079), Director - Finance & Chief Financial Officer of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

#### 10. **Key Managerial Personnel:**

Mr. Chirayu Amin, 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.

#### 11. **Meetings of the Board:**

Six (6) Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2021. 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.

#### 12. **Independent Directors:**

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

#### 13. **Performance Evaluation:**

Pursuant to the provisions of the Act and the SEBI Listing 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.

## Board's Report (Contd.)

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
- 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.

### 14. 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.

### 15. Vigil Mechanism:

Pursuant to the provisions of Section 177(9) & (10) of the Act and the SEBI Listing 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 Regulations, 2015 is as under:

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

### 16. Internal Control Systems:

The Company's internal control procedures which include 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.

### 17. 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 Act, 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, 2021 in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure A.

### 18. Policy on Nomination and Remuneration:

In compliance with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing 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 Act 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

### 19. Dividend Distribution Policy:

In compliance with the requirements of Regulation 43A of the SEBI Listing 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 Regulations, 2015 is as under:

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

### 20. 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 Act 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 Regulations, 2015 is as under:

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

## 21. Corporate Governance Report:

The Report on Corporate Governance as required under Regulation 34 read with Schedule V of the SEBI Listing Regulations, 2015, forms part of this 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.

## 22. Business Responsibility Report:

The Business Responsibility Report as required under Regulation 34 of the SEBI Listing Regulations, 2015, forms part of this Annual Report.

## 23. Listing of securities:

The equity shares of the Company are listed on 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 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 2021-22 have been paid.

## 24. Loans, Guarantees or Investments:

During the year under review, the Company has not given any Guarantees falling within the purview of the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. The details of Loans granted and Investments

made under the said provisions are provided in Note No. 22, 5 & 7 respectively of Notes to Standalone Financial Statements of the Company.

## 25. Auditors:

### a) Statutory Auditors:

In compliance with the provisions of the Companies (Audit and Auditors) Rules, 2014, M/s. K C Mehta & Co., Chartered Accountants having Firm Registration No. 106237W has been appointed as Statutory Auditors of the Company by the members at their 10<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> July, 2020 to hold office for a term of 5 (five) years i.e. till the conclusion of Annual General Meeting (AGM) for the financial year 2024-25.

The Auditor's Report for the financial year 2020-21 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the financial statements in this Annual Report.

### b) Secretarial Auditors:

The Board of Directors appointed M/s. Samdani Shah & Kabra, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2021-22.

The Secretarial Audit Report of M/s. Samdani Shah & Kabra, Practising Company Secretaries for the financial year 2020-21, is annexed herewith as Annexure C.

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:

The Board of Directors appointed M/s. Diwanji & Co., Cost & Management Accountants as Cost Auditors for conducting audit of the cost records maintained by the Company relating to Bulk Drugs and Formulations for the financial year 2021-22. The Company has prepared and maintained the cost records as specified by the Central Government under Section 148(1) of the Act.

### 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 2021-22.

## Board's Report (Contd.)

### 26. 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.

### 27. 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, 2021. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

### 28. Annual Return:

A copy of the Annual Return as required under Section 92(3) and Section 134(3)(a) of the Act has been placed on the Company's website. The web-link as required under the Act is as under:

<https://www.alembicpharmaceuticals.com/annual-return/>

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

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

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

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

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.

### 31. Other Disclosures:

- a) The Company has not accepted/renewed any deposits. Further, there has been no default in repayment of deposits or interest thereon.
- 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) Neither the Managing Director nor the Whole-time Directors of the Company have received any remuneration or commission from any of its subsidiaries.
- d) 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.
- e) No fraud has been reported by the Auditors to the Audit Committee or the Board.
- f) 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.

### 32. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) they 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) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

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

On behalf of the Board of Directors,

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

Place: Vadodara  
Date: 4<sup>th</sup> May, 2021

Alembic Pharmaceuticals Limited  
CIN: L24230GJ2010PLC061123  
Regd. Office: Alembic Road, Vadodara - 390 003  
Tel: +91 265 2280550  
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 for the financial year ended 31<sup>st</sup> March, 2021

### 1. Brief outline on CSR Policy of the Company:

The Company's CSR Policy is in adherence to the provisions of Section 135 of the Act 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. either directly by the Company or through 'Non-Profit Organisations', viz. Alembic CSR Foundation, Bhailal Amin General Hospital, Rural Development Society, Uday Education Society and others or by way of contribution to Central / State Government Relief Funds.

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Chirayu Amin	Chairman	4	4
2.	Mr. K. G. Ramanathan	Member	4	4
3.	Mr. Paresh Saraiya	Member	4	4

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

<https://www.alembicpharmaceuticals.com/corporate-social-responsibility/>

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

In accordance with the provisions of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 notified w.e.f. 22<sup>nd</sup> January, 2021, impact assessment is required to be carried out for projects which have been completed not less than one year before undertaking the impact study. Hence, impact study for eligible projects completed during the financial year 2020-21 will be carried out once they become due for such assessment.

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

### 6. Average net profit of the Company as per section 135(5): ₹ 879.17 Crores

#### 7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 17.60 Crores

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

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

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 17.60 Crores

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

Total Amount Spent for the Financial Year (₹ in Crores)	Amount Unspent (₹ in Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
17.60	Nil	-	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable



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

₹ in Crores									
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1.	Covid Relief /	Healthcare	No	N.A. <sup>1</sup>	N.A. <sup>1</sup>	0.94	Yes	-	-
2.	Prevention and activities (PPE Kits, Masks, Sanitizers, etc. to healthcare / frontline workers)	including Preventive Healthcare	No	N.A. <sup>1</sup>	N.A. <sup>1</sup>	13.24	No	Alembic CSR Foundation	CSR00002984
3.	Covid - 19 (Ex-gratia to casual workers)	"	Yes	"	"	0.42	Yes	-	-
4.	Blood Transfusion Centre, Cancer Care Centre & Medical Camps	Healthcare	Yes	Gujarat	Vadodara	0.33	No	Alembic CSR Foundation	CSR00002984
5.	Contribution towards medical assistance & treatment to socially & economically backward persons	"	No	Maharashtra	Mumbai	0.15	"	"	"
6.	Village Development Programs	Rural Development Projects	Yes	Gujarat	Vadodara	0.95	"	"	"
7.	School education development for students of school run by Rural Development Society	Education	"	"	Panchmahal	0.73	"	"	"
8.	Adoption of School in tribal/backward areas	"	"	"	N.A. <sup>2</sup>	0.04	"	"	"
9.	Contribution towards education facilities	"	"	Sikkim	Namthang, South Sikkim	0.27	"	"	"
10.	Contribution towards promotion and development of Arts and Handicrafts	Promotion and Development of Traditional Arts and Handicrafts	"	Gujarat	Vadodara	0.21	"	"	"
<b>Total</b>						<b>17.28</b>			

<sup>1</sup> Across India; <sup>2</sup> Across Gujarat

**(d) Amount spent in Administrative Overheads (including capital assets for administrative purpose):**

₹ 0.32 Crore

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

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 17.60 Crores**

## Annexure A (Contd.)

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

		₹ in Crores
Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	17.60
(ii)	Total amount spent for the Financial Year	17.60
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

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

		₹ in Crores					
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1.	2019-20	-	-				-
2.	2018-19	-	-		N.A. <sup>1</sup>		-
3.	2017-18	N.A. <sup>1</sup>	-				-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Since, the provisions of Section 135(6) of the Act are effective w.e.f. 22<sup>nd</sup> January, 2021. The Company has spent the entire amount of CSR obligation for financial year 2018-19 and 2019-20. The Company has provided an explanation w.r.t. the unspent amount for financial year 2017-18 in its Annual Report for the said financial year.

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not Applicable, since no amount is unspent.

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

**(a) Date of creation or acquisition of the capital asset(s):** During the financial year 2020-21.

**(b) Amount of CSR spent for creation or acquisition of capital asset:** ₹ 0.01 Crore

**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:** Alembic CSR Foundation, 1<sup>st</sup> Floor, Administrative Building, Near Railway Station, Whitefield, Bangalore - 560 066.

**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Laptop and other office equipments at Alembic CSR Foundation Vadodara Office at FF/55, Avishkar Complex, Old Padra Road, Vadodara – 390 020.

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

Signing both on behalf of the Company and the Committee,

**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 effective from 29<sup>th</sup> July, 2016 and applicable from F.Y. 2016-17 onwards.

#### Parameters / Factors to be considered:

##### Financial:

While recommending/declaring dividend, the Board will consider financial parameters, including but not limited to,

- (i) Operating results and overall financial position
- (ii) Working capital
- (iii) Capital expenditure requirement including for inorganic growth, if any
- (iv) Debt servicing requirements of the Company, its Subsidiaries, its Associates and Joint Ventures ("Group").

##### Internal and External:

While recommending/declaring Dividend, the Board will consider Internal and External Factors such as:

- (i) Possibility of earning consistent profit
- (ii) Global Market Conditions
- (iii) Tax Policy

#### Dividend Expectations:

The recommendation of Dividend will always be at the sole discretion of the Board. The Board will recommend and/or

declare Dividend after reviewing this Policy keeping in mind the business environment and requirements of the Group.

The decision on whether to declare and pay Dividends will be a separate item of agenda at the AGM.

In case of sufficient reasonable profits, the Board may endeavor to declare Dividend in the Dividend Payout Ratio mentioned above. However, in case of the inadequacy of profits in any year, the Board may decide to conserve profits of the Company and utilise them for further business proposes or meeting business exigencies.

#### Utilisation of Retained Earnings:

The Company will endeavor to utilise Retained Earnings for business requirements including, but not limited to, working capital, investments, expansions, acquisitions, etc.

#### General Procedure:

- a) The Company's Board of Directors will be responsible for generating all resolutions on the declaration and payment of Dividends.
- b) The Board of Directors will have the power to recommend final Dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.
- c) The resolution of the Board of Directors for Final Dividend shall be presented in the form of a recommendation to the Shareholders.
- d) The decision on whether to declare and pay Dividends shall be a separate item of agenda at the AGM.
- e) The decision on the Dividend amount payable and the payment procedure shall be made by the Board of Directors at a meeting where the resolution for distribution of the Company's net profit for the financial year is made by the directors and recommended to the Shareholders.
- f) Any declaration to pay Dividends may provide the following:
  - (i) The type and class of shares on which the Dividends have been declared;
  - (ii) The amount of Dividends per share of each type and class;
  - (iii) The period for payment; and
  - (iv) The form of payment.

## Annexure B (Contd.)

### 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 Dividend 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,

### Chirayu Amin

Chairman & Chief Executive Officer  
(DIN: 00242549)



## Annexure C

### Secretarial Audit Report For the Financial Year ended 31<sup>st</sup> March, 2021

*[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, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alembic Pharmaceuticals Limited ("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 authorised 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, 2021 ("period under review"), 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 period under review, according to the provisions of:

- i. The Companies Act, 2013 ('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. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- e. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 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. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- b. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;
- d. Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.
- vi. Other sector specific laws as follows:
  - a. The Drugs and Cosmetics Act, 1940 and the rules made thereunder;
  - b. The Narcotic Drugs and Psychotropic Substances Act, 1985 and the rules made thereunder;
  - c. The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and the rules made thereunder;

## Annexure C (Contd.)

- d. Drugs (Prices Control) Order, 2013;
- e. Food Safety and Standards Act, 2006 and the rules made thereunder.

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. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the applicable Acts, 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 period under review, there were no specific instances / actions in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc., having major bearing on the Company's affairs, however, the Company through its maiden Qualified Institutional Placement (QIP) allotted 80,47,210 Equity Shares to the eligible Qualified Institutional Buyers (QIBs) at an Issue Price of ₹ 932/- per Equity Share (including a Premium of ₹ 930/- per equity share) aggregating to approximately ₹ 750 Crores.

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

**ICSI Peer Review UIN: P2008GJ016300**

FCS No. 3677; CP No. 2863

**UDIN: F003677C000236833**

Place: Vadodara

Date: 4<sup>th</sup> May, 2021

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, India.

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, 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.

### S. Samdani

Partner

### Samdani Shah & Kabra

Company Secretaries

**ICSI Peer Review UIN: P2008GJ016300**

FCS No. 3677; CP No. 2863

**UDIN: F003677C000236833**

Place: Vadodara

Date: 4<sup>th</sup> May, 2021

## Annexure D

Information required under Section 134(3)(m) of the Act 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) Implementation of heat pump system for generating hot and chilled water simultaneously to reduce energy consumption.
- (b) Advanced technology centralized screw compressor in place of conventional root blowers in ETP for energy conservation.
- (c) Traditional split air conditioning system replaced with variable refrigerant volume (VRV) system to reduce power consumption.
- (d) Advanced technology higher capacity centrifugal chiller in place of screw chiller for energy conservation.
- (e) Energy conservation in water pumping system through replacement of high efficiency pumps, motors, etc.
- (f) Condensate recovery improvement by installation of innovative trap (Steam Operated Pumping Trap - SOPT).
- (g) Installation of variable frequency drive (VFD) chillers in place of Non-VFD chillers to reduce specific power consumption.
- (h) Installation of VFD screw air compressor to reduce power consumption.
- (i) Replacement of old and higher capacity motors with energy efficient IE3 rating motors.
- (j) RO plant reject water recycling and reuse to optimize ground water extraction.
- (k) Agitated Thin Film Dryer (ATFD) exhaust gas waste heat utilised to preheat stripper feed reducing steam consumption.

#### (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 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 solvent purification. Fully atomized SCADA plant. No Manual Operation.
- (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.

In addition to the small scale prototype equipment, our new kilo lab facility in Panchdevla will greatly help in the tech transfer of the new products since the equipment configuration of the new kilo lab facility matches with the commercial scale equipment. The new kilo lab facility will reduce the failures during the product validations in the plant for the new regulatory filings which will save both time and cost. These value additions by the product tech transfer team will be increasing the success rate during validations.

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 29 ANDAs (including Aleor JV) and 8 DMFs with USFDA in this fiscal year. The cumulative ANDA filings stood at 212 (including Aleor JV) and 139 approvals (including 16 tentative approval) have been received till 31<sup>st</sup> March, 2021 including 1 NDA and the cumulative DMFs stood at 117. The continuous research activities have led to commercialisation of in-house formulations in the USA market.
- (b) The Company has R&D workforce of more than 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 715 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 294 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	
	2021	2020
(a) Capital	63.41	47.98
(b) Recurring	631.01	573.67
(c) Total	694.43	621.66
(d) Total R&D expenditure as a percentage of total turnover	14%	15%

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

Foreign exchange earned in terms of actual inflows during the financial year 2020-21 was ₹ 3,602.01 Crores.

Foreign exchange outgo in terms of actual outflows during the financial year 2020-21 was ₹ 684.49 Crores.

On behalf of the Board of Directors,

**Chirayu Amin**

Chairman & Chief Executive Officer  
(DIN: 00242549)

## Annexure E

As per the provisions of Section 197 of the Act 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 and percentage increase in remuneration of each Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary in the financial year:

Name	Ratio to median remuneration	% Increase in remuneration in the financial year
<b>Independent Directors</b>		
Mr. K. G. Ramanathan	1:0.37042	20.00
Mr. Pranav Parikh	1:0.37042	20.00
Mr. Paresh Saraiya	1:0.37042	20.00
Dr. Archana Hingorani	1:0.37042	20.00
<b>Executive Directors, CEO &amp; CFO</b>		
Mr. Chirayu Amin, Chairman & CEO	1:0.00141	18.87
Mr. Pranav Amin, Managing Director	1:0.00202	12.82
Mr. Shaunak Amin, Managing Director	1:0.00202	12.82
Mr. R. K. Baheti, Director-Finance & CFO	1:0.00896	21.46
<b>Company Secretary</b>		
Mr. Charandeep Singh Saluja	-	24.35
Percentage increase in the median remuneration of employees in the financial year		11.14%
Number of permanent employees on the rolls of company		12,160
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		11.31% (Non-Managerial Personnel) 16.49% (Managerial Personnel)

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,

### 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 institutionalised 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, 2021 and on the date of this Report, the Board meets the requirement of having at least one women 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, 2021 on 23<sup>rd</sup> April, 2020, 22<sup>nd</sup> May, 2020, 22<sup>nd</sup> July, 2020, 27<sup>th</sup> July, 2020, 22<sup>nd</sup> October, 2020 and 19<sup>th</sup> January, 2021. 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 #
Mr. Chirayu Amin, Chairman & CEO	Promoter Executive	6 out of 6	Yes	45,42,529 <sup>§</sup>
Mr. Pranav Amin, Managing Director	Promoter Executive	6 out of 6	Yes	10,09,800 <sup>¶</sup>
Mr. Shaunak Amin, Managing Director	Promoter Executive	6 out of 6	Yes	10,06,980 <sup>¶</sup>
Mr. R. K. Baheti, Director - Finance & CFO	Professional Executive	5 out of 6	Yes	Nil
Mr. K. G. Ramanathan	NED (I) *	6 out of 6	Yes	Nil
Mr. Pranav Parikh	NED (I) *	6 out of 6	Yes	22,210 <sup>^</sup>
Mr. Paresb Saraiya	NED (I) *	6 out of 6	Yes	4,824 <sup>^</sup>
Dr. Archana Hingorani	NED (I) *	6 out of 6	Yes	Nil

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

# The Company has not issued any convertible instruments.

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

¶ Shares held as First holder.

^ Jointly with immediate relatives.

## Report on Corporate Governance (Contd.)

- Number of other board of directors or committees in which a Director is a director / member / chairperson<sup>1</sup>:**

Name of the Director	No. of Directorships	No. of Committee Memberships		No. of Committee Chairmanships	
		All committees	Only Audit & Stakeholders Relationship Committee	All committees	Only Audit & Stakeholders Relationship Committee
Mr. Chirayu Amin	4	6	1	4	1
Mr. Pranav Amin	-	-	-	-	-
Mr. Shaunak Amin	1	-	-	-	-
Mr. R. K. Baheti	1	-	-	-	-
Mr. K. G. Ramanathan	-	-	-	-	-
Mr. Pranav Parikh	-	-	-	-	-
Mr. Paresh Saraiya	2	2	1	1	1
Dr. Archana Hingorani	5	13	7	4	2

<sup>1</sup> Public limited companies.

- 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
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 4. Balaji Telefilms Limited, Non-Executive Independent Director

Pursuant to the provisions of Section 165(1) of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing 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 Committees (Audit & Stakeholders Relationship Committees) 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.

- Disclosure of relationships between directors inter-se**  
Mr. Chirayu Amin, Chairman & CEO is the 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 familiarisation programmes for Independent Directors during the 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/>

- 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 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 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 Regulations, 2015 and the Act.

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 22<sup>nd</sup> July, 2020.

- Meetings and attendance during the year**

There were five (5) meetings of the Audit Committee held during the year ended 31<sup>st</sup> March, 2021 on 23<sup>rd</sup> April, 2020, 22<sup>nd</sup> May, 2020, 22<sup>nd</sup> July, 2020, 22<sup>nd</sup> October, 2020 and 19<sup>th</sup> January, 2021.

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	5	5
Mr. K. G. Ramanathan	5	5
Mr. Pranav Parikh	5	5
Dr. Archana Hingorani	5	5

## Report on Corporate Governance (Contd.)

### 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 Regulations, 2015 and the Act. Mr. K. G. Ramanathan, Chairman of Nomination and Remuneration Committee was present at the last Annual General Meeting held on 22<sup>nd</sup> July, 2020.

#### • Meetings and attendance during the year

There were five (5) meetings of the Nomination and Remuneration Committee held during the year ended 31<sup>st</sup> March, 2021 on 23<sup>rd</sup> April, 2020, 22<sup>nd</sup> May, 2020,

22<sup>nd</sup> July, 2020, 22<sup>nd</sup> October, 2020 and 19<sup>th</sup> January, 2021.

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	5	5
Mr. Chirayu Amin	5	5
Mr. Pranav Parikh	5	5
Mr. Paresh Saraiya	5	5

#### • Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for Independent Directors are disclosed at point no. 13 of 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 2020-21 are given below:

Name & Designation of the Executive Directors	Tenure	Fixed Salary & Perquisites	Variable Performance Bonus	Commission	₹ in Crores
					Total
Mr. Chirayu Amin Chairman & CEO	5 years w.e.f. 1 <sup>st</sup> April, 2021	6.50	-	25.00	31.50
Mr. Pranav Amin Managing Director	5 years w.e.f. 1 <sup>st</sup> April, 2021	7.00	5.00	10.00	22.00
Mr. Shaunak Amin Managing Director	5 years w.e.f. 2 <sup>nd</sup> May, 2018	7.00	5.00	10.00	22.00
Mr. R. K. Baheti Director-Finance & CFO	5 years w.e.f. 1 <sup>st</sup> April, 2021	3.60	1.36	-	4.96
<b>Total</b>		<b>24.10</b>	<b>11.36</b>	<b>45.00</b>	<b>80.46</b>

Notes:

- The criteria 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.

#### • 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 2020-21 are as under:

Name of the Director	Sitting Fees	Commission	₹ in Lacs
			Total
Mr. K. G. Ramanathan	6.10	12.00	18.10
Mr. Pranav Parikh	5.70	12.00	17.70
Mr. Paresh Saraiya	6.50	12.00	18.50
Dr. Archana Hingorani	5.20	12.00	17.20



The Board has approved the payment of commission to Non-Executive Independent Directors for the financial year 2020-21 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

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

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 Regulations, 2015 and the Act. Mr. Paresh Saraiya was present at the last Annual General Meeting held on 22<sup>nd</sup> July, 2020.

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

Details of No. of Shareholders' complaints received: 11

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, 2021 on 22<sup>nd</sup> May, 2020, 22<sup>nd</sup> July, 2020, 22<sup>nd</sup> October, 2020 and 19<sup>th</sup> January, 2021.

## 8. 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
2019-20	N.A. <sup>1</sup>	22 <sup>nd</sup> July, 2020	3.00 p.m.	1
2018-19	"Sanskriti", 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	"Sanskriti", 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

<sup>1</sup> AGM held through Video Conferencing / Other Audio Visual Means.

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

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

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

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

## 7. Risk Management Committee

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

The Risk Management Committee comprises of 3 Directors and 2 senior management personnel with Mr. Paresh Saraiya as Chairman, Mr. Pranav Amin, Mr. R. K. Baheti, Mr. Vinod Kamath and Mr. Shreekumar Nair as members. The terms of reference of the Committee cover the matters specified for Risk Management Committee under the SEBI Listing Regulations, 2015.

### • Meetings and attendance during the year

There was one (1) meeting of the Risk Management Committee held during the year ended 31<sup>st</sup> March, 2021 on 19<sup>th</sup> January, 2021.

The attendance of each member of the Risk Management Committee is given below:

Name of the Director/ senior management personnel	No. of meetings held	No. of meetings attended
Mr. Paresh Saraiya	1	1
Mr. Pranav Amin	1	1
Mr. R. K. Baheti	1	1
Mr. Vinod Kamath	1	1
Mr. Shreekumar Nair	1	1

## Report on Corporate Governance (Contd.)

### 9. Means of Communication

Quarterly Results	The results will be published in the newspapers having wide coverage
Newspapers wherein results are normally published	Will be published normally in - The Economic Times (English), The Economic Times (Gujarati) or any other leading newspapers
Website, where the results, official news releases and presentation made to institutional investors or analysts are displayed	www.alembicpharmaceuticals.com

### 10. General Shareholder Information

a) Annual General Meeting Date, Time and Venue	Tuesday, 27 <sup>th</sup> July, 2021 at 3:00 p.m. IST. The meeting will be held through VC / OAVM.
b) Financial Year	2020-21
c) Dividend Payment Date	On or before 31 <sup>st</sup> July, 2021.
d) 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. 2021-22 have been paid.
e) 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 APLLLTD.  ISIN: INE901L01018  The unsecured rated listed redeemable non-convertible debentures of the Company are listed on NSE under separate security ID for each tranche.
f) Market price data – high, low during each month in last financial year	Please see Annexure A
g) Share Performance of the Company in comparison to BSE Sensex	Please see Annexure B
h) In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable
i) 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
j) Share Transfer System	SEBI has mandated that w.e.f. 1 <sup>st</sup> April, 2019, shares shall be transferred only in demat form. The request for share transfer in physical form received upto 31 <sup>st</sup> March, 2019 were processed and transferred by Registrar and Share Transfer Agents in accordance with SEBI circulars in this regard and the share certificates were returned within the stipulated period, if the documents were accurate in all respect. No fresh requests for transfer of shares in physical form can be lodged by the shareholders.  Stakeholders' Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect requests for transmission, name deletion, duplicate share certificates, etc.
k) Distribution of Shareholding/ Shareholding Pattern as on 31 <sup>st</sup> March, 2021	Please see Annexure C
l) Dematerialisation of Shares and Liquidity	As on 31 <sup>st</sup> March, 2021, 19,48,08,178 shares (99.11%) are held in dematerialised form by the shareholders.
m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable



n) 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>
o) Plant Locations	
General Oral Solid Formulation Facility – I & II (F-I & II), API-I, API-II	1. Panelav, Tal. Halol, Dist. Panchmahal, Gujarat.
Injectible Facility (F-III), API-III	2. Karakhadi, Tal. Padra, Dist. Vadodara, Gujarat
General Oral Solid Formulation Facility (F - IV)	3. Jarod, Taluka, Vaghodiya, Dist. Vadodara, Gujarat
General Oral Solid Formulation Facility	4. Samardung Busty, Namthang, South Sikkim.
p) 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 Email Id: apl.investors@alembic.co.in</li> <li>Link Intime India Pvt. Limited B-102 &amp; 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>
q) Credit Ratings	The Credit Rating details are given hereunder:

Instrument	Amount ₹ Cr.	Rating Agency	Rating & Outlook	Remarks
Bank Loan Facilities	600.00	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

## 11. Other Disclosures

### a) Related Party Transactions:

The details pertaining to related party transactions are provided at point no. 20 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. 15 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 Regulations, 2015 with regard to Corporate Governance.

## Report on Corporate Governance (Contd.)

### Non-Mandatory requirements:

- a) Office for non-executive Chairman at Company's expense: Not Applicable
- b) Half-yearly declaration of financial performance to each household of shareholders: Not complied
- c) Modified opinion(s) in Audit Report: Not Applicable as there is no modified opinion in Audit Report
- d) 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. 10(n) of this report.
- g) Disclosure of the compliance with corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations, 2015:**  
The Company has complied with the requirements specified in Regulations 17 to 27 and Regulation 46(2) (b) to (i) of the SEBI Listing Regulations, 2015.
- h) Independent Directors' Meeting:**  
The Independent Directors met on 4<sup>th</sup> May, 2021 to carry out the evaluation for the financial year 2020-21 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 2020-21, the Independent Directors meeting was held on 22<sup>nd</sup> May, 2020.
- All Independent Directors were present at the aforesaid meetings.
- i) 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 or any such statutory authority.
- j) 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. 29(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.
- k) 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.
- l) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**  
The details of utilisation of funds raised through qualified institutional placement are provided at point no. 6 of the Board's Report.
- m) 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.
- n) Details of Unclaimed Suspense Account:**  
Disclosure pertaining to Unclaimed Suspense Account as required under Schedule V of the SEBI Listing Regulations, 2015, is annexed herewith as Annexure D. 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.



## Annexure A

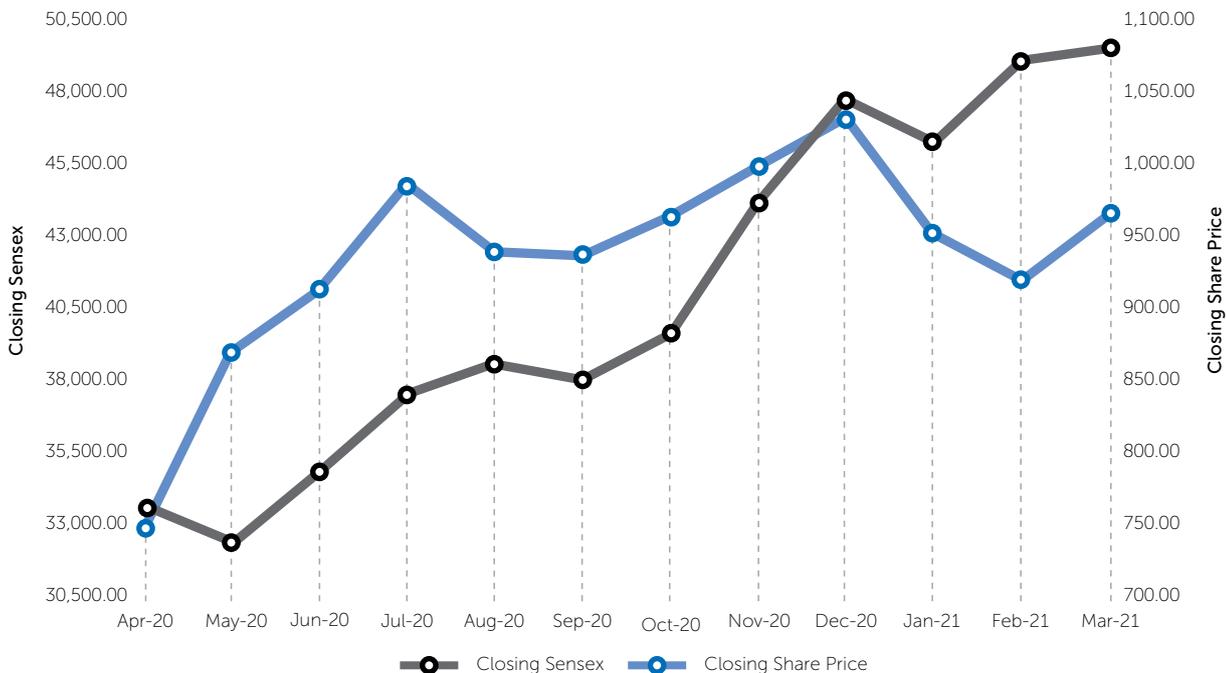
Market price data of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the financial year 2020-21:

Month – Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April - 2020	840.95	527.00	839.00	519.00
May - 2020	913.00	732.00	915.00	731.00
June - 2020	984.00	793.50	983.15	791.25
July - 2020	1044.25	881.00	1045.00	880.00
August - 2020	1128.00	928.50	1128.90	929.75
September - 2020	995.00	872.60	996.00	865.85
October - 2020	1032.15	918.45	1032.00	918.10
November - 2020	1018.00	937.15	1019.50	937.00
December - 2020	1150.00	974.25	1145.00	971.10
January - 2021	1119.00	928.35	1120.00	928.00
February - 2021	991.35	870.20	991.55	870.00
March - 2021	969.15	863.55	969.95	864.30

On 31<sup>st</sup> March, 2021, the closing price of the shares of the Company on BSE was ₹ 965.15 and on NSE was ₹ 964.95.

## Annexure B

Share Performance of the Company in comparison to BSE Sensex:



## Report on Corporate Governance (Contd.)

### Annexure C

The distribution of shareholding as on 31<sup>st</sup> March, 2021 is as under:

Number of Shares	Number of Shareholders	% of total Shareholders	Number of Shares	% of total Shares
001-500	95,757	93.93	63,55,457	3.23
501-1000	3,123	3.06	24,06,402	1.22
1001-2000	1,452	1.42	21,56,894	1.10
2001-3000	524	0.51	13,30,088	0.68
3001-4000	260	0.26	9,19,464	0.47
4001-5000	176	0.17	8,14,166	0.41
5001-10000	322	0.32	23,29,309	1.19
10001 and above	336	0.33	18,02,51,344	91.70
<b>Total</b>	<b>1,01,950</b>	<b>100.00</b>	<b>19,65,63,124</b>	<b>100.00</b>

Shareholding pattern as on 31<sup>st</sup> March, 2021 is as under:

Sr. No.	Category	No. of Shares Held	% of (A+B+C)
<b>(A) Shareholding of Promoter &amp; Promoter Group</b>			
(1)	Indian	13,55,60,032	68.97
(2)	Foreign	10,06,980	0.51
<b>Total Shareholding of Promoter and Promoter Group</b>		<b>13,65,67,012</b>	<b>69.48</b>
<b>(B) Public Shareholding</b>			
(1)	Institutions	3,44,58,418	17.53
(2)	Non-institutions	2,55,37,694	12.99
<b>Total Public Shareholding</b>		<b>5,99,96,112</b>	<b>30.52</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>			
(1)	Promoter and Promoter Group	-	-
(2)	Public	-	-
<b>Total (A) + (B) + (C)</b>		<b>19,65,63,124</b>	<b>100.00</b>

### Annexure D

Details of Unclaimed Suspense Account as per the provisions of Schedule V of the SEBI Listing Regulations, 2015:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	No. of shareholders: 321 No. of shares: 1,46,993
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	No. of shareholders: 2 No. of shares: 600
Number of shareholders to whom shares were transferred from suspense account during the year	No. of shareholders: 2 No. of shares: 600
Number of shareholders whose shares were transferred to the Investor Education and Protection Fund	No. of shareholders: 41 No. of shares: 11,665
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	No. of shareholders: 278 No. of shares: 1,34,728

On behalf of the Board of Directors,

#### Chirayu Amin

Chairman & CEO  
(DIN: 00242549)



## 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:

I hereby confirm that:

As provided under the SEBI Listing Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31<sup>st</sup> March, 2021 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,

**Chirayu Amin**

Chief Executive Officer

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## Corporate Governance Compliance Certificate

For the Financial Year ended March 31, 2021

*[pursuant to Schedule V - Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

The Members

**Alembic Pharmaceuticals Limited**

We have examined the compliance of the conditions of Corporate Governance by Alembic Pharmaceuticals Limited ("Company") for the Financial Year ended 31<sup>st</sup> March, 2021 ("period under review"), 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 Statements 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 period under review, no such 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.

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

**ICSI Peer Review UIN.: P2008GJ016300**

FCS No. 3677; CP No. 2863

**UDIN: F003677C000236866**

Place: Vadodara

Date: 4<sup>th</sup> May, 2021

# 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, 2020 to 31<sup>st</sup> March, 2021
- 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; Karakhadi, District Vadodara, Gujarat; Jarod, District Vadodara, Gujarat and Samardung Busty, Namthang, South Sikkim and R & D Centers situated at Vadodara and Hyderabad.
- Markets served by the Company: In addition to serving the Indian market, the Company exports to around 81 countries worldwide.

## Section B: Financial Details of the Company

- Paid up Capital (INR): ₹ 39.31 Crores
- Total Turnover (INR): ₹ 5,051.44 Crores
- Total profit after taxes (INR): ₹ 1,175.39 Crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The total CSR spend for the year was Rs. 17.60 Crores which is 2% of the

average net profits of the Company made during the immediately three preceding financial years.

- List of activities in which expenditure in 4 above has been incurred:-
  - Community outreach programs
  - Rural development projects
  - Disaster relief activities
  - Covid Relief / Prevention activities
  - Sanitation
  - Promotion and development of traditional arts and handicrafts
  - Adoption of Schools in tribal/backward areas
  - Healthcare including preventive healthcare
  - Education
  - Promoting Equality

## 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.

## Section D: BR Information

- Details of Director/Directors responsible for BR
  - Details of the Director/Director responsible for implementation of the BR policy/policies
    - DIN Number: 00245099
    - Name: Mr. Pranav Amin
    - Designation: Managing Director
  - 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>A</sup>) BR policy/policies

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

No. Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
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>A</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

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

## 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

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.

(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/>.

### 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?

## 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?

## Business Responsibility Report (Contd.)

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.

- (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 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. 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

- Total number of employees: 12,160
- Total number of employees hired on temporary/contractual/casual basis: 2,530
- Number of permanent women employees: 676
- Number of permanent employees with disabilities: 8
- Do you have an employee association that is recognised by management: No
- What percentage of your permanent employees is members of this recognised employee association? Not Applicable
- 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?

- Permanent Employees: 92%
- Permanent Women Employees: 90%
- Casual/Temporary/Contractual Employees: 92%
- Employees with disabilities: 90%



#### 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 & marginalised stakeholders?  
Yes.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised 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 marginalised 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.

Yes. There are programs in place to address global warming such as fuel switch-over to cleaner fuels, use of renewable energies and increasing the green cover. Some major initiatives taken in this direction are mentioned in Annexure D to the Board's Report.

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

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

Yes. All new projects of the Company are assessed for potential environmental risks and their mitigation measures.

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?

The Company has not registered any project under Clean Development Mechanism at present. However, the Company is undertaking various projects to reduce greenhouse gases at its manufacturing facilities.

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 a practice of identifying improvement opportunities in the area of energy efficiency, use of technology for energy minimisation and increasing the share of clean energy. The details of various initiatives taken in this regard are mentioned in Annexure D 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.

## Business Responsibility Report (Contd.)

- (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 been proactively carrying 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, carried out internally.
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 internally 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 statutes 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,

#### Pranav Amin

Managing Director and BR Head  
(DIN: 00245099)



# Independent Auditors' Report

To the Members of Alembic Pharmaceuticals Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Alembic Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the 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 (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Sr. No. Key Audit Matters

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

The Company, under the prevailing trade practice, has an obligation to accept returns of expiry, breakage and spoilage (EBS) products, from the customers in India. This results in deductions to gross amounts invoiced. 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.

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.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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 audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### How our audit addressed the key audit matters

Our audit procedures consisted of following:

1. Assessed the appropriateness of the accounting policy in respect of recognition of provision for accrual of EBS estimated in future out of the sales effected during the current period;
2. Tested the operating effectiveness of controls over Company's review of recognition of provision for EBS;
3. Obtained management's calculations for accruals and assessed management analysis of the historical pattern of accruals to validate management's assumption for creation of such provisions;
4. Examined the historical trend of the Company's estimates to assess the assumptions and judgements used by the Company in accrual of provisions.

### Conclusion:

We found that the calculation and estimates to assess the assumptions and Judgements made by the company are appropriate.

### Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis but does not include the standalone

financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

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

## Independent Auditors' Report (Contd.)

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances & the applicable laws and regulations.

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

In preparing the standalone financial statements, management 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 management 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.

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The comparative financial information included in these standalone financial statements, are based on the previously issued standalone financial statements for the year ended March 31, 2020 which were audited by the predecessor auditors who, vide their report dated May 22, 2020, expressed an unmodified opinion. Our Opinion is not modified in respect of this matter.

### 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 Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. 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 Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

- e. on the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g. with respect to the other matters to be included in the Auditors' 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

- h. with respect to the other matters to be included in the Auditors' 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 29.2 to the standalone financial statements;
  - ii. the Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - 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. C. Mehta & Co.

Chartered Accountants  
Firm's Registration No.106237W

#### Vishal P. Doshi

Partner  
Membership No. 101533  
UDIN: 21101533AAAAAV7539

Place: Vadodara  
Date: May 4, 2021

## Annexure A to the Independent Auditors' Report

(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 on the standalone financial statements for the year ended March 31, 2021)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the registered sale deed/conveyance deed provided to us, the title deeds of immovable properties are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipments in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. The Inventories except for goods-in-transit have been physically verified by the management during the year and in our opinion, the frequency of verification is reasonable. As explained to us, there were no material discrepancies on physical verification of inventory as compared to the book records.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, reporting under clause (iii) (a) to clause (iii) (c) of the Order is not applicable to the Company.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 186 of the Act in respect of the Investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of provisions of section 73 to 76 of the Act, and the rules framed thereunder or under the directives issued by the Reserve Bank of India and therefore, reporting under clause (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the order of the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii. (a) In our opinion and according to the information and explanations given to us, the Company has been regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, income-tax, duty of customs, cess, goods and service tax and any other statutory dues applicable to it. Further, no undisputed amounts payable in respect of income tax, duty of customs, duty of excise, goods and service tax, cess and other statutory dues were in arrears as at 31<sup>st</sup> March 2021 for a period of more than six months from the date they become payable.



- (b) According to the information and explanations given to us, there are no disputed dues in respect of value added tax, income tax, goods and service tax and duty of customs which have not been deposited. The following are the particulars of sales tax, central sales tax, entry tax, professional tax, and excise duty as at 31<sup>st</sup> March 2021 which have not been deposited on account of dispute:

Name of the statute	Nature of disputed dues	Amount (INR in Crores)	Period to which the amount relates	Forum where pending
Sales Tax	Sales Tax	0.13	1999-2000	High Court
	Sales Tax	1.64	2003-04	Assistant Commissioner
	Sales Tax	0.004	2004-05	Additional Commissioner
	Sales Tax	0.08	2006-07	Joint Commissioner Appeals
	Sales Tax	0.08	2009-10	Maharashtra Tribunal
	Sales Tax	0.02	1 <sup>st</sup> April 2006 to 30 <sup>th</sup> November 2008	Additional Commissioner
	Sales Tax	0.16	2015-16	Revisional Authority
Central Sales Tax	Central Sales Tax	0.02	1 <sup>st</sup> April 2006 to 30 <sup>th</sup> November 2008	Additional Commissioner Sales tax
	Central Sales Tax	0.01	2006-07	Joint Commissioner Appeals
	Central Sales Tax	0.03	2010-11	Joint Commissioner Appeals
	Central Sales Tax	0.11	2006-07	Deputy Commissioner
Entry Tax	Entry Tax	0.03	2013-14	Revisional Authority
Professional tax	Professional tax	0.05	2014-15	Joint Commissioner
Central Excise Act 1944	Excise duty	0.24	2013-14	Commissioner appeals

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or debenture holders. The company has not taken any loans from Government.
- ix. In our opinion and according to information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. To the best of our knowledge and according to information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi company and therefore, reporting under clause (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv. The Company has made Qualified Institutions Placement of equity shares during the year and in our opinion the provisions of section 42 of the Act have been complied with. In our opinion and according to the information and explanations given to us, the amount has been used for the purposes for which they were raised.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, reporting under clause (xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

#### For K. C. Mehta & Co.

Chartered Accountants

Firm's Registration No.106237W

#### Vishal P. Doshi

Partner

Membership No. 101533

UDIN: 21101533AAAAAV7539

Place: Vadodara

Date: May 4, 2021

## Annexure B to the Independent Auditors' Report

(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 with reference to financial statements of ALEMBIC PHARMACEUTICALS LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the 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 ("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 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 with reference to financial statements 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

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



### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

### **Opinion**

In our opinion, the Company has in all material respect, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2021,

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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For K. C. Mehta & Co.**

Chartered Accountants  
Firm's Registration No.106237W

### **Vishal P. Doshi**

Partner  
Membership No. 101533  
UDIN: 21101533AAAAAV7539

Place: Vadodara  
Date: May 4, 2021

# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2021

Particulars	Note No	₹ in Crores	
		As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>I. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	3	1,452.83	1,268.11
(b) Capital work-in-progress		1,927.63	1,569.98
(c) Investment Property	4	8.35	8.35
(d) Financial Assets :-			
(i) Investments	5	978.25	833.25
(e) Other Non-Current Assets- Capital Advance		35.17	47.71
<b>Total non-current assets</b>		<b>4,402.23</b>	<b>3,727.40</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	1,316.78	1,073.18
(b) Financial Assets			
(i) Investments	7	186.97	-
(ii) Trade receivables	8	407.90	784.11
(iii) Cash and cash equivalents	9	53.44	28.22
(iv) Bank balances other than cash and cash equivalents	10	7.78	8.91
(v) Other financial assets	11	51.09	8.49
(c) Current Tax Assets (Net)	29(9)	8.78	8.12
(d) Other current assets	12	341.21	240.33
<b>Total current assets</b>		<b>2,373.95</b>	<b>2,151.36</b>
<b>TOTAL ASSETS</b>		<b>6,776.18</b>	<b>5,878.77</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	13	39.31	37.70
(b) Other Equity	14	5,214.93	3,308.32
<b>Total equity</b>		<b>5,254.24</b>	<b>3,346.02</b>
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	199.89	886.99
(ii) Other financial liabilities	16	67.73	73.30
(b) Provisions	17	84.73	73.21
(c) Deferred tax liabilities (Net)	18	46.12	45.76
<b>Total non-current liabilities</b>		<b>398.47</b>	<b>1,079.26</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	0.02	800.04
(ii) Trade payables	20		
A) Total outstanding dues of Micro and Small enterprises		15.31	6.72
B) Total outstanding dues of others		501.63	386.45
(iii) Other financial liabilities	21	477.69	175.93
(b) Other current liabilities	22	75.49	46.19
(c) Provisions	23	51.60	38.17
(d) Current Tax Liabilities (Net)		1.72	-
<b>Total current liabilities</b>		<b>1,123.46</b>	<b>1,453.49</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,776.18</b>	<b>5,878.77</b>
The accompanying notes form an integral part of these Standalone financial statements.	1-29		

As per our report of even date  
**For K. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

Place : Vadodara  
 Date : 4<sup>th</sup> May, 2021

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



# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

Particulars	Note No	₹ in Crores	
		For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>I Revenue from Operations</b>	24	5,051.44	4,132.55
<b>II Other Income</b>	25	9.73	134.75
<b>III Total Income</b>		<b>5,061.18</b>	<b>4,267.31</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	26	1,175.71	978.13
Purchase of Stock-in-Trade		279.33	244.26
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	26	(157.13)	(176.50)
Employee Benefits Expense	27	948.27	806.37
Finance Costs	29 (18)	12.77	25.19
Depreciation and Amortisation Expense	3	152.60	135.67
Other Expenses	28	1,233.03	1,077.40
<b>Total Expense (IV)</b>		<b>3,644.58</b>	<b>3,090.51</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		1,416.60	1,176.79
<b>VI Exceptional Item</b>		-	10.00
<b>VII Profit Before Tax (V-VI)</b>		<b>1,416.60</b>	<b>1,166.79</b>
<b>VIII Tax Expense</b>	29(9)		
(i) Current Tax		241.20	198.48
(ii) Short/(Excess) Tax Provision		-	(1.09)
<b>IX Profit after Tax (VII-VIII)</b>		<b>1,175.39</b>	<b>969.40</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		(1.06)	(11.30)
(b) Income tax relating to Re-measurements of post-employment benefit obligations		0.19	1.98
<b>Total Other Comprehensive Income (X)</b>		<b>(0.88)</b>	<b>(9.33)</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>1,174.52</b>	<b>960.08</b>
<b>XII Earnings per equity share (FV ₹ 2/- per share) :</b>			
Basic & Diluted (in ₹)	29(1)	60.67	51.42
The accompanying notes form an integral part of these Standalone financial statements.	1-29		

As per our report of even date  
**For K. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

Place : Vadodara  
 Date : 4<sup>th</sup> May, 2021

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

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2021

## A. Equity Share Capital

	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, 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>Balance at 1<sup>st</sup> April, 2020</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	80,47,210	1.61
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>19,65,63,124</b>	<b>39.31</b>

## B. Other Equity - Attributable to owners

Particulars	Reserve & Surplus					Total
	Capital Reserve	General Reserve	Securities Premium	Debenture Redemption Reserve	Retained earnings	
<b>Balance at 1<sup>st</sup> April, 2019 (I)</b>	<b>0.30</b>	<b>1,336.25</b>	<b>-</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>-</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>-</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>-</b>	<b>83.33</b>	<b>1,688.92</b>	<b>3,308.32</b>
<b>Balance at 1<sup>st</sup> April, 2020 (I)</b>	<b>-</b>	<b>1,536.06</b>	<b>-</b>	<b>83.33</b>	<b>1,688.92</b>	<b>3,308.32</b>
Other Comprehensive Income	-	-	-	-	(0.88)*	(0.88)
Profit for the period	-	-	-	-	1,175.39	1,175.39
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,174.52</b>	<b>1,174.52</b>
Issue of share capital	-	-	748.39	-	-	748.39
Utilised for QIP expenses	-	(15.92)	-	-	-	(15.92)
Dividends paid including Tax on Dividend	-	-	-	-	-	-
Reversal of Deferred Tax Asset	-	(0.37)	-	-	-	(0.37)
Provision for debenture redemption	-	-	-	41.67	(41.67)	-
Profit transferred to General Reserve	-	250	-	-	(250)	-
<b>Transaction for the year (III)</b>	<b>-</b>	<b>233.71</b>	<b>748.39</b>	<b>41.67</b>	<b>(291.67)</b>	<b>732.10</b>
<b>Balance at 31<sup>st</sup> March, 2021 (I+II+III)</b>	<b>-</b>	<b>1,769.77</b>	<b>748.39</b>	<b>125.00</b>	<b>2,571.77</b>	<b>5,214.93</b>

### Note:

\* Represents remeasurements of the defined plans

The accompanying notes form an integral part of these Standalone financial statements (note1-29).

As per our report of even date  
**For K. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

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

Place : Vadodara  
 Date : 4<sup>th</sup> May, 2021



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ In Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax after exceptional item</b>	1,416.60	1,166.79
Adjustments for:		
Depreciation and amortisation	152.60	135.67
Interest charged	12.77	25.19
Interest Income	(1.69)	(1.58)
Dividend Income /Gain on Sale of Investments	(4.28)	(130.55)
Unrealised foreign exchange gain (net)	(94.17)	16.13
Fair value (gain)/ loss on financial instruments at fair value through profit or loss	(1.33)	-
Provision / write off for doubtful trade receivables	0.32	0.56
Sundry balances written off / written Back	0.01	(2.82)
Remeasurement of Defined benefit obligations	(1.06)	(11.30)
Loss/(Profit) on sale of Asset	(1.39)	(1.16)
<b>Operating Profit before change in working capital</b>	<b>1,478.39</b>	<b>1,196.92</b>
<b>Working capital changes:</b>		
(Increase) In Inventories	(243.60)	(181.78)
(Increase) / Decrease In Trade Receivables	379.20	(219.03)
(Increase) In Other Assets	(143.48)	(1.52)
Increase / (Decrease) In Trade Payables	126.08	(82.18)
Increase / (Decrease) In Other Liabilities	104.20	(3.55)
Increase In Provisions	24.96	27.67
<b>Cash generated from operations</b>	<b>1,725.75</b>	<b>736.54</b>
Direct taxes paid (Net of refunds)	(240.45)	(196.79)
<b>Net Cash inflow from Operating Activities (A)</b>	<b>1,485.30</b>	<b>539.75</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Asset	0.27	0.60
Interest received	1.69	1.58
Dividend /Gain on Sale of Investments received	4.28	130.55
Purchase of property, plant & equipments, intangible assets and Capital Advance	(601.14)	(628.19)
Investment in Subsidiary	(145.00)	(326.86)
(Purchase)/ sale of current investments (net)	(185.64)	-
<b>Net Cash inflow from Investing Activities (B)</b>	<b>(925.55)</b>	<b>(822.31)</b>

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ In Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of QIP (net of expenses)	734.08	-
Proceeds from borrowings	-	378.02
Repayment of borrowings	(379.27)	(200.00)
Net increase / (decrease) in working capital demand loans	(800.02)	440.06
Payment of lease liabilities	(18.19)	(17.11)
Increase in Restricted Bank Balances other than Cash & Cash Equivalents	(0.09)	(0.02)
Dividends paid (including distribution tax)	-	(325.97)
Interest and other finance costs (including borrowing cost capitalised)	(70.11)	(108.85)
<b>Net Cash inflow from Financing Activities (C)</b>	<b>(533.61)</b>	<b>166.13</b>
<b>I Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>26.15</b>	<b>(116.43)</b>
II. a) Cash and cash equivalents at the beginning of the Year	28.22	144.25
b) Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.93)	0.41
<b>III. Cash and cash equivalents at the end of the Year (I+II)</b>	<b>53.44</b>	<b>28.22</b>
<b>IV. Cash and cash equivalents at the end of the Year</b>		
Balances with Banks	53.18	27.88
Cash on hand	0.26	0.34
<b>Cash and cash equivalents</b>	<b>53.44</b>	<b>28.22</b>

The accompanying notes form an integral part of these Standalone financial statements (note1-29).

As per our report of even date

**For K. C. Mehta & Co.**

Chartered Accountants

Firm Registration No.: 106237W

**Vishal P. Doshi**

Partner

Membership No.: 101533

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

Place : Vadodara

Date : 4<sup>th</sup> May, 2021



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 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 04, 2021.

### 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, 2021 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, 2020.

#### 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, 2021 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.

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

### Functional and Presentation Currency

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

### 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.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Company categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1, for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 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

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

they are required to be treated retrospectively under relevant accounting standards.

In particular, information about significant areas of estimates and judgments 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) & Investment Property

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the company is classified as investment property, measured at cost. 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 recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the net realisable value less cost to sell. Freehold land is carried at historical cost and not depreciated.

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

On transition to Ind AS, the Company has elected to continue with the carrying amount of all its Property, Plant & equipment and Investment Property recognised as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the 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. It includes expenditure directly attributable for setting up of plants yet to commence commercial operation.

Directly attributable expenditure comprises of revenue expenses incurred in connection with project

implementation during the period upto ready for use in the manner as intended by the management and are treated as part of the project costs and capitalised. Such expenses are capitalised only if the project to which they relate, involve substantial expansion of capacity or upgradation.

## 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. Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use.

## 2.08 Intangible Assets under development

Intangible assets consisting of development expenditure of certain products, are evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable.

## 2.09 Impairment of Assets

### Non- Financial Assets

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.

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.



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## Financial Assets

At each balance sheet date, the Company assesses whether a financial asset is to be impaired. Ind AS 109 requires the Company to apply expected credit loss model for recognition and measurement of impairment loss. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

## 2.10 Borrowing Cost

Borrowing costs attributable to the acquisition and/or construction of an qualifying asset, i.e., 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. Cost of purchase is determined on a moving average basis. 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 Financial Instruments

The Company recognises 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 recognises financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognised 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 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.

#### (iii) De-recognition

The company derecognises 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.

##### Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

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.

### **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.

### **- 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.

### **(iii) De-recognition**

A financial liability (or a part of a financial liability) is derecognised 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.

Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised 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 realised within 12 months after the balance sheet date.

## **2.13 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.



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

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 recognised when the right to receive payment is established.

## 2.14 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 as intangible assets under development 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.

## 2.15 Employee benefits

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, and other compensated absences.

### A Long Term Employment 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 recognises 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 recognises these actuarial gains and losses in the statement of Profit and Loss, as income or expense.

### B Short Term Employee Benefits

Short term benefits payable before twelve months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

## 2.16 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
Other Intangible Asset	05 - 08 Years

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

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 amortised 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.

## 2.17 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.

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.

## 2.18 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.



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 2.19 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 recognised 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 recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### b. Deferred tax

Deferred income tax assets and liabilities are recognised 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 realised. 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.

## 2.20 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.

## 2.21 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 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.

## 2.22 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.

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 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>										
Carrying Amount as at 1 <sup>st</sup> April 2019	73.26	20.35	302.64	748.15	240.18	20.74	14.57	6.82	-	1,426.72
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>										
Accumulated Depreciation	-	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>-</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>
<b>Gross carrying amount</b>										
Carrying Amount as at 1 <sup>st</sup> April 2020	81.03	20.35	345.49	878.64	288.17	22.46	15.98	8.77	92.43	1,753.32
Additions/Adjustment	2.25	0.34	59.71	199.84	63.41	1.27	0.61	2.95	7.62	338.01
Disposals	-	-	-	(0.87)	(0.45)	-	-	-	(0.27)	(1.58)
<b>Closing Gross Carrying Amount</b>	<b>83.28</b>	<b>20.70</b>	<b>405.20</b>	<b>1,077.61</b>	<b>351.13</b>	<b>23.73</b>	<b>16.59</b>	<b>11.73</b>	<b>99.78</b>	<b>2,089.75</b>
<b>Accumulated Depreciation</b>										
Accumulated Depreciation	-	11.15	58.14	301.10	82.95	6.09	8.51	3.91	13.37	485.21
Depreciation charge during the year	-	0.24	14.96	87.10	30.98	2.22	1.55	1.79	13.77	152.60
Disposals	-	-	-	(0.58)	(0.26)	-	-	-	(0.06)	(0.90)
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>11.38</b>	<b>73.10</b>	<b>387.62</b>	<b>113.67</b>	<b>8.31</b>	<b>10.06</b>	<b>5.70</b>	<b>27.08</b>	<b>636.92</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2020	81.03	9.21	287.35	577.54	205.22	16.37	7.47	4.86	79.06	1,268.11
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2021</b>	<b>83.28</b>	<b>9.31</b>	<b>332.09</b>	<b>689.99</b>	<b>237.47</b>	<b>15.42</b>	<b>6.53</b>	<b>6.03</b>	<b>72.70</b>	<b>1,452.83</b>

**Note:**

- The Company does not have any restrictions on the title of its property, plant and equipment.
- # Please Refer Note No. 2 (2.17).



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 4 Investment Property : Refer Note No. 29(13)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Free Hold Land</b>		
Carrying Amount	8.35	8.35
Additions	-	-
<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, 2021	As at 31 <sup>st</sup> March, 2020
<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: 1,20,000) equity shares of USD 1 each fully paid up in Alembic Pharmaceuticals Inc.	122.36	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 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 Enviro Infrastructure Company Ltd. (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	822.00	677.00
Secured CY 30,000 (PY: 30,000) of ₹ 1,00,000 Unsecured CY 52,200 (PY: 37,700) 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 5,39,200 (PY 5,39,200) warrants of ₹ 1 each	0.05	0.05
<b>Aggregate amount of unquoted Investments</b>	<b>978.25</b>	<b>833.25</b>

## 6 Inventories (Basis of Valuation - Refer Note 2.11)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Raw Materials	367.93	291.43
Packing Materials	54.43	50.89
Work-in-Progress	66.59	55.43
Finished Goods	709.31	589.06
Stock-in-trade	44.74	47.71
Goods in Transit - Finished Goods	46.87	18.19
- Raw Materials	2.21	0.83
Stores and Spares	24.69	19.64
	<b>1,316.78</b>	<b>1,073.18</b>

### Note:

- (i) Inventories are hypothecated as security for borrowings
- (ii) During the year ended 31.03.2021 the Company recorded inventory write-downs of ₹ 5.51 Crores (PY ₹ 6.57 Crores).

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 7 Investments

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment in Mutual Funds at Fair Value through Profit and Loss		
Mutual Funds (Unquoted)		
Debt Fund*	186.97	-
	<b>186.97</b>	<b>-</b>

\*Investments in mutual funds have been fair valued at closing net asset value (NAV).

## 8 Trade Receivables

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Unsecured, Considered good	407.90	784.11
Trade Receivables which have significant increase in credit Risk	2.36	2.23
Less Allowance for doubtful debts (expected credit loss allowance)	2.36	2.23
	b	-
	(a+b)	-
	<b>407.90</b>	<b>784.11</b>

Receivables are hypothecated as security for borrowings.  
Refer Note No. 29 (7)(J) for related party receivables.

## 9 Cash and Cash Equivalents

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balances with Banks	53.18	27.88
Cash on hand	0.26	0.34
	<b>53.44</b>	<b>28.22</b>

## 10 Bank Balances Other than Cash and Cash Equivalents

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Earmarked Balance with Bank		
Unpaid Dividend Account	5.90	7.12
Margin Money Deposit Account	1.88	1.78
	<b>7.78</b>	<b>8.91</b>

## 11 Other Financial Assets (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security Deposits	8.15	8.49
Fair valuation of Foreign currency derivative contracts	42.94	-
	<b>51.09</b>	<b>8.49</b>

Refer Note No. 29 (7)(J) for related party deposits.



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 12 Other Current Assets (Unsecured, considered good)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance to Employees	4.87	6.83
Advance to Suppliers	35.95	35.57
Pre-paid Expense	27.10	22.36
Balances with Government Authorities	273.29	175.57
	<b>341.21</b>	<b>240.33</b>

## 13 Equity Share Capital

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Authorised		
20,00,00,000 - Equity shares of ₹ 2/- each	<b>40.00</b>	<b>40.00</b>
Shares issued, subscribed and fully paid		
19,65,63,124 (PY 18,85,15,914) - Equity shares of ₹ 2/- each	39.31	37.70
	<b>39.31</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, 2021		As at 31 <sup>st</sup> March, 2020	
	Numbers	₹ in Crs	Numbers	₹ in Crs
At the beginning of the year	18,85,15,914	37.70	18,85,15,914	37.70
Issued, subscribed and paid up during the year	80,47,210	1.61	-	-
Outstanding at the end of the year	19,65,63,124	39.31	18,85,15,914	37.70

The Company through Qualified Institutional Placement (QIP) allotted 80,47,210 equity shares to the eligible Qualified Institutional Buyers (QIBs) at a issue price of ₹ 932/- per equity share (including a premium of ₹ 930 per equity share) aggregating to approximately ₹ 750 crore on 7<sup>th</sup> August, 2020. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (the "SEBI ICDR Regulations"), and Sections 42 and 62 of the Companies Act, 2013, as amended, including the rules made thereunder (the "Issue"). Funds received pursuant to QIP are being utilised towards the object stated in the placement document.

Expenses incurred by the company aggregating to ₹ 15.92 Crores, in connection with QIP have been utilised out of general reserve in March 2021.

### 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, 2021		As at 31 <sup>st</sup> March, 2020	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,58,36,503	28.41%	5,55,51,528	29.47%
2 Nirayu Limited	7,00,35,435	35.63%#	7,00,35,435	37.15%

# Change in only percentage holding due to QIP issue in current year.

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 14 Other Equity

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

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) General Reserve	1,769.77	1,536.06
(b) Securities Premium	748.39	-
(c) Retained Earnings	2,571.77	1,688.92
(d) Debenture Redemption Reserve	125.00	83.33
<b>Total Other Equity</b>	<b>5,214.93</b>	<b>3,308.32</b>

### Nature and purpose of each Reserve

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

**Securities Premium :** Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with provisions of the Companies Act, 2013.

**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.

## 15 Borrowings (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Unsecured</b>		
<b>From Bank</b>		
Term Loan	-	387.53
<b>Non-Convertible debentures</b>	199.89	499.46
	<b>199.89</b>	<b>886.99</b>

### Notes:

- (i) External Commercial Borrowings of \$ 25 million : Interest @ rate 6M LIBOR + 1.25% repaid during the year.
- (ii) Term loan of ₹ 200 Crs : Spread of 1.70% over 1 year G-sec with annual interest reset repaid during the year.
- (iii) Maturity profile and rate of non-convertible debentures are set out as below:

	₹ in Crores				
Effective Rate of Interest	2021-22	2022-23	Total Repayment	Amortised Cost Adjustment	Closing Balance
8.42% to 9.05%	300	200	500	(0.22)	499.78
Current maturities of long-term debt (Note No -21)					(299.88)
Closing Balance					<b>199.89</b>

## 16 Other financial liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Lease Liability (Refer Note No. 29(21))	67.73	73.30
	<b>67.73</b>	<b>73.30</b>



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 17 Provisions (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Provision for Employee Benefits (Refer Note No. 29(5))</b>		
Provision for Leave benefits	43.47	31.20
<b>Provision for Non-Saleable return of goods (Refer Note No. 29(12))</b>	41.26	42.01
	<b>84.73</b>	<b>73.21</b>

## 18 Deferred Tax Liabilities (Net)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Deferred Tax Liabilities</b>		
Depreciation	188.46	160.25
Fair valuation of Investment in mutual funds	0.46	-
a	<b>188.92</b>	<b>160.25</b>
<b>Deferred Tax Assets</b>		
Provision for Expected credit loss	0.82	0.78
MAT Credit Entitlement	112.14	91.57
Intangible Asset	1.10	1.47
Expenses claimed for tax purpose on payment basis	21.76	19.23
Others	6.97	1.45
b	<b>142.80</b>	<b>114.49</b>
(a-b)	<b>46.12</b>	<b>45.76</b>

## 19 Borrowings (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
<b>Secured</b>		
Working Capital Demand Loan	0.02	0.04
First charge on Pari-Passu basis by hypothecation of current assets at interest rate ranging between 7% to 10% repayable on demand		
<b>Unsecured</b>		
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
(Carrying interest rate ranging between 5.50% to 5.98%)		
	<b>0.02</b>	<b>800.04</b>

## 20 Trade Payables

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Due to Micro and Small Enterprises (Refer Note No. 29(3))	15.31	6.72
Others	501.63	386.45
	<b>516.94</b>	<b>393.17</b>

Refer Note No. 29(7) J for Related Party Payables.

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 21 Other Financial Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current maturities of long-term debt (Refer Note No. 15)	299.88	-
Lease Liability (Refer Note No. 29(21))	12.17	9.90
Payables on purchase of property, plant and equipment	32.50	46.24
Interest accrued but not due on borrowings	10.29	10.61
Unpaid dividends	5.90	7.12
Trade Deposits	11.85	11.98
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.05	0.06
Payables for Employee benefits	105.04	54.58
Fair valuation of Foreign currency derivative contracts	-	35.44
	<b>477.69</b>	<b>175.93</b>

## 22 Other Current Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Statutory payable	51.96	39.70
Advance from Customers	23.52	6.49
	<b>75.49</b>	<b>46.19</b>

## 23 Provisions (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Provision for Employee Benefits (Refer Note No. 29(5)&amp;(6))</b>		
Provision for Gratuity	8.37	10.38
Provision for Leave benefits	3.68	2.34
Others	-	4.53
<b>Provision for Non-Saleable return of goods (Refer Note No. 29(12))</b>	39.56	20.91
	<b>51.60</b>	<b>38.17</b>

## 24 Revenue from Operations

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Sale of products</b>		
- Domestic	1,674.23	1,585.86
- Exports	3,260.63	2,433.68
	<b>4,934.86</b>	<b>4,019.53</b>
<b>Other Operating Revenues</b>		
- Export Incentives	91.67	78.80
- Royalty	17.85	20.12
- Miscellaneous	7.05	14.10
	<b>5,051.44</b>	<b>4,132.55</b>



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 25 Other Income

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Dividend	0.00	130.22
Insurance Claims	0.56	1.07
Lease Rent Income (Refer Note No. 29(21)E)	0.40	0.39
Profit on Sales of Assets (net)	1.39	1.16
Profit on Sales of Investment	4.28	0.33
Net gain arising on financial assets measured at fair value through profit or loss	1.33	-
Interest Income	1.69	1.58
Miscellaneous income	0.09	-
	<b>9.73</b>	<b>134.75</b>

## 26 Cost of Material Consumed

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Raw materials and packing materials</b>		
Inventory at the beginning of the year	343.16	346.90
Add : Purchases	1,257.12	974.38
	<b>1,600.28</b>	<b>1,321.28</b>
Less : Inventory at the end of the year	424.57	343.16
	<b>1,175.71</b>	<b>978.13</b>
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>		
Work-in-Progress	66.59	55.43
Finished Goods	756.18	607.25
Stock-in-Trade	44.74	47.71
<b>Inventory at the end of the year</b> a	<b>867.51</b>	<b>710.39</b>
Work-in-Progress	55.43	50.02
Finished Goods	607.25	439.94
Stock-in-Trade	47.71	43.92
<b>Inventory at the beginning of the year</b> b	<b>710.39</b>	<b>533.88</b>
	(b-a)	<b>(157.13)</b>
	<b>(157.13)</b>	<b>(176.50)</b>

## 27 Employee Benefits Expense

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	865.01	732.94
Contribution to Provident and Other funds	52.22	50.27
Staff welfare expense	31.04	23.16
	<b>948.27</b>	<b>806.37</b>

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 28 Other Expenses

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	230.15	228.09
Power and Fuel	109.79	97.43
Manufacturing and Labour Charges	20.09	14.34
Repairs and Maintenance		
Machinery	32.77	30.91
Buildings	10.54	9.63
Others	34.50	8.47
Freight and Forwarding Charges	113.45	73.13
Sales Promotion, Service Fees and Commission	339.68	245.01
Rent (Refer Note No. 29(21))	0.02	0.74
Rates and Taxes	12.88	11.70
Insurance	9.08	5.04
Travelling Expense	105.28	126.12
Communication Expenses	38.14	27.65
Legal & Professional Fees	142.27	102.88
Payment to Auditors (Refer Note No. 29(8))	0.81	0.78
Exchange Difference (net)	(73.79)	(10.73)
Bad Debts written off	0.19	0.48
Less : Bad Debts Provision Utilised	(0.19)	(0.48)
Provision for Doubtful Debts	0.32	0.56
Expenses on CSR Activities (Refer Note No. 29(14))	17.60	13.29
Donation	2.14	0.52
Patent Filing & Registration Fees	56.17	36.30
External Research & Development	25.38	31.65
Miscellaneous Expenses	5.75	23.89
	<b>1,233.03</b>	<b>1,077.40</b>

## 29 Other explanatory Notes to the Standalone Financial Statement

### 1 Earning Per Share (EPS)

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
a) Profit after Tax available for equity shareholders (₹ in Crores)	1,175.39	969.40
b) Weighted Average number of equity shares	19,37,41,089	18,85,15,914
c) Basic and Diluted Earnings per share in ₹ (Face value per share ₹ 2/- each )	60.67	51.42

### 2 Contingent Liabilities, Contingent Asset and Commitments (To The Extent Not Provided For)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
i <b>Estimated amount of contracts net of advances remaining to be executed on capital accounts</b>	231.48	265.31
ii <b>Contingent liabilities</b>		
(a) Letters of credit Guarantees	91.17	185.91
(b) Liabilities Disputed in appeals		
Excise duty	0.24	0.24
Sales Tax	2.52	3.43
(c) Claims against the company not acknowledged as debt	0.35	0.35
(d) Export obligation against advance licence	0.95	-
(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
(f) Disputed cases under Industrial Dispute Act, 1947 and other forums.	Amount not ascertainable	Amount not ascertainable



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 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 ₹ 322.00 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.

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 realisation 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 recognised 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 ₹ 77.05 Crores for the year and accumulated till the year-end of ₹ 204.53 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 have 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, 2021	As at 31 <sup>st</sup> March, 2020
a The principal amount remaining unpaid to any supplier at the end of the year		
- Micro & Small enterprise	15.31	6.72
- Medium enterprise	9.13	6.07
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>24.44</b>	<b>12.79</b>

## 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.

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 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 recognised in the Company's financial statements as at 31<sup>st</sup> March, 2021.

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>i) Change in present value of defined benefit obligation</b>		
Present Value of defined benefit obligation at the beginning of the year	67.29	50.05
Current service cost	12.53	8.65
Interest Cost	4.21	3.34
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	-	6.33
- Due to change in demographic assumption	-	(0.04)
- Due to experience adjustments	4.39	3.05
Benefits paid	(4.51)	(4.08)
Present Value of defined benefit obligation at the end of the year	<b>83.91</b>	<b>67.29</b>
<b>ii) Change in fair value of plan assets</b>		
Fair Value of plan assets at the beginning of the year	56.91	45.98
Expenses deducted from the fund		
Interest Income	3.89	3.36
Return on plan assets excluding amounts included in interest	3.33	(1.97)
Contributions paid by the employer	15.93	13.62
Benefits paid from the fund	(4.51)	(4.08)
Fair Value of plan assets at the end of the year	<b>75.54</b>	<b>56.91</b>
		₹ in Crores
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>iii) Net asset / (liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit obligation at the end of the year	(83.91)	(67.29)
Fair Value of plan assets at the end of the year	75.54	56.91
Amount recognised in the balance sheet	<b>(8.37)</b>	<b>(10.38)</b>
Net Asset / (Liability) recognised - current	(8.37)	(10.38)
		₹ in Crores
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>iv) Expense recognised in the statement of profit and loss for the year</b>		
Current service cost	12.53	8.65
Net interest cost	0.32	(0.02)
Total expenses included in employee benefit expenses	<b>12.85</b>	<b>8.63</b>
<b>v) Recognised in Other Comprehensive Income for the year</b>		
Actuarial changes arising from changes in financial assumptions	-	6.33
Actuarial changes arising from experience adjustment	4.39	3.05
Return on plan assets excluding amounts included in interest income	(3.33)	1.97
Recognised in other comprehensive income	<b>1.06</b>	<b>11.35</b>
<b>vi) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	6.85%
Rate of Salary Increase	5.25%	5.25%
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 (2012-14)
<b>vii) Composition of the plan assets</b>		
Policy of insurance	100%	100%



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## viii) Maturity profile of Defined Benefit Obligation

	₹ in Crores
Cash Flow	As at 31 <sup>st</sup> March, 2021
Year 1	13.65
Year 2	3.75
Year 3	3.75
Year 4	3.94
Year 5	3.86
Year 6 to Year 10 Cash flow	27.46

The future accrual is not considered in arriving at the above cash-flows.

- ix) The Expected contribution for the next year is ₹ 8.37 Crores and the average outstanding term of the obligations (years) as at valuation date is 11.20 years.

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>x) Sensitivity Analysis</b>		
Delta Effect of +0.5% Change in Rate of Discounting	79.77	64.03
Delta Effect of -0.5% Change in Rate of Discounting	88.43	70.85
Delta Effect of +0.5% Change in Rate of Salary Increase	88.47	70.89
Delta Effect of -0.5% Change in Rate of Salary Increase	79.69	63.97
Delta Effect of +101% Change in Rate of Employee Turnover	83.92	67.30
Delta Effect of -101% Change in Rate of Employee Turnover	83.90	67.28

The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognised in the Company's financial statements as at March 31, 2021.

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>i) Change in present value of defined benefit obligation</b>		
<b>Present Value of defined benefit obligation at the beginning of the year</b>	33.54	25.34
Current service cost	4.82	3.70
Interest Cost	2.22	1.79
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	-	3.68
- Due to change in demographic assumption	-	(0.02)
- Due to experience adjustments	6.89	7.39
Benefits paid	(3.37)	(8.34)
Present Value of defined benefit obligation at the end of the year	<b>44.10</b>	<b>33.54</b>

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ii) Net asset / (liability) recognised in the Balance Sheet</b>		
Amount recognised in the balance sheet	(44.10)	(33.54)
Net (Liability) - non current	(40.77)	(31.20)
Net (Liability) recognised - current	(3.33)	(2.34)

## Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>iii) Expense recognised in the statement of profit and loss for the year</b>		
Current service cost	4.82	3.70
Past service cost and loss/(gain) on		
Net interest cost	2.22	1.79
Net value of measurements on the obligation	6.89	11.04
<b>Total Charge to statement of profit and loss</b>	<b>13.93</b>	<b>16.54</b>
<b>iv) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	6.85%
Rate of Salary Increase	5.25%	5.25%
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 (2012-14)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	
Cash Flow		
<b>v) Maturity profile of Defined Benefit Obligation</b>		
Year 1		3.33
Year 2		2.60
Year 3		2.31
Year 4		2.30
Year 5		2.26
Year 6 to Year 10 Cash flow		14.42

The future accrual is not considered in arriving at the above cash-flows.

The average outstanding term of the obligations (years) as at valuation date is 13.48 years.

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>vi) Sensitivity Analysis</b>		
Delta Effect of +0.5% Change in Rate of Discounting	41.58	31.64
Delta Effect of -0.5% Change in Rate of Discounting	46.87	35.63
Delta Effect of +0.5% Change in Rate of Salary Increase	46.90	35.65
Delta Effect of -0.5% Change in Rate of Salary Increase	41.53	31.60
Delta Effect of +101% Change in Rate of Employee Turnover	44.12	33.55
Delta Effect of -101% Change in Rate of Employee Turnover	44.09	33.53

### 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.

### Major risk to the plan

- A. Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: *Adverse Salary Growth Experience*: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. *Variability in mortality rates*: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. *Variability in withdrawal rates*: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

- B. Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- C. Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.
- D. Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- E. Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

## 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. Short fall of ₹ 4.53 Crores has been provided in the previous year. Contribution to Provident fund trust ₹ 22.26 Crores (PY ₹ 15.73 Crores).

## 7 Disclosures in respect of Related Parties transactions

(A) **Controlling Company** Nirayu Limited

(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 Alembic Labs LLC (Formerly Known as Orit Laboratories LLC)	(Subsidiary of Alembic Pharmaceuticals Inc.)
10 Okner Realty LLC	(Subsidiary of Alembic Pharmaceuticals Inc.)

(C) **Associates**

1 Incozen Therapeutics Pvt. Ltd.	(Associate of Alembic Pharmaceuticals Limited)
2 Rhizen Pharmaceuticals AG (Formerly known as Rhizen Pharmaceuticals SA)	(Associate of Alembic Global Holding SA)
3 Dahlia Therapeutics SA	(Subsidiary of Rhizen Pharmaceuticals AG)
4 Rhizen Pharmaceuticals Inc.	(Subsidiary of Rhizen Pharmaceuticals AG)

(D) **Joint Ventures**

1 Alembic Mami SPA	(Joint venture of Alembic Global Holding SA)
2 SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co. Ltd.	(Joint venture of Alembic Global Holding SA)

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

<b>(E) Other Related Parties</b>	
1 Alembic Limited	5 Shreno Publications Limited
2 Shreno Limited	6 Rakshak Services Pvt. Ltd.
3 Paushak Limited	7 Alembic City Limited
4 Viramya Packlight LLP	
<b>(F) Key Management Personnel</b>	
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
<b>(G) Close Member of Key Management Personnel</b>	
1 Mrs. Malika Amin	4 Mrs. Jyoti Patel
2 Mr. Udit Amin	5 Mrs. Ninochaka Kothari
3 Ms. Yera Amin	6 Mrs. Shreya Mukharji

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(H) Key Managerial Personnel Remuneration</b>		
Short Term Employment Benefits	78.28	67.55
Terminal Benefits	2.36	2.19
Other	0.71	0.59

## (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, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(a) Sale of Goods</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Pharmaceuticals Inc.	1,710.40	1,519.62
Alembic Global Holding SA	80.77	166.58
Others	0.01	0.88
<b>Associates</b>	22.41	6.49
<b>Other Related Parties</b>	0.62	0.63
<b>(b) Purchase of Goods</b>		
<b>Controlling Company</b>	0.04	0.02
<b>Other Related Parties</b>		
Alembic Limited	5.78	37.15
Shreno Publications Limited	26.16	24.38
Others	1.64	0.71
<b>(c) Investment made</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Aleor Dermaceuticals Limited	145.00	204.50
<b>(d) Share Purchased</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	-	122.36



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ In Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(e) Corporate Guarantee Given</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Pharmaceuticals Inc.	-	37.79
<b>(f) Reimbursement of Expenses Paid</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Pharmaceuticals Inc.	22.77	29.44
Alembic Global Holding SA	7.46	22.31
Others	6.63	2.05
<b>Other Related Parties</b>		
Alembic Limited	3.35	4.33
Others	0.01	0.02
<b>(g) Reimbursement of Expenses Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Aleor Dermaceuticals Limited	0.38	0.09
<b>Associate Companies</b>		
Rhizen Pharmaceuticals AG	1.20	5.55
<b>(h) Rent Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Aleor Dermaceuticals Limited	0.44	0.44
<b>(i) Rent / Lease liability paid</b>		
<b>Other Related Parties</b>		
Alembic Limited	9.06	8.74
Others	0.65	0.63
<b>(j) Guarantee Commission Received</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	0.18	0.10
Alembic Pharmaceuticals Inc.	0.33	0.11
<b>(k) Receiving of Services</b>		
<b>Controlling Company</b>	0.11	0.02
<b>Other Related Parties</b>		
Alembic Limited	17.59	11.08
Rakshak Services Pvt. Ltd.	2.18	-
Others	0.24	0.22
<b>(l) Purchase of Property, Plant and Equipment</b>		
<b>Controlling Company</b>		
Nirayu Limited	10.13	18.89
<b>Other Related Parties</b>		
Paushak Limited	-	2.43
Others	-	0.49
<b>(m) Deposit Given</b>		
<b>Other Related Parties</b>		
Alembic Limited	0.20	-
Alembic City Limited	0.03	-
<b>(n) Deposit Returned</b>		
<b>Other Related Parties</b>		
Shreno Limited	0.02	-
<b>(o) Dividend Paid</b>		
<b>Controlling Company</b>		
Nirayu Limited	-	87.86

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ In Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Other Related Parties</b>		
Alembic Limited	-	86.10
Others	-	20.70
<b>Close Member of Key Management Personnel</b>	-	10.73
<b>Key Management Personnel</b>	-	10.13
<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>	81.35	70.33
<b>(r) Loan Given to</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	37.78	-
<b>(s) Loan repaid by</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	36.85	-
<b>(t) Interest Income</b>		
<b>Subsidiaries including step down subsidiaries</b>		
Alembic Global Holding SA	0.51	-

## (J) Balance Outstanding as at the end of the year

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Receivables ( Unsecured)</b>		
Subsidiaries including step down subsidiaries	309.97	717.14
Associates	8.14	8.35
Controlling Company	-	0.10
Other Related Parties	0.01	0.00
<b>Payables</b>		
Key Management personnel	45.48	37.10
Associates	18.47	-
Other Related Parties	4.59	4.26
Subsidiaries including step down subsidiaries	2.80	-
Controlling Company	0.02	-
<b>Investments (Unsecured)</b>		
Subsidiaries including step down subsidiaries & Associates	978.02	833.02
<b>Corporate Guarantee</b>		
Subsidiaries including step down subsidiaries	204.69	211.69
<b>Deposit Received</b>		
Subsidiaries including step down subsidiaries	0.06	0.06
<b>Deposit Given (Unsecured)</b>		
Other Related Parties	2.70	2.48



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 8 Auditors Fees and Expenses :

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(a) Statutory Auditor:-</b>		
As Auditor	0.22	0.28
In Other Capacity:-		
(i) Other Services		
Limited Review	0.25	0.29
Others*	0.27	0.15
(ii) Reimbursement of expenses	-	0.03
<b>(b) Cost Auditor:-</b>		
As Auditor	0.02	0.02
In Other Capacity:-		
(i) Other Services	0.03	-
(ii) Reimbursement of expenses	0.00	-
<b>(c) Secretarial Auditor:-</b>		
Secretarial Audit Fee	0.03	0.03

\* In addition to above ₹ 0.33 Crore paid related to Qualified Institutional Placement (QIP).

## 9 Income Taxes

### a. Income tax expense

Particulars	₹ in Crores	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Current Tax</b>		
Current tax expense	241.20	198.48
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	(28.67)	(19.39)
(Decrease) increase in deferred tax liabilities	28.67	19.39
<b>Total deferred tax expenses (benefit)</b>	-	-
<b>Total Income tax expenses *</b>	<b>241.20</b>	<b>198.48</b>

\*This excludes tax benefit on other comprehensive income of ₹ 0.19 Crores (PY ₹ 1.98 Crores) and reversal of DTA on intangibles against general reserve of ₹ 0.37 Crores (PY ₹ 0.49 Crores).

### b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Profit before Income tax expense	1,416.60	1,166.79
Tax at the Indian Tax Rate*	495.02	203.86
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	-	(0.00)
Expenditure related to exempt Income		0.01
Provision for debenture redemption	-	(7.28)
Effect of Deductible Tax Expense	0.31	
Net effect of expenses not deductible u/s 32 of Income Tax Act, 1961	(1.72)	
Unused Tax credit/Tax Loss	(128.24)	
Net effect of deduction under Chapter VIA and Section 35	(122.02)	
Effect of income which is not taxable	(2.14)	
Others (including deferred tax)	0.00	1.89
<b>Income Tax Expense</b>	<b>241.20</b>	<b>198.48</b>

\* The applicable Indian tax rate for year ended 31<sup>st</sup> March, 2021 is 34.944% (PY 17.472%).

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## c. Current tax (liabilities)/assets

Particulars	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening balance	8.12	6.74
Income tax paid	240.45	196.79
Current income tax payable for the year	(241.50)	(196.50)
Write back of income tax provision of earlier years	-	1.09
<b>Net current income tax asset/ (liability) at the end</b>	<b>7.06</b>	<b>8.12</b>
Current income tax asset at the end	8.78	8.12
Current income tax liability at the end	(1.72)	-

## d. Unrecognised deferred tax assets

The details of unrecognised deferred tax assets are summarised below:

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Deductible temporary differences, net</b>	<b>134.27</b>	<b>284.36</b>

During the year ended 31 March, 2021, the Company did not recognise deferred tax assets of ₹ 134.27 Crores on account of MAT credit entitlement, as the Company believes that utilisation of same is not probable. The above MAT credit expire at various dates ranging from 2032 through 2035.

**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:

Particulars	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening Balance	528.19	276.57
Incurred during the current year		
a) Borrowing Cost *	66.67	83.21
b) Others	175.63	168.41
<b>Closing balance</b>	<b>770.48</b>	<b>528.19</b>

\* Borrowing cost capitalised in F.Y. 2020-21 @ rate 6 % (PY 7.64%).

## 11 Research and Development Expenses

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Material Consumption	111.80	99.38
Employees Benefit Expenses	173.86	151.32
Utilities	21.04	20.66
Depreciation	32.92	29.07
Others	291.39	273.24
<b>Research and Development Expenses (included in Profit and Loss)</b>	<b>631.01</b>	<b>573.67</b>

## 12 Provision for Non-Saleable return of goods

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balance as at 1<sup>st</sup> April, 2020</b>	62.92	
Increase during the year	45.82	
Reduction during year	(27.92)	
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>80.82</b>	



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 13 Investment Property (Refer Note No 4)

	₹ in Crores
	For the year ended 31 <sup>st</sup> March, 2021
(i) - Amount Recognised in statement of Profit or loss for investment properties Rental Income	0.44
- Direct operating expenses from property that generated rental income	-
(ii) Fair Value (As at 31 <sup>st</sup> March, 2021)	16.26

Estimation of fair value:

We have used the government guideline rates for the purposes of arriving at the fair value of land.

## 14 Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with rules framed thereunder, the Company is required to spend 2% of its average net profits made during the three immediately preceding financial years on the CSR activities. Accordingly, the Company has spent ₹ 17.60 Crores on various CSR activities during the year. The details are provided in Annexure A to the Board's Report. The CSR Committee was constituted as per the provisions of the said Section.

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
a) Gross amount required to be spent by the Company	17.60	13.29
b) Amount spent during the year on		
(i) Construction / acquisition of any asset	0.01	0.04
(ii) On purposes other than (i) above *	17.59	13.25
	<b>17.60</b>	<b>13.29</b>

The Company directly and through Alembic CSR Foundation, Implementing Agency has spent the amount referred in (b) above on CSR activities.

## 15 Financial instruments

### Category of Financial Instrument

Particulars	₹ In Crores			
	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Fair value through profit and loss	Amortised cost	Fair value through profit and loss	Amortised cost
<b>Financial assets</b>				
Investment in Preference shares	-	0.23	-	0.23
Investments in mutual funds	186.97	-	-	-
Trade Receivables	-	407.90	-	784.11
Cash and cash equivalents	-	53.44	-	28.22
Bank balances other than cash and cash equivalents	-	7.78	-	8.91
Derivatives not designated as Hedge	0.91	42.03	-	-
Others	-	8.15	-	8.49
<b>Total</b>	<b>187.88</b>	<b>519.52</b>	-	<b>829.95</b>
<b>Financial liabilities</b>				
Borrowings	-	199.91	-	1,687.03
Trade Payables	-	516.94	-	393.17
Derivatives not designated as Hedge	-	-	8.01	35.44
Other Financial liabilities	-	545.42	-	205.79
<b>Total</b>	-	<b>1,262.27</b>	<b>8.01</b>	<b>2,321.42</b>

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## Fair value measurement hierarchy:

Particulars	₹ In Crores					
	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	Level of input used in			Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investments in mutual funds	-	186.97	-	-	-	-
Derivatives not designated as Hedge	-	0.91	-	-	8.01	-

**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.

Refer Note No 5, 7, 8, 9, 10, 11, 15,16 19,20 & 21.

## 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, Cash and cash equivalents 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, 2021	As at 31 <sup>st</sup> March, 2020
Trade Receivables	407.90	784.11
Allowance for doubtful debts (expected credit loss allowance)	2.36	2.23
Percentage	0.6%	0.3%

### Reconciliation of loss allowance provision – Trade receivables

	₹ in Crores
Loss allowance on April 1, 2019	2.12
Changes in loss allowance	0.11
Loss allowance on March 31, 2020	<b>2.23</b>
Changes in loss allowance	0.13
Loss allowance on March 31, 2021	<b>2.36</b>



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## Cash and cash equivalents

As at the year end the Company held cash and cash equivalents of ₹ 53.44 Crores (PY ₹ 28.22 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.

## Exposure to liquidity risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	₹ In Crores					
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
<b>Non derivative</b>						
Borrowings	0.02	199.89	199.91	800.04	886.99	1,687.03
Trade payables	516.94	-	516.94	393.17	-	393.17
Other financial liabilities	477.69	67.73	545.42	167.92	73.30	241.23
<b>Derivative</b>						
Options contracts	-	-	-	8.01	-	8.01

## 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 business transactions and recognised 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 INR, are as follows:

As at 31 <sup>st</sup> March, 2021	₹ In Crores			
	US Dollars	Euro	Others	Total
<b>Financial assets</b>				
Trade receivables (net)	189.07	71.62	58.85	319.54
Cash and cash equivalents	43.27	-	-	43.27
<b>Financial liabilities</b>				
Trade payables	137.63	12.60	4.70	154.94

As at 31 <sup>st</sup> March, 2020	₹ In Crores			
	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

# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## Sensitivity analysis

For the year ended 31<sup>st</sup> March, 2021 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 ₹ 7.69 Crores (PY ₹ 32.61 Crores). 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 year ended 31<sup>st</sup> March, 2021 every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would insignificantly decrease the Company's interest cost (PY ₹ 1.94 Crores). 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.

## Other Risk

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.

Debt to equity ratio 0.10 times (PY 0.54 times).

Debt to Equity: Debt / Net Worth (Debt : Total Debt (Short term + Long term)).

## Dividend on equity shares

The Board has recommended dividend on Equity Shares at ₹ 14/- per share i.e. 700% for the year ended 31<sup>st</sup> March, 2021 as against the 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 for the financial year 2019-20. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

**18** ₹ 0.49 Crores interest on income tax included in finance cost charged to statement of profit and loss.

## 19 Disaggregation of revenue

The Company is engaged in Pharmaceuticals business considering nature of products, revenue can be disaggregated as API business and Formulation business ₹ 954.13 Crores and ₹ 4,097.31 Crores respectively, and considering Geographical business, revenue can be disaggregated as in India ₹ 1,680.89 Crores and outside India ₹ 3,370.55 Crores.

**20** In Previous year exceptional item related to compensation to National Green Tribunal ₹ 10 Crores.



# Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

## 21 Lease

### A) The following is the movement in lease liabilities

	₹ In Crores
	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as on 1<sup>st</sup> April, 2020</b>	83.20
Additions	7.66
Derecognise	(0.20)
Finance cost accrued during the period	7.43
Payment of lease liabilities	(18.19)
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>79.90</b>

### B) Maturity Analysis of Lease Liabilities

	₹ In Crores
	31 <sup>st</sup> March, 2021
<b>Maturity Analysis - Contractual undiscounted Cash Flows</b>	
Less than one year	18.87
One to five years	72.14
More than five years	12.60
<b>Total Undiscounted Lease Liabilities</b>	<b>103.61</b>
<b>Lease Liabilities included in the Statement of Financial Position</b>	
Non Current	67.73
Current	12.17
<b>Total</b>	<b>79.90</b>

### C) Amount Recognised in the Statement of Profit & Loss

	₹ In Crores
	For the year ended 31 <sup>st</sup> March, 2021
Interest on Lease Liabilities	7.43
Depreciation on Lease Asset	13.77

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 28).

E) As Lessor Operating Lease income on land are recognised in the statement of profit and loss under "Lease Rent Income" in Note 25.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Particulars	₹ in Crores
Less than one year	0.81
One to five years	5.01
More than five years	12.17

## Notes to the Standalone Financial Statements

as on 31<sup>st</sup> March, 2021

### 22 Details of Investment, Loans and Guarantee given to Subsidiaries for business purpose

Name of Company	Nature	₹ in Crores			
		As at 31 <sup>st</sup> March, 2021	Maximum balance during the year	As at 31 <sup>st</sup> March, 2020	Maximum balance during the year
Alembic Global Holding SA	Loan	-	37.78	-	-
Alembic Global Holding SA	Guarantee	73.11	73.11	75.55	75.55
Alembic Pharmaceutical Inc.	Guarantee	131.59	131.59	135.99	135.99
Aleor Dermaceuticals Limited	Investment	822.05	822.05	677.05	677.05

For Investment made kindly refer note no (5) and (7).

**23** 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. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

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

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

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

**Charandeep Singh Saluja**  
 Company Secretary

Place : Vadodara  
 Date : 4<sup>th</sup> May, 2021



# Independent Auditors' 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** ("the Holding Company" or "the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate as referred to in the "Other Matters" Paragraphs 2 and 3, 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 Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive income),

consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred in to sub-paragraphs 2 and 3 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	How our audit addressed the key audit matters
1.	<p><b>Provision for return of non-saleable goods (Expiry, Breakage and Spoilage) in the market in India:</b></p> <p>The Company, under the prevailing trade practice, has an obligation to accept returns of expiry, breakage and spoilage (EBS) products, from the customers in India. This results in deductions to gross amounts invoiced. 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.</p> <p>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.</p>	<p>Our audit procedures consisted of following:</p> <ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the accounting policy in respect of recognition of provision for accrual of EBS estimated in future out of the sales effected during the current period;</li> <li>2. Tested the operating effectiveness of controls over Company's review of recognition of provision of EBS;</li> <li>3. Obtained management's calculations for accruals and assessed management analysis of the historical pattern of accruals to validate management's assumption for creation of such provisions;</li> <li>4. Examined the historical trend of the Company's estimates to assess the assumptions and judgements used by the Company in accrual of provisions.</li> </ol> <p><b>Conclusion:</b> We found that the calculation and estimates to assess the assumptions and Judgements made by the company are appropriate.</p>
2.	Auditors of Aleor Dermaceuticals Limited ("Aleor"), subsidiary company, have reported the following for the key audit matter.	

## Independent Auditors' Report (Contd.)

Sr. No. Key Audit Matters	How our audit addressed the key audit matters
<p><b>Impairment testing of 'Intangible assets under development' (In the case of a Subsidiary Company)</b></p> <p>Impairment testing of "Intangible Assets under development" 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. This is a key audit matter because there is use of significant estimates and judgements by the management which are required for testing the same for impairments.</p>	<p>Principal Audit Procedure:</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 Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis but does not include the consolidated financial statements and our Auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

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 identified above when it becomes available 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.

When we read the information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances & the applicable laws and regulations.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial

performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 its associate are also responsible for



overseeing the financial reporting process of the Group and its associate.

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group and its associate incorporated in India have adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group and its associate 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 associate to express an opinion on the consolidated financial statements. 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 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

1. The comparative financial information of the Group and its associate included in these consolidated financial statements, are based on the previously issued consolidated financial statements for the year ended March 31, 2020 which were audited by the predecessor auditors who, vide their report dated May 22, 2020, expressed an unmodified opinion.

## Independent Auditors' Report (Contd.)

2. We did not audit the financial statements of 3 subsidiaries included in the consolidated financial statements, whose financial statements reflect as follows:

Particulars	(Amount in ₹ Crores)
	Year ended March 31, 2021
Total Assets	1299.46
Total Revenues	2328.31
Total Net profit/(loss) after tax	(40.25)
Total Comprehensive Income	(8.33)
Total Cash Inflow / (Outflow) (net)	1.00

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Certain subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditor under generally accepted auditing standards applicable in their respective country. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. These converted financial statements have been either audited by us or certified by an Independent Chartered Accountant in India appointed by the Company for the specific purpose and have been relied upon by us. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us or based on the report of independent Chartered Accountant as mentioned above.

3. The consolidated financial statements also include the Group's share of net profit / (loss) after tax, and total comprehensive income for year ended March 31, 2021 as mentioned below, in respect of 1 associate, whose financial statements have not been audited by us.

Particulars	(Amount in ₹ Crores)
	Year ended March 31, 2021
Total Net profit after tax	0.36
Total Comprehensive Income	0.36

These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

4. Re: Subsidiary Company, i.e., Aleor Dermaceuticals Limited. (Aleor)

Aleor's auditors have modified their audit opinion on year ended March 31, 2021 as under:

### "Basis for Modified Opinion

As mentioned in Note no. 32(XV) and for the reasons stated therein, the company has measured its financial liability of Non-convertible Redeemable Debentures (NCRD) at cost and not as per amortised cost as mandated by Ind AS 109-Financial Instruments. Had the NCRD been measured at amortised cost, the borrowing cost for the period to be included in the Property, plant and equipment (PPE), intangible assets and qualifying asset Capital Work-in-Progress and Intangible asset under development would be higher by ₹ 5,401.35 lakhs (PY. 4,971.12 lakhs).

Further, the borrowing costs for the period to be recognised as expense would be higher by ₹ 3,936.06 lakhs (PY. 1,613.78 lakhs) on account of borrowing cost attributable to Property, plant and equipment (PPE) and Intangible assets capitalised during the year and accordingly Total Comprehensive Income and shareholders' funds both would have been lower by ₹ 3,936.06 lakhs (PY. ₹ 1,613.78 lakhs) with corresponding effect on Earning Per Share (EPS) of the Company for the Year ended 31<sup>st</sup> March, 2021.

As a result of above, the amount of Property, Plant and Equipment, intangible assets and qualifying assets Capital Work-in-Progress and Intangible asset under development would be higher by ₹ 16,535.19 lakhs (PY. 11,133.84 lakhs) and the corresponding financial liability for the NCRD would have been higher by ₹ 22,085.03 lakhs (PY. ₹ 12,747.62 lakhs)."



Corresponding interest income for the period amounting to ₹ 93.37 Crores (cumulative interest income till date of ₹ 220.85 Crores) has not been recognized by the Holding Company and is considered as a contingent asset in separate financial statements of Holding Company. Further, the said NCRD have been carried at cost in separate financial statements of Holding Company as per Ind AS 27.

On consolidation of financial statements (a) the said investment by Holding Company and financial liability of Subsidiary and (b) borrowing cost of Subsidiary and interest income of Holding Company gets eliminated. Therefore, it does not have any financial impact on the Group's Consolidated Financial results. Our audit opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and on the other financial information of subsidiaries and associate, as noted in "Other Matters" paragraph 2 and 3 above, 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 reports of the other auditors;
  - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;
  - d. in our opinion, the aforesaid consolidated financial statements comply with the Indian 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 March 31, 2021 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies

and its associate company incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- f. with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and its associate incorporated in India 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 Auditors' 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 and based on the consideration of reports of other auditors on separate financial statements, the remuneration paid by the Holding Company, subsidiary company, and its associate incorporated in India to whom section 197 is applicable, to its directors during the year is in accordance with the provisions of section 197 of the Act: and

- h. with respect to the other matters to be included in the Auditors' 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 Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate– Refer Note 34(2) to the consolidated financial statements;
  - ii. the Group and its associate have made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate incorporated in India.

#### For K. C. Mehta & Co.

Chartered Accountants  
Firm's Registration No.106237W

#### Vishal P. Doshi

Partner  
Membership No. 101533  
UDIN: 21101533AAAAAW4936

Place: Vadodara  
Date: May 4, 2021

## Annexure A to the Independent Auditors' Report

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

### Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls with reference to consolidated financial statements of **Alembic Pharmaceuticals Limited** ("the Holding Company" or "the Company"), its subsidiary and its associate which are companies incorporated in India as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary and its associate which are companies incorporated in India 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 ("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 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 Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of Holding Company, its subsidiary and its associate, which are companies incorporated in India 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of 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 consolidated 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 with reference to consolidated financial statements.

### Meaning of Internal Financial Controls with reference to consolidated financial statements

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



### **Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

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

### **Opinion**

In our opinion, the Holding Company, its subsidiary and its associate has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, 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 Matter**

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 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. C. Mehta & Co.**

Chartered Accountants  
Firm's Registration No.106237W

### **Vishal P. Doshi**

Partner  
Membership No. 101533  
UDIN: 21101533AAAAAW4936

Place: Vadodara  
Date: May 4, 2021

# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2021

Particulars	Note No	₹ in Crores	
		As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>I. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	6	1,703.74	1,524.90
(b) Capital work-in-progress		1,944.28	1,574.10
(c) Goodwill	7	-	-
(d) Other Intangible assets	7	85.55	26.94
(e) Intangible assets under development		237.39	272.08
(f) Financial Assets:-			
(i) Investments	8	0.45	0.45
(ii) Investment accounted for using Equity Method	9	48.86	17.17
(g) Other non-current assets	10	110.81	110.66
<b>Total non-current assets</b>		<b>4,131.08</b>	<b>3,526.30</b>
<b>(2) Current Assets</b>			
(a) Inventories	11	1,486.15	1,187.53
(b) Financial Assets			
(i) Investments	12	186.97	-
(ii) Trade receivables	13	348.58	864.75
(iii) Cash and cash equivalents	14	98.06	71.84
(iv) Bank balances other than cash and cash equivalents	15	7.78	8.91
(v) Other financial assets	16	51.62	8.65
(c) Current Tax Assets (Net)	34(10)	16.60	30.98
(d) Other current assets	17	382.14	290.08
<b>Total current assets</b>		<b>2,577.90</b>	<b>2,462.75</b>
<b>TOTAL ASSETS</b>		<b>6,708.98</b>	<b>5,989.05</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	18	39.31	37.70
(b) Other Equity	19	5,088.30	3,181.71
<b>Equity attributable to owners of the Company</b>		<b>5,127.61</b>	<b>3,219.41</b>
<b>Non-controlling interests</b>		<b>(60.64)</b>	<b>(28.96)</b>
<b>Total Equity</b>		<b>5,066.97</b>	<b>3,190.45</b>
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	199.89	886.99
(ii) Other financial liabilities	21	71.54	73.30
(b) Provisions	22	85.52	74.51
(c) Deferred tax liabilities (Net)	23	4.21	12.19
<b>Total non-current liabilities</b>		<b>361.16</b>	<b>1,046.99</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	24	0.02	860.50
(ii) Trade payables	25		
A) Total outstanding dues of Micro and Small enterprises		15.64	7.11
B) Total outstanding dues of others		653.13	618.82
(iii) Other financial liabilities	26	480.72	178.59
(b) Other current liabilities	27	77.19	48.38
(c) Provisions	28	51.99	38.19
(d) Current Tax Liabilities (Net)	34(10)	2.15	-
<b>Total current liabilities</b>		<b>1,280.84</b>	<b>1,751.60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,708.98</b>	<b>5,989.05</b>
The accompanying notes form an integral part of these Consolidated financial statements.	1-34		

As per our report of even date  
**For K. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

Place: Vadodara  
 Date: 4<sup>th</sup> May, 2021

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



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

Particulars	Note No	₹ in Crores	
		For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>I Revenue from Operations</b>	29	5,393.13	4,605.75
<b>II Other Income</b>	30	10.02	4.94
<b>III Total Income</b>		<b>5,403.14</b>	<b>4,610.69</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	31	1,185.35	979.05
Purchase of Stock-in-Trade		265.92	270.93
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	(193.93)	(210.59)
Employee Benefits Expense	32	1,051.17	906.44
Finance Costs	34(15)	16.02	27.16
Depreciation and Amortisation Expense	6 & 7	183.47	157.32
Other Expenses	33	1,527.06	1,436.89
<b>Total Expense (IV)</b>		<b>4,035.06</b>	<b>3,567.22</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>1,368.08</b>	<b>1,043.47</b>
<b>VI Exceptional Items</b>		-	43.65
<b>VII Profit Before Tax (V-VI)</b>		<b>1,368.08</b>	<b>999.82</b>
<b>VIII Tax Expense</b>	34(10)		
(i) Current Tax		255.47	204.57
(ii) Deferred Tax		(9.56)	(4.30)
(iii) Short/Excess Tax Provision		7.41	(1.09)
<b>IX Profit after Tax Before Share of Profit of Associate and Joint Ventures (VII-VIII)</b>		<b>1,114.76</b>	<b>800.64</b>
<b>X Share of Profit/(Loss) of an associate and a joint venture</b>		31.74	0.05
<b>XI Profit for the period before Non controlling Interest (IX+X)</b>		<b>1,146.50</b>	<b>800.70</b>
<b>XII Non- controlling Interest</b>		31.61	28.12
<b>XIII Profit for the period attributable to Owners of the Company</b>		<b>1,178.11</b>	<b>828.82</b>
<b>XIV Other Comprehensive Income</b>			
<b>A</b> Items that will not be reclassified to Profit and Loss			
(i) Re-measurements of post-employment benefit obligations		(1.25)	(11.42)
(ii) Income tax relating to Re-measurements of post-employment benefit obligations		0.19	1.97
		<b>(1.06)</b>	<b>(9.46)</b>
<b>B</b> Items that will be reclassified to Profit or Loss			
(i) Exchange differences in translating the financial statements of a foreign operations		(2.62)	7.64
		<b>(2.62)</b>	<b>7.64</b>
<b>Total Other Comprehensive Income (A+B)</b>		<b>(3.69)</b>	<b>(1.82)</b>
<b>XV Total Comprehensive Income for the year (XI+XIV)</b>		<b>1,142.81</b>	<b>798.88</b>
<b>Other Comprehensive Income for the year Attributable to:</b>			
(i) Non- controlling Interest		(0.08)	(0.05)
(ii) Owners of the Company		(3.61)	(1.77)
<b>Total Comprehensive Income for the year Attributable to:</b>			
(i) Non- controlling Interest		(31.69)	(28.17)
(ii) Owners of the Company		1,174.50	827.05
<b>XVI Earnings per equity share (FV ₹ 2/- per share):</b>			
Basic & Diluted (in ₹)	34(1)	60.81	43.97
The accompanying notes form an integral part of these Consolidated financial statements.	1-34		

As per our report of even date  
**For K. C. Mehta & Co.**  
Chartered Accountants  
Firm Registration No.: 106237W

**Vishal P. Doshi**  
Partner  
Membership No.: 101533

Place: Vadodara  
Date: 4<sup>th</sup> May, 2021

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

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2021

## A. Equity Share Capital

	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, 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>Balance at 1<sup>st</sup> April, 2020</b>		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	80,47,210	1.61
<b>Balance at 31<sup>st</sup> March, 2021</b>	<b>19,65,63,124</b>	<b>39.31</b>

## B. Other Equity - Attributable to owners

Particulars	Reserve & Surplus					OCI Foreign Currency Translation reserve	Attributable to owners of Parent Company	Non- controlling interests	Total
	Capital Reserve	General Reserve	Securities Premium	Debenture Redemption Reserve	Retained earnings				
<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>-</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>-</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>-</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>
<b>Balance at 1<sup>st</sup> April, 2020 (I)</b>	<b>-</b>	<b>1,536.30</b>	<b>-</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>
Other Comprehensive Income	-	-	-	-	(0.99)*	(2.62)	(3.61)	(0.08)	(3.69)
Profit for the period	-	-	-	-	1,178.11	-	1,178.11	(31.61)	1,146.50
<b>Total Comprehensive Income for the year (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,177.12</b>	<b>(2.62)</b>	<b>1,174.50</b>	<b>(31.69)</b>	<b>1,142.81</b>
Issue of share capital	-	-	748.39	-	-	-	748.39	-	748.39
Utilised for QIP expenses	-	(15.92)	-	-	-	-	(15.92)	-	(15.92)
Reversal of Deferred Tax Asset	-	(0.37)	-	-	-	-	(0.37)	-	(0.37)
Provision for debenture redemption	-	-	-	41.67	(41.67)	-	-	-	-
Profit transferred to General Reserve	-	250	-	-	(250)	-	-	-	-
<b>Transaction for the year (III)</b>	<b>-</b>	<b>233.71</b>	<b>748.39</b>	<b>41.67</b>	<b>(291.67)</b>	<b>-</b>	<b>732.10</b>	<b>-</b>	<b>732.10</b>
<b>Balance at 31<sup>st</sup> March, 2021 (I+II+III)</b>	<b>-</b>	<b>1,770.01</b>	<b>748.39</b>	<b>125.00</b>	<b>2,424.10</b>	<b>20.80</b>	<b>5,088.30</b>	<b>(60.64)</b>	<b>5,027.66</b>

### Note:

\* Represents remeasurements of the defined plans.

The accompanying notes are an integral part of the Consolidated financial statements (note1-34).

As per our report of even date  
**For K. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

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

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

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

**Charandeep Singh Saluja**  
 Company Secretary

Place: Vadodara  
 Date: 4<sup>th</sup> May, 2021



# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before tax after exceptional item</b>	1,368.08	999.82
Adjustments for:		
Depreciation and amortisation	183.47	157.32
Interest charged	16.02	27.16
Interest Income	(1.58)	(1.73)
Dividend Income / Gain on Sales of Investments	(4.96)	(0.93)
Unrealised foreign exchange gain (net)	(93.88)	15.95
Fair value (gain)/ loss on financial instruments at fair value through profit or loss	(1.33)	-
Provision / write off for doubtful trade receivables	6.06	8.55
Impairment goodwill and other intangible assets	-	53.71
Impairment in value of investments (net)	-	33.65
Sundry balances written Back (net)	0.01	(2.82)
Remeasurement of Defined benefit obligations	(1.25)	(11.42)
Loss/(Profit) on sale of Asset	(1.39)	(1.16)
<b>Operating Profit before change in working capital</b>	<b>1,469.27</b>	<b>1,278.09</b>
<b>Working capital changes:</b>		
(Increase) In Inventories	(298.62)	(220.27)
(Increase)/Decrease In Trade Receivables	510.93	(358.26)
(Increase) In Other Assets	(146.19)	(18.95)
Increase /(Decrease) In Trade Payables	45.27	(21.11)
Increase /(Decrease) In Other Liabilities	103.35	(2.52)
Increase In Provisions	24.80	28.27
<b>Cash generated from operations</b>	<b>1,708.82</b>	<b>685.24</b>
Direct taxes paid (Net of refunds)	(245.44)	(236.11)
<b>Net Cash inflow from Operating Activities (A)</b>	<b>1,463.38</b>	<b>449.13</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Asset	0.27	0.60
Interest received	1.58	1.73
Dividend /Gain on Sale of Investments received	4.96	0.93
Purchase of Property, Plant & Equipments, intangible assets and Capital Advance	(659.51)	(734.89)
Investment in Associate / Joint Venture	(0.46)	-
(Purchase)/ sale of current investments (net)	(185.64)	-
<b>Net Cash inflow from Investing Activities (B)</b>	<b>(838.81)</b>	<b>(731.63)</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of QIP (net of expenses)	734.08	-
Proceeds from borrowings	-	378.02
Repayment of borrowings	(379.27)	(200.00)
Net increase / (decrease) in working capital demand loans	(860.48)	431.37
Payment of lease liabilities	(18.72)	(17.49)
Increase in Restricted Bank Balances other than Cash & Cash Equivalents	(0.09)	(0.02)
Dividends paid (including distribution tax)	-	(325.97)
Interest and other finance costs (including borrowing cost capitalised)	(72.94)	(111.06)
<b>Net Cash inflow from Financing Activities (C)</b>	<b>(597.43)</b>	<b>154.85</b>
<b>I Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>27.15</b>	<b>(127.64)</b>
II. a) Cash and cash equivalents at the beginning of the Year	71.84	199.07
b) Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.93)	0.41
c) Effect of Fair Value change of Investment Held for Trading	-	-
<b>III. Cash and cash equivalents at the end of the Year (I+II)</b>	<b>98.06</b>	<b>71.84</b>
<b>IV. Cash and cash equivalents at the end of the Year</b>		
Balances with Banks	97.80	71.48
Cash on hand	0.26	0.36
<b>Cash and cash equivalents</b>	<b>98.06</b>	<b>71.84</b>

The accompanying notes are an integral part of the Consolidated financial statements (note1-34).

As per our report of even date

**For K. C. Mehta & Co.**

Chartered Accountants

Firm Registration No.: 106237W

For and on behalf of the Board

**Chirayu Amin**

Chairman & CEO

DIN: 00242549

**Pareesh Saraiya**

Director

DIN: 00063971

**Vishal P. Doshi**

Partner

Membership No.: 101533

**R. K. Baheti**

Director Finance & CFO

DIN: 00332079

**Charandeep Singh Saluja**

Company Secretary

Place: Vadodara

Date: 4<sup>th</sup> May, 2021



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 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 4<sup>th</sup> May, 2021.

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, 2021.

## 2 Significant accounting policies

### Statement of compliance

The Group has prepared its consolidated financial statements for the year ended 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2020.

### 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.

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# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 3 Companies Included in Consolidation:

Name	Country of Incorporation	Nature	Proportion of Ownership Interest as on 31 <sup>st</sup> March, 2021
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. Ltd.	India	Associate	50% shareholding of APL
Alembic Pharmaceuticals Australia Pty Ltd	Australia	Subsidiary	
Alembic Pharmaceuticals Europe Limited	Malta	Subsidiary	
Alnova Pharmaceuticals SA	Switzerland	Subsidiary	100% subsidiary of AGH SA
Alembic Pharmaceuticals Canada Ltd	Canada	Subsidiary	
Genius LLC	Ukraine	Subsidiary	
Alembic Labs LLC (Formerly Known as 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
SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co Ltd	Shanghai	Joint Venture	44% shareholding of AGH SA
Rhizen Pharmaceuticals AG (RP AG) (Formerly known as Rhizen Pharmaceuticals SA)	Switzerland	Associate	50% shareholding of AGH SA
Dahlia Therapeutics SA	Switzerland		
Rhizen Pharmaceuticals Inc	USA	Subsidiary of Associate	100% subsidiary of RP AG

## 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. 85.

## 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, 2021

## 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>										
Carrying Amount as at 1 <sup>st</sup> April 2019	83.00	20.35	310.31	753.32	240.18	21.14	14.57	6.92	-	1,449.78
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>										
Depreciation charge during the year	-	10.92	44.91	225.69	55.12	4.97	6.88	2.89	-	351.38
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>
<b>Gross Carrying amount</b>										
Carrying Amount as at 1 <sup>st</sup> April 2020	90.89	20.35	448.65	1,023.93	288.17	28.75	16.06	10.83	92.43	2,020.06
Additions	2.25	0.34	60.00	203.77	63.41	2.23	0.61	2.97	11.50	347.09
Disposals	-	-	-	(0.87)	(0.45)	-	-	-	(0.27)	(1.58)
Foreign Exchange Adjustments	(0.05)	-	(0.28)	1.33	-	0.01	-	0.00	-	1.01
<b>Closing Gross Carrying Amount</b>	<b>93.09</b>	<b>20.70</b>	<b>508.37</b>	<b>1,228.16</b>	<b>351.13</b>	<b>30.99</b>	<b>16.67</b>	<b>13.81</b>	<b>103.67</b>	<b>2,366.58</b>
<b>Accumulated Depreciation</b>										
Depreciation charge during the year	-	11.15	60.22	308.13	82.95	6.66	8.51	4.16	13.37	495.16
Disposals	-	-	-	(0.58)	(0.26)	-	-	-	(0.06)	(0.90)
Foreign Exchange Adjustments	-	-	(0.03)	(0.03)	-	(0.01)	-	(0.01)	-	(0.08)
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>11.38</b>	<b>78.21</b>	<b>406.36</b>	<b>113.67</b>	<b>9.50</b>	<b>10.07</b>	<b>6.34</b>	<b>27.31</b>	<b>662.84</b>
Net Carrying Amount as at 1 <sup>st</sup> April, 2020	90.89	9.21	388.43	715.80	205.22	22.09	7.55	6.67	79.06	1,524.90
<b>Net Carrying Amount as at 31<sup>st</sup> March, 2021</b>	<b>93.09</b>	<b>9.31</b>	<b>430.16</b>	<b>821.79</b>	<b>237.47</b>	<b>21.49</b>	<b>6.60</b>	<b>7.46</b>	<b>76.36</b>	<b>1,703.74</b>

### Note:

- The Company does not have any restrictions on the title of its property, plant and equipment.
- # Please Refer Note No. 2 (2.17).

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 7 Goodwill and Other Intangible Assets

₹ in Crores

Particulars	Goodwill		Other Intangible Assets	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Carrying Amount</b>	6.10	4.20	106.26	68.58
Addition	-	1.51	73.43	31.30
Foreign Exchange Adjustments	-	0.39	-	6.38
<b>Closing Gross Carrying Amount</b>	<b>6.10</b>	<b>6.10</b>	<b>179.69</b>	<b>106.26</b>
Accumulated Amortisation	(6.10)	(0.60)	(79.32)	(12.14)
Amortisation expense	-	(0.43)	(14.81)	(13.15)
Impairment	-	(4.69)	-	(49.02)
Foreign Exchange Adjustments	-	(0.39)	-	(5.01)
<b>Closing Accumulated Amortisation</b>	<b>(6.10)</b>	<b>(6.10)</b>	<b>(94.13)</b>	<b>(79.32)</b>
<b>Net Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>85.55</b>	<b>26.94</b>

## 8 Non-Current Financial Investment

₹ in Crores

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<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 Enviro Infrastructure Company Ltd. (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, 2021	As at 31 <sup>st</sup> March, 2020
<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	1.61	1.68
Add: Share in Profit / (loss) for the period	0.36	(0.07)
<b>a</b>	<b>1.97</b>	<b>1.61</b>
62,000 (PY: 62,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals AG (Including ₹ 14.18 Crores Good will)	15.56	14.13
Add: Share in Profit / (loss) for the period	31.38	0.12
Add: Impact of Foreign Currency translations	(0.50)	1.30
<b>b</b>	<b>46.44</b>	<b>15.56</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	36.89	32.50
Add /(Less): Share in Profit / (loss) for the period	-	-
Add/(Less):Provision for Impairment Loss	(36.89)	(33.65)
Add/(Less):Impact of Foreign Currency translations	-	1.15
<b>c</b>	<b>-</b>	<b>-</b>
4,40,000 (PY Nil) equity share of RMB 1 each fully paid up representing 44% of equity in SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co. Ltd.	<b>0.46</b>	<b>-</b>
<b>d</b>	<b>0.46</b>	<b>-</b>
<b>Aggregate amount of unquoted Investments</b>	<b>(a+b+c+d) 48.86</b>	<b>17.17</b>



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 10 Other Non-Current Assets

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Capital Advances	36.70	47.72
Balance with Government Authorities	74.10	62.94
	<b>110.81</b>	<b>110.66</b>

## 11 Inventories

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Raw Materials	382.05	293.26
Packing Materials	58.70	52.19
Work-in-Progress	66.80	55.43
Finished Goods	883.88	674.29
Stock-in-trade	14.43	72.42
Goods in Transit - Finished Goods	49.15	18.19
- Raw Materials	2.21	0.83
Stores and Spares	28.93	20.93
	<b>1,486.15</b>	<b>1,187.53</b>

### Note:

Out of above Inventories of Alembic Pharmaceuticals Limited are hypothecated as security for borrowings.

## 12 Investments

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Investment in Mutual Funds at Fair Value through Profit and Loss		
Mutual Funds (Unquoted)		
Debt Fund*	186.97	-
	<b>186.97</b>	<b>-</b>

\*Investments in mutual funds have been fair valued at closing net asset value (NAV).

## 13 Trade Receivables

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Unsecured, Considered good	348.58	864.75
Trade Receivables which have significant increase in credit Risk	a 25.10	19.89
Less: Allowance for doubtful debts (expected credit loss allowance)	25.10	19.89
	b -	-
	(a+b) <b>348.58</b>	<b>864.75</b>

### Note:

Out of above Receivables of Alembic Pharmaceuticals Limited are hypothecated as security for working capital borrowings. Refer Note No 34(8)(l) for related party receivables.

## 14 Cash and Cash Equivalents

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balances with Banks	97.80	71.48
Cash on hand	0.26	0.36
	<b>98.06</b>	<b>71.84</b>

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 15 Bank Balances Other than Cash and Cash Equivalents

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Earmarked Balance with Bank		
Unpaid Dividend Account	5.90	7.12
Margin Money Deposit Account	1.88	1.78
	<b>7.78</b>	<b>8.91</b>

## 16 Other Financial Assets (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Security Deposits	8.68	8.65
Fair valuation of Foreign currency derivative contracts	42.94	-
	<b>51.62</b>	<b>8.65</b>

Refer Note No34(8)(I) for related party deposits.

## 17 Other Current Assets (Unsecured, considered good)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance to Employees	5.38	7.84
Advance to Suppliers	63.49	78.44
Pre-paid Expense	35.73	28.10
Balances with Government Authorities	277.55	175.70
	<b>382.14</b>	<b>290.08</b>

## 18 Equity Share Capital

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Authorised		
20,00,00,000 - Equity shares of ₹ 2/- each	<b>40.00</b>	<b>40.00</b>
Shares issued, subscribed and fully paid		
19,65,63,124 (PY 18,85,15,914) - Equity shares of ₹ 2/- each	39.31	37.70
	<b>39.31</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, 2021		As at 31 <sup>st</sup> March, 2020	
	Numbers	₹ in Crores	Numbers	₹ in Crores
At the beginning of the year	18,85,15,914	37.70	18,85,15,914	37.70
Issued, subscribed and paid up during the year	80,47,210	1.61	-	-
Outstanding at the end of the year	19,65,63,124	39.31	18,85,15,914	37.70

The Company through Qualified Institutional Placement (QIP) allotted 80,47,210 equity shares to the eligible Qualified Institutional Buyers (QIBs) at a issue price of ₹ 932/- per equity share (including a premium of ₹ 930 per equity share) aggregating to approximately ₹ 750 Crores on 7<sup>th</sup> August, 2020. The issue was made in accordance with the SEBI (Issue of



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

Capital and Disclosure Requirements) Regulations, 2018 as amended (the "SEBI ICDR Regulations"), and Sections 42 and 62 of the Companies Act, 2013, as amended, including the rules made thereunder (the "Issue"). Funds received pursuant to QIP are being utilised towards the object stated in the placement document.

Expenses incurred by the company aggregating to ₹ 15.92 Crores, in connection with QIP have been utilised out of general reserve in March 2021.

## 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, 2021		As at 31 <sup>st</sup> March, 2020	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,58,36,503	28.41%	5,55,51,528	29.47%
2 Nirayu Limited	7,00,35,435	35.63%#	7,00,35,435	37.15%

# Change in only percentage holding due to QIP issue in current year.

## 19 Other Equity

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

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) General Reserve	1,770.01	1,536.30
(b) Securities Premium	748.39	-
(c) Retained Earnings	2,424.10	1,538.64
(d) Debenture Redemption Reserve	125.00	83.33
(e) Foreign Currency Translation Reserve	20.80	23.43
<b>Total Other Equity</b>	<b>5,088.30</b>	<b>3,181.71</b>

### Nature and purpose of each Reserve

**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.

**Securities Premium:** Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the 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.

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 20 Borrowings (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Unsecured</b>		
<b>From Banks</b>		
Term Loan	-	387.53
<b>Non-Convertible debentures</b>	199.89	499.46
	<b>199.89</b>	<b>886.99</b>

- (i) External Commercial Borrowings of \$ 25 Million: Interest @ rate 6M LIBOR + 1.25% prepaid during the year.  
(ii) Term loan of ₹ 200 Crores: Spread of 1.70% over 1 year G-sec with annual interest reset prepaid during the year.  
(iii) Maturity profile and rate of non-convertible debentures are set out as below:

	₹ in Crores				
Effective Rate of Interest	2021-22	2022-23	Total Repayment	Amortised cost adjustment	Closing balance
8.42% to 9.05%	300	200	500	(0.22)	499.78
Current maturities of long-term debt (Note No -26)					(299.88)
Closing Balance					<b>199.89</b>

## 21 Other financial liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Lease Liability (Refer Note No. 34(21))	71.54	73.30
	<b>71.54</b>	<b>73.30</b>

## 22 Provisions (Non-Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Provision for Employee Benefits (Refer Note No. 34(4))</b>		
-Provision for Gratuity	-	0.77
-Provision for Leave benefits	44.26	31.73
<b>Provision for Non-Saleable return of goods (Refer Note No. 34(14))</b>	41.26	42.01
	<b>85.52</b>	<b>74.51</b>

## 23 Deferred Tax Liabilities (Net)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Deferred Tax Liabilities</b>		
Depreciation	188.46	160.25
Fair valuation of Investment in mutual funds	0.46	-
	<b>188.92</b>	<b>160.25</b>
<b>Deferred Tax Assets</b>		
Provision for Expected credit loss	0.82	0.78
MAT Credit Entitlement	112.14	91.57
Intangible Asset	1.10	1.47
Expenses claimed for tax purpose on payment basis	21.76	19.23
Others	48.89	35.02
	<b>184.71</b>	<b>148.06</b>
	<b>(a-b)</b>	<b>4.21</b>



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 24 Borrowings (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
<b>Secured</b>		
Working Capital Demand Loan	0.02	0.04
First charge on Pari-Passu basis by hypothecation of current assets 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
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
(Carrying interest rate ranging between 5.50% to 5.98%)		
	<b>0.02</b>	<b>860.50</b>

## 25 Trade Payables

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Due to Micro and Small Enterprises (Refer Note No. 34(13))	15.64	7.11
Others	653.13	618.82
	<b>668.77</b>	<b>625.93</b>

Refer Note No34(8)(l) for related party payables.

## 26 Other Financial Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current maturities of long-term debt (Refer Note No. 20)	299.88	-
Lease Liability (Refer Note No. 34(21))	12.28	9.90
Payables on purchase of property, plant and equipment	33.68	46.64
Interest accrued but not due on borrowings	10.29	10.78
Unpaid dividends	5.90	7.12
Trade Deposits	11.86	11.98
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.05	0.06
Payables for Employee benefits	106.77	56.68
Fair valuation of Foreign currency derivative contracts	-	35.44
	<b>480.72</b>	<b>178.59</b>

## 27 Other Current Liabilities

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Statutory payable	53.66	41.89
Advance from Customers	23.52	6.49
	<b>77.19</b>	<b>48.38</b>

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 28 Provisions (Current)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Provision for Employee Benefits (Refer Note No. 34(4)&amp;(5))</b>		
Provision for Gratuity	8.72	10.39
Provision for Leave benefits	3.71	2.37
Others	-	4.53
<b>Provision for Non-Saleable return of goods (Refer Note No. 34(14))</b>	39.56	20.91
	<b>51.99</b>	<b>38.19</b>

## 29 Revenue from Operations

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Sale of products</b>		
- Domestic	1,674.22	1,585.86
- Exports	3,602.00	2,906.12
	<b>5,276.22</b>	<b>4,491.97</b>
<b>Other Operating Revenues</b>		
- Export Incentives	91.98	78.98
- Royalty	17.87	20.85
- Miscellaneous	7.07	13.95
	<b>5,393.13</b>	<b>4,605.75</b>

## 30 Other Income

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Dividend	0.00	0.01
Insurance Claims	0.56	1.10
Lease Rent Income	0.02	0.02
Profit /(Loss) on Sales of Assets	1.39	1.16
Profit On Sales Of Investment	4.95	0.92
Net gain arising on financial assets measured at fair value through profit or loss	1.33	-
Interest Income	1.58	1.73
Miscellaneous income	0.18	-
	<b>10.02</b>	<b>4.94</b>

## 31 Cost of Material Consumed

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Raw materials and packing materials</b>		
Inventory at the beginning of the year	346.28	346.90
Add: Purchases	1,282.03	978.43
	<b>1,628.31</b>	<b>1,325.34</b>
Less: Inventory at the end of the year	442.96	346.28
	<b>1,185.35</b>	<b>979.05</b>
<b>Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>		
Work-in-Progress	66.80	55.43
Finished Goods	933.02	692.48
Stock-in-Trade	14.43	72.42
<b>Inventory at the end of the year</b>	<b>1,014.25</b>	<b>820.32</b>



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Work-in-Progress	55.43	50.02
Finished Goods	692.48	457.37
Stock-in-Trade	72.42	102.34
<b>Inventory at the beginning of the year</b>	<b>820.32</b>	<b>609.74</b>
	b	
	(b-a)	<b>(210.59)</b>

## 32 Employee Benefits Expense

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Salaries and Wages	966.16	831.77
Contribution to Provident and other funds	53.58	50.89
Staff welfare expense	31.43	23.78
	<b>1,051.17</b>	<b>906.44</b>

## 33 Other Expenses

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	241.54	257.16
Power and Fuel	118.72	102.40
Manufacturing and Labour Charges	22.39	17.56
Repairs and Maintenance		
Machinery	35.42	32.10
Buildings	10.93	10.08
Others	36.52	8.87
Freight and Forwarding Charges	185.71	133.17
Sales Promotion, Service Fees and Commission	510.54	398.02
Rent (Refer Note No. 34(21))	1.62	2.29
Rates and Taxes	13.97	12.60
Insurance	12.77	7.50
Travelling Expense	107.63	131.80
Communication Expenses	49.00	36.91
Legal & Professional Fees	145.49	109.32
Payment to Auditors (Refer Note No. 34(9))	1.40	1.39
Exchange Difference (net)	(77.28)	(8.46)
Impairment of goodwill and other intangible assets	-	53.71
Bad Debts written off	0.19	0.48
Less: Bad Debts Provision Utilised	(0.19)	(0.48)
Provision for Doubtful Debts	6.06	8.55
Expenses on CSR Activities	17.60	13.29
Donation	2.69	0.52
Patent Filing & Registration Fees	52.14	38.01
External Research & Development	25.38	42.64
Miscellaneous Expenses	6.80	27.46
	<b>1,527.06</b>	<b>1,436.89</b>





# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

₹ 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>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	(2.29%)	(115.80)	(1.73%)	(20.38)	92.82%	(3.35)	(2.02%)	(23.73)
	<b>100.0%</b>	<b>5,066.97</b>	<b>100.0%</b>	<b>1,178.11</b>	<b>100.0%</b>	<b>(3.61)</b>	<b>100.0%</b>	<b>1,174.50</b>

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 total comprehensive income	Amount
<b>Parent:</b>								
Alembic Pharmaceuticals Limited	104.88%	3,346.02	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	1.75%	55.88	0.74%	6.15	(117.80%)	2.08	1.00%	8.24
(wholly owned subsidiary of Alembic Pharmaceuticals Limited)								
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>3,190.45</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, 2021

### 4 Defined benefit plans / compensated absences - As per actuarial valuation

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31<sup>st</sup> March, 2021

	₹ in Crores		
	Funded		Non Funded
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2020
<b>i) Change in present value of defined benefit obligation</b>			
Present Value of defined benefit obligation at the beginning of the year	68.07	50.05	0.36
Current service cost	12.89	8.65	0.26
Interest Cost	4.26	3.34	0.03
Components of actuarial gain/losses on obligations:			
-Due to Change in financial assumptions	-	6.33	0.05
-Due to change in demographic assumption	-	(0.04)	(0.00)
-Due to experience adjustments	4.55	3.05	0.07
Benefits paid	(4.71)	(4.08)	-
Present Value of defined benefit obligation at the end of the year	<b>85.06</b>	<b>67.29</b>	<b>0.77</b>
<b>ii) Change in fair value of plan assets</b>			
Fair Value of plan assets at the beginning of the year	56.91	45.98	-
Expenses deducted from the fund			
Interest Income	3.92	3.36	-
Return on plan assets excluding amounts included in interest	3.30	(1.97)	-
Contributions paid by the employer	16.73	13.62	-
Benefits paid from the fund	(4.51)	(4.08)	-
Fair Value of plan assets at the end of the year	<b>76.34</b>	<b>56.91</b>	<b>-</b>

	₹ in Crores		
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020
<b>iii) Net asset / (liability) recognised in the Balance Sheet</b>			
Present Value of defined benefit obligation at the end of the year	(85.06)	(67.29)	(0.77)
Fair Value of plan assets at the end of the year	76.34	56.91	-
Amount recognised in the balance sheet	<b>(8.72)</b>	<b>(10.38)</b>	<b>(0.77)</b>
Net Liability - non current	-	-	(0.77)
Net Asset / (Liability) recognised - current	(8.72)	(10.38)	(0.00)

	₹ in Crores		
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2020
<b>iv) Expense recognised in the statement of profit and loss for the year</b>			
Current service cost	12.89	8.65	0.26
Net interest cost	0.35	(0.02)	0.03
Total expenses included in employee benefit expenses	<b>13.23</b>	<b>8.63</b>	<b>0.29</b>
<b>v) Recognized in Other Comprehensive Income for the year</b>			
Actuarial changes arising from changes in financial assumptions	-	6.33	0.05
Actuarial changes arising from experience assumptions	4.55	3.05	0.07
Return on plan assets excluding amounts included in interest income	(3.30)	1.97	-
Recognized in other comprehensive income	<b>1.25</b>	<b>11.35</b>	<b>0.12</b>
<b>vi) Actuarial Assumptions</b>			
Rate of Discounting	6.85%	6.85%	6.85%
Rate of Salary Increase	in range of 4.75% to 5.25%	5.25%	4.75%



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ in Crores		
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2020
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
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
<b>vii) Composition of the plan assets</b>			
Policy of insurance	100%	100%	

## viii) Maturity profile of Defined Benefit Obligation

	₹ in Crores	
	Funded	
	As at 31 <sup>st</sup> March, 2021	
Cash Flow		
Year 1		13.66
Year 2		3.78
Year 3		3.80
Year 4		3.99
Year 5		3.92
Year 6 to Year 10 Cash flow		27.76
The future accrual is not considered in arriving at the above cash-flows.		
Expected Contribution for the Next year (₹ in Crores)		8.72
Average Outstanding Terms of obligation (years)		15.50

	₹ in Crores		
	Funded		Non Funded
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2020
<b>ix) Sensitivity Analysis</b>			
Delta Effect of +0.5% Change in Rate of Discounting	80.84	64.03	0.72
Delta Effect of -0.5% Change in Rate of Discounting	89.67	70.85	0.83
Delta Effect of +0.5% Change in Rate of Salary Increase	89.70	70.89	0.83
Delta Effect of -0.5% Change in Rate of Salary Increase	80.77	63.97	0.72
Delta Effect of +101% Change in Rate of Employee Turnover	85.08	67.30	0.78
Delta Effect of -101% Change in Rate of Employee Turnover	85.04	67.28	0.77

The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognised in the Company's financial statements as at 31<sup>st</sup> March, 2021

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>i) Change in present value of defined benefit obligation</b>		
<b>Present Value of defined benefit obligation at the beginning of the year</b>	34.10	25.71
Current service cost	5.06	3.86
Interest Cost	2.25	1.82
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	-	3.72
- Due to change in demographic assumption	-	(0.02)
- Due to experience adjustments	7.08	7.40
Benefits paid	(3.56)	(8.38)
<b>Present Value of defined benefit obligation at the end of the year</b>	<b>44.93</b>	<b>34.10</b>

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ii) Net asset / (liability) recognised in the Balance Sheet</b>		
Amount recognised in the balance sheet	(44.93)	(34.10)
Net (Liability) - non current	(41.56)	(31.73)
Net (Liability) recognized - current	(3.37)	(2.37)

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>iii) Expense recognised in the statement of profit and loss for the year</b>		
Current service cost	5.06	3.86
Past service cost and loss/(gain) on		
Net interest cost	2.25	1.82
Net value of remeasurements on the obligation	7.08	11.09
<b>Total Charge to Profit and Loss</b>	<b>14.39</b>	<b>16.77</b>
<b>iv) Actuarial Assumptions</b>		
Rate of Discounting	6.85%	6.85%
Rate of Salary Increase	In Range of 4.75% to 5.25%	In Range of 4.75% to 5.25%
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 (2012-14)

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	
Cash Flow		
<b>v) Maturity profile of Defined Benefit Obligation</b>		
Year 1		3.37
Year 2		2.63
Year 3		2.35
Year 4		2.34
Year 5		2.29
Year 6 to Year 10 Cash flow		14.62

The future accrual is not considered in arriving at the above cash-flows.

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>vi) Sensitivity Analysis</b>		
Delta Effect of +0.5% Change in Rate of Discounting	42.35	32.16
Delta Effect of -0.5% Change in Rate of Discounting	47.76	36.22
Delta Effect of +0.5% Change in Rate of Salary Increase	47.79	36.25
Delta Effect of -0.5% Change in Rate of Salary Increase	42.30	32.12
Delta Effect of +101% Change in Rate of Employee Turnover	44.95	34.11
Delta Effect of -101% Change in Rate of Employee Turnover	44.91	34.08



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 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.

## Major risk to the plan

- A. Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: *Adverse Salary Growth Experience*: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. *Variability in mortality rates*: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. *Variability in withdrawal rates*: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
- B. Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- C. Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.
- D. Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- E. Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

## 5 Provident Fund

The group is liable for any shortfall, in 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. Short fall of ₹ 4.53 Crores has been provided in the previous year. Contribution to Provident fund ₹ 22.91 Crores (PY ₹ 16 Crores).

## 6 Research and Development Expenses:

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Material Consumption	111.80	99.38
Employees Benefit Expenses	189.75	167.84
Utilities	21.33	20.98
Depreciation	43.67	63.04
Others	303.44	293.58
<b>Total</b>	<b>670.00</b>	<b>644.82</b>

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 7 Operating Segment

Based on the management evaluation in accordance with IND AS "Operating Segments", the Group has only one reportable operating segment i.e. Pharmaceuticals.

	₹ in Crores
<b>Information about products and services revenues</b>	
a) API	954.69
b) Formulations	4,438.43
<b>Information about Geographical Areas</b>	
a) Revenue from External Customers	
In India	1,678.84
Outside India	3,714.29
b) Non-Current Assets	
In India	4,066.85
Outside India	14.91
<b>Information about major customers</b>	
Consolidated Revenue – exceeding 10% from each single external customer.	NIL

## 8 Disclosures in respect of Related Parties transactions

### (A) Controlling Company Nirayu Limited

### (B) Associates

1 Incozen Therapeutics Pvt. Ltd.	(Associate of Alembic Pharmaceuticals Limited)
2 Rhizen Pharmaceuticals AG (Formerly known as Rhizen Pharmaceuticals SA)	(Associate of Alembic Global Holding SA)
3 Dahlia Therapeutics SA	(Subsidiary of Rhizen Pharmaceuticals AG)
4 Rhizen Pharmaceuticals Inc.	(Subsidiary of Rhizen Pharmaceuticals AG)

### (C) Joint Ventures

1 Alembic Mami SPA	(Joint venture of Alembic Global Holding SA)
2 SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co. Ltd.	(Joint venture of Alembic Global Holding SA)

### (D) Other Related Parties

1 Alembic Limited	5 Shreno Publications Limited
2 Shreno Limited	6 Rakshak Services Pvt. Ltd.
3 Paushak Limited	7 Alembic City Limited
4 Viramya Packlight LLP	

### (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 of 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 Mukharji

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(G) Key Managerial Personnel Remuneration</b>		
Short Term Employment Benefits	78.28	67.55
Terminal Benefits	2.36	2.19
Other	0.71	0.59



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## (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, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(a) Sale of Goods</b>		
<b>Associates</b>		
Rhizen Pharmaceutical AG	21.74	6.49
Others	0.67	-
<b>Other Related Parties</b>	0.62	0.63
<b>(b) Purchase of Goods</b>		
<b>Controlling Company</b>	0.04	0.02
<b>Other Related Parties</b>		
Alembic Limited	5.78	37.15
Shreno Publications Limited	26.16	24.38
Others	1.64	0.71
<b>(c) Reimbursement of Expenses Paid</b>		
<b>Other Related Parties</b>		
Alembic Limited	3.35	4.33
Others	0.01	0.02
<b>(d) Reimbursement of Expenses Received</b>		
<b>Associates</b>		
Rhizen Pharmaceuticals AG	1.20	5.55
<b>(e) Rent / Lease liability paid</b>		
<b>Other Related Parties</b>		
Alembic Limited	9.06	8.74
Others	0.65	0.63
<b>(f) Receiving of Services</b>		
<b>Controlling Company</b>	0.11	0.02
<b>Other Related Parties</b>		
Alembic Limited	17.59	11.08
Rakshak Services Pvt. Ltd.	2.18	-
Others	0.24	0.22
<b>(g) Purchase of Property, Plant and Equipment</b>		
<b>Controlling Company</b>		
Nirayu Limited	10.13	18.89
<b>Other Related Parties</b>		
Paushak Limited	-	2.43
Others	-	0.49
<b>(h) Deposit Given</b>		
<b>Other Related Parties</b>		
Alembic Limited	0.20	-
Alembic City Limited	0.03	-
<b>(i) Deposit Returned</b>		
<b>Other Related Parties</b>		
Shreno Limited	0.02	-
<b>(j) Dividend Paid</b>		
<b>Controlling Company</b>		
Nirayu Limited	-	87.86
<b>Other Related Parties</b>		
Alembic Limited	-	86.10
Others	-	20.70
<b>Close Member of Key Management Personnel</b>	-	10.73
<b>Key Management Personnel</b>	-	10.13

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

	₹ in Crores	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(k) Remuneration</b>		
Key Management Personnel	81.35	70.33
Close Member of Key Management Personnel	7.42	5.59

## (l) Balance Outstanding as at the end of the year

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Receivables (Unsecured)</b>		
Associates	8.14	8.35
Controlling Company	-	0.10
Other Related Parties	0.01	-
<b>Payables</b>		
Key Management Personnel	45.48	37.10
Associates	40.40	-
Close Member of Key Management Personnel	-	1.97
Other Related Parties	4.59	4.26
Controlling Company	0.02	-
<b>Deposit Given (Unsecured)</b>		
Other Related Parties	2.70	2.48

## 9 Auditors Fees and Expenses:

	₹ in Crores	
Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(a) Statutory Auditor:-</b>		
As Auditor	0.81	0.88
In Other Capacity:-		
(i) Other Services		
Limited Review	0.25	0.29
Others*	0.27	0.15
(ii) Reimbursement of expenses	-	0.03
<b>(b) Cost Auditor:-</b>		
As Auditor	0.02	0.02
In Other Capacity:-		
(i) Other Services	0.03	-
(ii) Reimbursement of expenses	0.00	-
<b>(c) Secretarial Auditor:-</b>		
Secretarial Audit Fee	0.03	0.03

\* In addition to above ₹ 0.33 Crores paid related to Qualified Institutional Placement (QIP).

## 10 Income Taxes

### a. Income tax expense

	₹ in Crores	
Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Current Tax</b>		
Current tax expense	255.47	204.57
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	(38.23)	(23.69)
(Decrease) increase in deferred tax liabilities	28.67	19.39
<b>Total deferred tax expenses (benefit)</b>	<b>(9.56)</b>	<b>(4.30)</b>
<b>Total Income tax expenses *</b>	<b>245.91</b>	<b>200.27</b>

\*This excludes tax benefit on other comprehensive income of ₹ 0.19 Crores (PY ₹ 1.98 Crores) and reversal of DTA on intangibles against general reserve of ₹ 0.37 Crores (PY ₹ 0.49 Crores).



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	₹ in Crores	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Profit before Income tax expense	1,368.08	999.82
Tax at the Indian Tax Rate*	478.06	174.69
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income		(0.00)
Expenditure related to exempt income		0.01
Provision for debenture redemption		(7.28)
Effect on account of overseas tax	22.53	34.53
Deferred tax		(4.30)
Effect of Deductible Tax Expense	0.31	
Net effect of expenses not deductible u/s 32 of Income Tax Act, 1961	(1.72)	
Unused Tax credit/Tax loss	(128.24)	
Net effect of deduction under Chapter VIA and Section 35	(122.03)	
Effect of income which is not taxable	(2.14)	
Others	(0.86)	2.63
<b>Income Tax Expense</b>	<b>245.91</b>	<b>200.27</b>

\* The applicable Indian tax rate for year ended 31<sup>st</sup> March, 2021 is 34.944% (PY 17.472%).

## c. Current tax (liabilities)/assets

Particulars	₹ in Crores	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Opening balance	30.98	(3.61)
Income tax paid	245.44	236.11
Current income tax payable for the year	(254.55)	(202.61)
Write back of income tax provision of earlier years	(7.41)	1.09
<b>Net current income tax asset/ (liability) at the end</b>	<b>14.45</b>	<b>30.98</b>
Current income tax asset at the end	16.60	30.98
Current income tax liability at the end	(2.15)	-

## d. Unrecognised deferred tax assets

The details of unrecognised deferred tax assets are summarised below:

Particulars	₹ in Crores	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Deductible temporary differences, net	134.27	284.36

During the year ended 31<sup>st</sup> March, 2021, the Company did not recognise deferred tax assets of ₹ 134.27 Crores on account of MAT credit entitlement, as the Company believes that utilisation of same is not probable. The above MAT credit expire at various dates ranging from 2032 through 2035.

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 11 Financial instruments

### Category of Financial Instrument

Particulars	₹ in Crores			
	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	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
Investments in mutual funds	186.97	-	-	-
Trade Receivables	-	348.58	-	864.75
Cash and cash equivalents	-	98.06	-	71.84
Bank balances other than cash and cash equivalents	-	7.78	-	8.91
Derivatives not designated as Hedge	0.91	42.03	-	-
Others	-	8.68	-	8.65
<b>Total</b>	<b>187.88</b>	<b>505.58</b>	<b>-</b>	<b>954.61</b>
<b>Financial liabilities</b>				
Borrowings	-	199.91	-	1,747.49
Trade Payables	-	668.77	-	625.93
Derivatives not designated as Hedge	-	-	8.01	27.43
Other Financial liabilities	-	552.26	-	216.46
<b>Total</b>	<b>-</b>	<b>1,420.95</b>	<b>8.01</b>	<b>2,617.31</b>

### Fair value measurement hierarchy:

Particulars	₹ in Crores					
	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	Level of input used in			Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investments in mutual funds	-	186.97	-	-	-	-
Derivatives not designated as Hedge	-	0.91	-	-	8.01	-

**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.

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 8,12,13,14,15,16,20,21,24,25 & 26



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

- 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:

For the year ended on	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Opening Balance	528.19	276.57
Incurred during the current year		
a) Borrowing Cost *	66.67	83.21
b) Others	175.63	168.41
<b>Closing balance</b>	<b>770.48</b>	<b>528.19</b>

\* Borrowing cost capitalised in F.Y. 2020-21 @ rate 6 % (PY 7.64%).

## 13 Disclosure required under Micro, Small and Medium Enterprise Development Act, 2006

On the basis of confirmation obtained from the supplier who have 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, 2021	As at 31 <sup>st</sup> March, 2020
a The principal amount remaining unpaid to any supplier at the end of the year		
- Micro & Small enterprise	15.64	7.11
- Medium enterprise	9.18	6.07
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>24.82</b>	<b>13.18</b>

## 14 Provision for Non-Saleable return of goods

	₹ in Crores	
	As at 31 <sup>st</sup> March, 2021	
<b>Balance as at 1<sup>st</sup> April, 2020</b>	62.92	
Increase during the year	45.82	
Reduction during year	(27.92)	
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>80.82</b>	

- 15** ₹ 0.49 Crores interest on income tax included in finance cost charged to profit and loss.

## 16 Revenue Recognition

The Group is engaged in Pharmaceuticals business considering nature of products, revenue can be disaggregated as API business and Formulation business ₹ 954.69 Crores and ₹ 4,438.43 Crores respectively, and considering Geographical business, revenue can be disaggregated as in India ₹ 1,678.84 Crores and outside India ₹ 3,714.29 Crores.

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 17 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, Cash and cash equivalents 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.

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Trade Receivables	348.58	864.75
Allowance for doubtful debts (expected credit loss allowance)	25.10	19.89
Percentage	7.2%	2.3%

#### Reconciliation of loss allowance provision – Trade receivables

	₹ in Crores
Loss allowance on 1 <sup>st</sup> April, 2019	10.44
Changes in loss allowance	9.45
Loss allowance on 31 <sup>st</sup> March, 2020	<b>19.89</b>
Changes in loss allowance	5.21
Loss allowance on 31 <sup>st</sup> March, 2021	<b>25.10</b>

#### Cash & Cash Equivalents and Other Bank Balances.

As at the year end, the Group held cash and cash equivalents of ₹ 98.06 Crores (PY ₹ 71.84 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 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.



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## Exposure to liquidity risk

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

	₹ in Crores					
	As at 31 <sup>st</sup> March, 2021			As at 31 <sup>st</sup> March, 2020		
	Less than 1 year	More than 1 Years	Total	Less than 1 year	More than 1 Years	Total
<b>Non derivative</b>						
Borrowings	0.02	199.89	199.91	860.50	886.99	1,747.49
Trade payables	668.77	-	668.77	625.93	-	625.93
Other financial liabilities	480.72	71.54	552.26	170.59	73.30	243.89
<b>Derivative</b>						
Options contracts	-	-	-	8.01	-	8.01

## 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 business transactions and recognised 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 31 <sup>st</sup> March, 2021	₹ in Crores			
	US Dollars	Euro	Others	Total
<b>Financial assets</b>				
Receivables (net)	203.03	71.62	58.85	333.50
Cash and cash equivalents	43.27	0.00	0.00	43.27
<b>Financial liabilities</b>				
Payables (net)	140.15	13.42	4.79	158.35

As at 31 <sup>st</sup> 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

### Sensitivity analysis

For the year ended 31<sup>st</sup> March, 2021 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 ₹ 8.22 Crores (PY ₹ 32.60 Crores). 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 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, 2021 every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would insignificantly decrease the Group's interest cost (PY ₹ 2.24 Crores). A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 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.

## 18 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.

Debt to equity ratio 0.10 times (PY 0.54 times).

Debt to Equity: Debt / Net Worth (Debt: Total Debt (Short term + Long term))

## Dividend on equity shares

The Board has recommended dividend on Equity Shares at ₹ 14/- per share i.e. 700% for the year ended on 31<sup>st</sup> March, 2021 as against the 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 for the financial year 2019-20. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

## 19 Exceptional items

In previous year 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.

- 20 During the previous 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.

## 21 Lease

### A) The following is the movement in lease liabilities

	₹ in Crores
	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as on 1<sup>st</sup> April, 2020</b>	83.20
Additions	11.53
Derecognise	(0.20)
Finance cost accrued during the period	7.64
Payment of lease liabilities	(18.34)
<b>Balance as on 31<sup>st</sup> March, 2021</b>	<b>83.82</b>



# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## B) Maturity Analysis of Lease Liabilities

	₹ in Crores
	31 <sup>st</sup> March, 2021
<b>Maturity Analysis - Contractual undiscounted Cash Flows</b>	
Less than one year	19.30
One to five years	75.13
More than five years	15.32
<b>Total Undiscounted Lease Liabilities</b>	<b>109.76</b>
<b>Lease Liabilities included in the Statement of Financial Position</b>	
Non Current	71.54
Current	12.28
<b>Total</b>	<b>83.82</b>

## C) Amount Recognized in the Statement of Profit & Loss

	₹ in Crores
	For the year ended 31 <sup>st</sup> March, 2021
Interest on Lease Liabilities	7.64
Depreciation on Lease Asset	14.00

- 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 33).
- E) As Leasor Operating Lease income on land are recognised in the statement of profit and loss under "Lease Rent Income" in Note 30.
- 22 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. C. Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No.: 106237W

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

**Paresh Saraiya**  
 Director  
 DIN: 00063971

**Vishal P. Doshi**  
 Partner  
 Membership No.: 101533

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

**Charandeep Singh Saluja**  
 Company Secretary

Place: Vadodara  
 Date: 4<sup>th</sup> May, 2021

# Notes to the Consolidated Financial Statements

as on 31<sup>st</sup> March, 2021

## 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

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	₹ In Crores	
															% of shareholding	
1	Aleor Dermaceuticals Limited	23.05.2016	INR	1.00	0.50	(152.05)	694.45	846.01	0.23	15.46	(79.03)	-	(79.03)	NIL	NIL	60
2	Alembic Global Holding SA	14.12.2007	USD	73.12	30.31	22.59	83.79	30.89	33.86	85.64	3.71	(0.14)	3.85	NIL	NIL	100
3	Alnova Pharmaceuticals SA	17.12.2012	USD	73.12	1.45	(15.97)	0.02	14.54	-	-	(0.19)	0.00	(0.19)	NIL	NIL	100
4	Alembic Pharmaceuticals Australia Pty Ltd.	18.01.2013	AUD	55.72	4.51	(1.50)	3.08	0.07	-	-	4.04	-	4.04	NIL	NIL	100
5	Alembic Pharmaceuticals Canada Ltd.	23.04.2014	CAD	58.06	0.06	(0.76)	0.12	0.83	-	-	0.07	-	0.07	NIL	NIL	100
6	Alembic Pharmaceuticals Europe Limited	23.08.2012	EUR	85.79	13.73	(10.40)	4.16	0.83	-	-	(0.21)	-	(0.21)	NIL	NIL	100
7	Alembic Pharmaceutical Inc.	18.06.2015	USD	73.12	30.12	202.20	697.90	465.58	91.39	2,226.03	74.56	19.67	54.89	NIL	NIL	100
8	Genius LLC	26.10.2014	UAH	2.69	0.68	(0.47)	0.21	-	-	-	(0.01)	-	(0.01)	NIL	NIL	100
9	Okner Realty LLC	31.10.2017	USD	73.12	7.31	(0.51)	6.98	0.18	-	-	(0.15)	-	(0.15)	NIL	NIL	100
10	Alembic Labs LLC (formerly known as Orit Laboratories LLC)	31.10.2017	USD	73.12	84.08	(144.08)	15.67	75.67	-	10.88	(30.44)	-	(30.44)	NIL	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, 2021

## Part "B": Associates and Joint Ventures

Sr. No	Name of Associates	Date of acquisition	Latest Audited Balance Sheet Date	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	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year		
				No. Associates	Amount of Holding %				Considered in Consolidation	Not Considered in Consolidation	
1	Incozen Therapeutics Pvt. Ltd.	29.10.2008	31.03.2021	1,000,000	3.00	50%	NA	NA	1.97	0.36	0.36
2	Rhizen Pharmaceuticals AG (Formerly known as Rhizen Pharmaceuticals SA)	06.11.2008	31.03.2021	62,000	14.84	50%	NA	NA	32.00	31.45	31.45
3	Dahlia SA	26.11.2014	31.03.2021	50,000	0.36	50%	NA	NA	(0.40)	(0.07)	(0.07)
4	Rhizen Pharmaceuticals Inc	30.09.2016	31.03.2021	5,000	0.04	50%	NA	NA	0.00	-	-
5	Alembic Mami SPA	17.10.2014	31.03.2019	34,297	49.95	49%	NA	NA	(14.74)	-	-
6	SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co. Ltd.	19.06.2020	Not Available	440,000	0.46	44%	NA	NA	NA	NA	NA

1 Names of associates or joint ventures which are yet to commence operations. - SPH Sine Alembic (Shanghai) Pharmaceutical Technology Co. Ltd.

2 Names of associates or joint ventures which have been liquidated or sold during the year. - NA

For and on behalf of the Board

**Chirayu Amin**

Chairman & CEO

DIN: 00242549

**Pareesh Saraiya**

Director

DIN: 00063971

**R. K. Baheti**

Director Finance & CFO

DIN: 00332079

**Charandeep Singh Saluja**

Company Secretary

## Alembic Pharmaceuticals Limited

CIN: L24230GJ2010PLC061123

Regd. Office: Alembic Road, Vadodara - 390 003

Tel: +91 265 2280550

Website: www.alembicpharmaceuticals.com | E-mail Id: apl.investors@alembic.co.in

## Notice

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of the Members of **Alembic Pharmaceuticals Limited** will be held on Tuesday, the 27<sup>th</sup> July, 2021 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, 2021 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year 2020-21.
3. To appoint a Director in place of Mr. R. K. Baheti (DIN: 00332079), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

4. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

#### Re-appointment of Mr. Chirayu Amin (DIN: 00242549) as an Executive Director of the Company:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with Schedule V to the Act and the rules framed thereunder and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"), the approval of the members of the Company, be and is hereby accorded for the re-appointment of Mr. Chirayu Amin (DIN: 00242549), who has attained the age of 70 years, as an Executive Director of the Company, not liable to retire by rotation, for a period of 5 years w.e.f. 1<sup>st</sup> April, 2021, on such terms and conditions including remuneration as mentioned in the explanatory statement annexed to this Notice.

**RESOLVED FURTHER THAT** Mr. Chirayu Amin shall be designated as Chairman and Chief Executive Officer of the Company upto the mandatorily coming into effect of the provisions of Regulation 17(1B) of the SEBI Listing Regulations, 2015, and shall thereafter cease to be the Chairman and be re-designated as Sr. Managing Director and Chief Executive Officer of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time, as may be considered appropriate, subject to the overall limits specified in the Act and as may be agreed to between the Board of Directors and Mr. Chirayu Amin.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

5. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

#### Re-appointment of Mr. Pranav Amin (DIN: 00245099) as Managing Director of the Company:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with Schedule V to the Act and the rules framed thereunder and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members of the Company, be and is hereby accorded for the re-appointment of Mr. Pranav Amin (DIN: 00245099) as Managing Director of the Company, liable to retire by rotation, for a period of 5 years w.e.f. 1<sup>st</sup> April, 2021, on such terms and conditions including remuneration as mentioned in the explanatory statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time, as may be considered appropriate, subject to the overall limits specified in the Act and as may be agreed to between the Board of Directors and Mr. Pranav Amin.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."



**6. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

**Re-appointment of Mr. R. K. Baheti (DIN: 00332079) as Director - Finance & Chief Financial Officer of the Company:**

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with Schedule V to the Act and the rules framed thereunder, the approval of the members of the Company, be and is hereby accorded for the re-appointment of Mr. R. K. Baheti (DIN: 00332079) as Director - Finance & Chief Financial Officer of the Company, liable to retire by rotation, for a period of 5 years w.e.f. 1<sup>st</sup> April, 2021, on such terms and conditions including remuneration as mentioned in the explanatory statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said re-appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time, as may be considered appropriate, subject to the overall limits specified in the Act and as may be agreed to between the Board of Directors and Mr. R. K. Baheti.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

**7. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

**Payment of commission to the Non-Executive Directors of the Company:**

**"RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with rules framed thereunder, Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 99 of the Articles of Association of the Company, approval of the members of the Company, be and is hereby accorded for the payment of commission to the Non-Executive Directors of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of 5 years commencing from the financial year ending on 31<sup>st</sup> March, 2022 up to and including financial year

ending on 31<sup>st</sup> March, 2026 within the maximum limit of 0.50% (half percent) of net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings of the Company."

**8. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

**Ratification of Remuneration to the Cost Auditors for the financial year 2021-22:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with rules framed thereunder, 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 2021-22 amounting to ₹ 2.10 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."

**NOTES:**

- In view of the 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, General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 and General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 (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 (the "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.
- 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.**
- In compliance with the aforesaid MCA Circulars and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 read with SEBI Circular No.

## Notice (Contd.)

SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021, 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 at [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 ("NSDL") 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 explanatory statement and the resolution for the respective agenda item(s) at sr. no. 4 to 6 shall also be treated as compliance with the requirements of Section 190 of the Act.
6. The details of the Directors seeking re-appointment at the AGM, pursuant to the provisions of Regulation 36(3) of the SEBI Listing Regulations, 2015, para 1.2.5 of the Secretarial Standards on General Meetings (SS-2) and other applicable provisions are provided in Annexure – A to this Notice.
7. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send a 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)
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 21<sup>st</sup> July, 2021 to 27<sup>th</sup> July, 2021 (both days inclusive), for the purpose of payment of dividend.
9. The dividend when sanctioned will be made payable on or before 31<sup>st</sup> July, 2021, electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be dispatched to their registered addresses. To avoid delay in receiving the dividend, members are requested to update their bank details by following the process mentioned at point no. 14 below.
10. In accordance with the prevailing provisions of the Income Tax Act, 1961, the Company would be required to deduct tax at source ("TDS") at the prescribed rates on

the dividend paid to its shareholders after 1<sup>st</sup> April, 2020. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company. Therefore, the members are requested to update their PAN and upload applicable documents, to avoid deduction of tax at higher rate by complying with the process mentioned hereunder at point no. 14.

Members are requested to visit the website of Company's Registrar & Share Transfer Agent, Link Intime India Pvt. Limited ("LI IPL") and upload applicable documents such as Form 15G/15H, documents u/s. 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax Certificate at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

11. 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 LI IPL.

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
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 (Interim)	April, 2027

12. All the work related to share registry in terms of both physical and electronic, are being conducted by LI IPL at 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. The members are requested to send their communication to the aforesaid address.

13. Additionally, the Company has designated an exclusive Email Id: apl.investors@alembic.co.in for redressal of Shareholders'/Investors' complaints/grievances. In case you have any queries, complaints or grievances, then please write to us at the above mentioned Email Id.

14. Process for registration of Email Id for obtaining Annual Report, User ID and password for e-voting and updation of PAN and bank account mandate for receipt of dividend:

- i. In case shares are held in physical mode, members are requested to visit on the website of LIPL at:  
[https://linkintime.co.in/EmailReg/Email\\_Register.html](https://linkintime.co.in/EmailReg/Email_Register.html) and upload the documents required therein.
- ii. In case shares are held in demat mode, members are requested to update Email Id, PAN and bank account details either with their respective Depository Participants or by visiting on the web-link as mentioned at (i) above.

15. **Voting through Electronic Means and Declaration of Results:**

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, 2015 and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 in relation to e-Voting facility provided by Listed Companies, the Company is pleased to provide its members the facility of casting votes electronically ("remote e-voting"), 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 e-voting results based on the Scrutinizer's Report. The e-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' 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 24<sup>th</sup> July, 2021 (9:00 a.m. IST) and ends on 26<sup>th</sup> July, 2021 (5:00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as at the cut-off date of 20<sup>th</sup> July, 2021 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Members have the option to cast their vote on any of the resolutions using the remote e-voting facility either during the aforesaid voting period or during the AGM.

Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he / she is already registered with NSDL for remote e-voting then he /she can use his / her existing User ID and password for casting the vote.

In case of Individual shareholders holding securities in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "**Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**"

- 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 so, shall be eligible to vote through e-voting facility during the AGM.
- iv. M/s. Samdani Shah & Kabra, Practising Company Secretaries, Vadodara has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- v. The details of the process and manner for remote e-voting and e-voting during the AGM are as under:

## Notice (Contd.)

### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

Pursuant to SEBI Circular No. SEBI/HO/ CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and Email Id in their demat account(s) in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>"Beneficial Owner"</b> icon under "Login" which is available under <b>"IDeAS"</b> section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual AGM &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a>. Select <b>"Register Online for IDeAS"</b> Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual AGM &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual AGM & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at respective websites.



### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800-1020-990 and 1800-224-430
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

### B) Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

#### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP 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 e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
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***

- Your password details are given below:
  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated 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.
  - How to retrieve your 'initial password'?
    - 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'.
    - If your email ID is not registered, please follow steps mentioned below in this Notice.
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Click on **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - 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, your registered address and such other documents required by NSDL.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.

## Notice (Contd.)

10. After you click on the "Login" button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join virtual meeting on NSDL e-Voting system

#### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN 116020" of the Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message "Vote cast successfully" will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 authorised signatory(ies) who are authorised to vote, through their 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/grievances connected with e-voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-1020-990 and 1800-224-430 or send a request to Ms. Soni Singh at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### 16. Instructions for members for attending the AGM through VC / OAVM:

- i. Members will be able to attend the AGM through VC / OAVM or view the live webcast of the AGM provided by NSDL at <https://www.evoting.nsdl.com> following the steps mentioned above for access to NSDL e-Voting system. After successful login, you can see link of VC / OAVM placed under Join General Meeting menu against company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu.

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.

Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of their Board Resolution / Authority letter etc. authorizing its representative to attend the AGM through VC / OAVM on their behalf. The said Resolution / Authority letter shall be send through their 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 19<sup>th</sup> July, 2021 to 23<sup>rd</sup> July, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. Further, Members who would like to have their questions / queries responded to during the AGM, are requested to send such questions / queries in advance within the aforesaid date, by following similar process as mentioned above. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.
- iv. Members who need assistance before or during the AGM, can contact Ms. Soni Singh, Assistant Manager, NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-1020-990 and 1800-224-430.

17. **Recommendation to the members:**

It is recommended to join the AGM through laptop for better experience. Members will be required to allow camera and 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,

**Charandeep Singh Saluja**  
Company Secretary

Date: 4<sup>th</sup> May, 2021  
Place: Vadodara

## Notice (Contd.)

### Explanatory Statement as required under Section 102 of the Companies Act, 2013

#### Item No. 4

Mr. Chirayu Amin was appointed as Chairman and Chief Executive Officer of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2016. Accordingly, the present term of his office has come to an end on 31<sup>st</sup> March, 2021.

Mr. Chirayu Amin has rich and varied experience in the Industry and has been involved in the operations of the Company/Alembic Limited for over four decades. The Company has achieved remarkable growth under his leadership, management and guidance and his continued services will be beneficial to the Company in the long run.

The Board of Directors at its meeting held on 19<sup>th</sup> January, 2021, based on the recommendation of Nomination and Remuneration Committee and subject to member's approval, approved the re-appointment of Mr. Chirayu Amin as an Executive Director of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2021.

Pursuant to Regulation 17(1B) of the SEBI Listing Regulations, 2015 (originally proposed to be effective from 1<sup>st</sup> April, 2020), the Chairman of the Company shall (a) be a non-executive director; and (b) not be related to the Managing Director or the Chief Executive Officer of the Company. However, SEBI vide its notification dated 10<sup>th</sup> January, 2020 has deferred the implementation of the said provisions by 2 years to 1<sup>st</sup> April, 2022. Hence, upon such requirement coming into effect, either on 1<sup>st</sup> April, 2022 or such extended date as may be mandatorily determined by SEBI, Mr. Chirayu Amin, being Executive Director and related to the Managing Directors of the Company, will cease to be the Chairman of the Company.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, further approved that Mr. Chirayu Amin shall continue to act as the Chairman and Chief Executive Officer of the Company upto the mandatorily coming into effect of the provisions of Regulation 17(1B) of the SEBI Listing Regulations, 2015 and shall thereafter cease to be the Chairman of the Company and be re-designated as Sr. Managing Director and Chief Executive Officer of the Company on the same terms and conditions of appointment.

Mr. Chirayu Amin holds a bachelor's degree in science from Maharaja Sayajirao University of Baroda, and a master's degree in business administration from Seton Hall University, New Jersey, USA. He is currently associated as a trustee with Bhailal Amin General Hospital, Uday Education Society, and Bal Utkarsh Society. He also serves as a director on the boards of Alembic Limited, Paushak Limited, Shreno Limited and Nirayu Limited.

Mr. Chirayu Amin has attained the age of 70 years and hence pursuant to the provisions of Section 196(3)(a) of the Act read with Schedule V, Part I of the Act, continuation of his employment as an Executive Director requires approval of members by way of a Special Resolution. Further, the remuneration payable to Mr. Chirayu Amin may exceed the ceilings prescribed under Regulation 17(6)(e) of the SEBI Listing Regulations, 2015 and hence the same also require approval of the members by way of a Special Resolution.

#### Terms and Conditions of Appointment:

**Term:** Period of 5 years w.e.f. 1<sup>st</sup> April, 2021

#### Remuneration:

Basic Salary, Perquisites and other allowance/benefits (as per the rules of the Company) up to maximum CTC of ₹ 12 Crores per annum, as may be determined by the Board of Directors of the Company from time to time within the above referred limit.

#### Commission:

In addition to the salary, perquisites and other allowances/benefits as mentioned above, Mr. Chirayu Amin shall also be paid commission upto a maximum of 3% of the net profits, as may be determined by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee for each financial year, subject to overall ceilings stipulated in Section 197 of the Act.

The Board of Directors recommends the resolution set forth at Item No. 4 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution set forth at Item No. 4 of this Notice.

#### Item No. 5

Mr. Pranav Amin was appointed as Managing Director of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2016. Accordingly, the present term of his office has come to an end on 31<sup>st</sup> March, 2021.

Mr. Pranav Amin is heading International Business of the Company. The Company has made rapid progress and shown healthy growth in terms of revenues as well as in terms of profits under his leadership. Hence, his continued services would immensely benefit the Company.

The Board of Directors at its meeting held on 19<sup>th</sup> January, 2021, based on the recommendation of Nomination and Remuneration Committee and subject to member's approval, approved the re-appointment of Mr. Pranav Amin



as Managing Director of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2021.

Mr. Pranav Amin has been a Director in the Company since 2011 and was appointed as Joint Managing Director in April, 2015 and thereafter Managing Director in April 2016. He also serves as a director on the board of Incozen Therapeutics Private Limited.

The remuneration payable to Mr. Pranav Amin may exceed the ceilings prescribed under Regulation 17(6)(e) of the SEBI Listing Regulations, 2015 and hence requires approval of the members by way of a Special Resolution.

#### **Terms and Conditions of Appointment:**

**Term:** Period of 5 years w.e.f. 1<sup>st</sup> April, 2021

#### **Remuneration:**

Basic Salary, Perquisites and other allowance/benefits (as per the rules of the Company) up to maximum CTC of ₹ 25 Crores per annum, as may be determined by the Board of Directors of the Company from time to time within the above referred limit.

#### **Commission:**

In addition to the salary, perquisites and other allowances/benefits as mentioned above, Mr. Pranav Amin shall also be paid commission upto a maximum of 1% of the net profits, as may be determined by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee for each financial year, subject to overall ceilings stipulated in Section 197 of the Act.

The Board of Directors recommends the resolution set forth at Item No. 5 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution set forth at Item No. 5 of this Notice.

#### **Item No. 6**

Mr. R. K. Baheti was appointed as Director – Finance & Chief Financial Officer of the Company for a period of 5 years w.e.f. 1<sup>st</sup> April, 2016. Accordingly, the present term of his office has come to an end on 31<sup>st</sup> March, 2021.

Mr. R. K. Baheti has 39 years of diversified experience in the field of finance, accounts, taxation, secretarial, information technology and management. He has been playing a pivotal role in achieving growth and performance targets of the Company and his continued services would immensely benefit the Company.

The Board of Directors at its meeting held on 19<sup>th</sup> January, 2021, based on the recommendation of Nomination and Remuneration Committee and subject to member's approval, approved the re-appointment of Mr. R. K. Baheti as Director - Finance & Chief Financial Officer of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2021.

Mr. R. K. Baheti has been a Director in the Company since its incorporation. He is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also serves as a director on the board of Aleor Dermaceuticals Limited.

#### **Terms and Conditions of Appointment:**

**Term:** Period of 5 years w.e.f. 1<sup>st</sup> April, 2021

#### **Remuneration:**

Basic Salary, Perquisites and other allowance/benefits (as per the rules of the Company) up to maximum CTC of ₹ 12 Crores per annum, as may be determined by the Board of Directors of the Company from time to time within the above referred limit.

The Board of Directors recommends the resolution set forth at Item No. 6 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. R. K. Baheti, has any concern or interest, financial or otherwise, in the resolution set forth at Item No. 6 of this Notice.

#### **Item No. 7**

The members of the Company at their 6<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> July, 2016 had approved payment of commission to Non-Executive Directors of the Company up to a maximum limit of 0.50% (half percent) p.a. of net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, for a period of 5 years commencing from financial year ending on 31<sup>st</sup> March, 2017. The said approval was effective up to financial year ending on 31<sup>st</sup> March, 2021.

Section 197 of the Act r/w. Regulation 17(6)(a) of SEBI Listing Regulations, 2015 provides that a Director who is neither managing director nor whole-time director may be paid remuneration by way of commission, if the Company by ordinary resolution, authorises such payment.

The involvement of Non-Executive Directors of the Company has increased over the years and they contribute significantly to the growth of the Company as well as sound corporate governance practices by bringing with them professional expertise, rich and wide experience. The Board of Directors are of the opinion that in order to remunerate the Non-

## Notice (Contd.)

Executive Directors of the Company for the responsibilities entrusted upon them under the law, particularly under the Act and SEBI Listing Regulations, 2015, the current trends and commensurate with the time devoted and the contribution made by them, commission be paid to the Non-Executive Directors of the Company.

The Board of Directors at its meeting held on 4<sup>th</sup> May, 2021 has recommended the payment of commission to Non-Executive Directors of the Company up to a maximum limit of 0.50% (half percent) p.a. of net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, for a period of 5 (five) years commencing from the financial year ending on 31<sup>st</sup> March, 2022 up to and including the financial year ending on 31<sup>st</sup> March, 2026.

The above commission shall be in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings of the Company.

The Board of Directors recommends the resolution set forth at Item No. 7 of this Notice for your approval.

Mr. K. G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Dr. Archana Hingorani, all being Non-Executive Directors of the Company and their relatives are concerned or interested, financial or otherwise in the resolution set forth at Item No. 7 of this Notice.

### **Item No. 8**

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 4<sup>th</sup> May, 2021, 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 2021-22.

In terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors is required to be ratified by the members of the Company.

Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors of the Company for the financial year 2021-22 as set out in the resolution for aforesaid services to be rendered by them.

The Board of Directors recommends the resolution set forth at Item No. 8 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. 8 of this Notice.

By Order of the Board,

**Charandeep Singh Saluja**  
Company Secretary

Date: 4<sup>th</sup> May, 2021  
Place: Vadodara



## Annexure – A

Details of the Directors seeking re-appointment at the AGM, pursuant to the provisions of Regulation 36(3) of the SEBI Listing Regulations, 2015, para 1.2.5 of SS-2 and other applicable provisions are as under:

Name of the Director	Mr. Chirayu Amin	Mr. Pranav Amin	Mr. R. K. Baheti
Age	74 years	45 years	61 years
Qualifications	B.Sc. & M.B.A	M.B.A	B. Com. (Hon.), FCA & FCS
Experience	53 years	20 years	39 years
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	The details are provided in the resolution at Item No. 4 of this Notice	The details are provided in the resolution at Item No. 5 of this Notice	The details are provided in the resolution at Item No. 6 of this Notice
Nature of expertise in specific functional areas	Management & Leadership	Management & Leadership	Finance, Taxation & Management
Date of first appointment on to the Board	16/06/2010	31/03/2011	16/06/2010
No. of Shares held in the Company as on 31 <sup>st</sup> March, 2021	34,48,215	10,09,800	Nil
Directorship in other companies as on 31 <sup>st</sup> March, 2021	1. Alembic Limited 2. Paushak Limited 3. Shreno Limited 4. Nirayu Limited	1. Incozen Therapeutics Private Limited	1. Aleor Dermaceuticals Limited
Chairmanship/Membership of Committees of other Board	<b>Alembic Limited</b> Member of Nomination and Remuneration Committee  <b>Paushak Limited</b> Member of Nomination and Remuneration Committee  <b>Shreno Limited</b> Member of Nomination and Remuneration Committee  Chairman of Stakeholders Relationship Committee  Chairman of Corporate Social Responsibility Committee  <b>Nirayu Limited</b> Chairman of Corporate Social Responsibility Committee	N. A.	N. A.

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above Directors, please refer Corporate Governance Report which is part of this Annual Report.



# Corporate Information

## Auditors

### Statutory auditor

M/s. K C Mehta & Co.

### Internal auditor

M/s. Sharp & Tannan Associates

## Rating

Long Term: Crisil AA+/stable

Short Term: Crisil A1+, Care 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

Alembic Road, Vadodara – 390 003  
Tel: +91 265 2280550  
E-mail ID: apl.investors@alembic.co.in  
Website: www.alembicpharmaceuticals.com  
CIN: L24230GJ2010PLC061123

## Plant Address

### Panelav

Village Panelav, PO Tajpura, Near Baska,  
Taluka Halol, Panchmahal – 389 350, Gujarat, India

### Karkhadi

Village Karkhadi, Padra Taluka, Vadodara – 331 440,  
Gujarat, India

### Jarod

Plot 401, 406-408, 410-412, 415, Halol Road,  
Jarod, Taluka Vaghodiya, Vadodara – 391 510,  
Gujarat, India

### Sikkim

Samardung Busty, Namthang South,  
Sikkim – 737 132, India

## Debenture Trustee

### Axis Trustee Services Limited

Contact Person: Chief Operating Officer  
Axis House, Wadia International Centre,  
Pandurang Budhkar Marg, Worli,  
Mumbai – 400 025  
Tel. No.: +91 22 62300451  
Fax No.: +91 22 43253000  
Email Id: debenturetrustee@axistrustee.in

## Principle Banks

HDFC Bank Limited  
Axis Bank Limited  
Citibank N.A.  
The Hongkong and Shanghai Banking  
Corporation Limited  
Kotak Mahindra Bank Limited  
J.P. Morgan  
ICICI 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.

