

Directors' Report

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 50th Annual Report on the business and operations together with the Audited Financial Statements of the Company for financial year ended 31st March, 2024. Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

FINANCIAL PERFORMANCE

(₹ in million)

Particulars	Standalone		Consolidated	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Revenue from Operations	97,477.2	90,545.5	126,675.8	115,992.6
Other Income	3,059.9	2,662.9	3,108.4	2,160.8
Total Income	100,537.1	93,208.4	129,784.2	118,153.4
Profit before Interest, Depreciation and Tax	22,072.9	16,432.4	24,348.4	17,225.5
Less: Interest	819.1	864.0	1,124.1	1,073.6
Less: Depreciation	2,443.5	2,298.5	2,993.0	3,104.2
Profit before Tax	18,810.3	13,269.9	20,231.3	13,047.7
Less: Provision for Taxation (net)	1,338.8	1,925.2	2,116.7	2,979.6
Profit after Tax and before Non-Controlling Interest	17,471.5	11,344.7	18,114.6	10,068.1
Less: Non-Controlling Interest	-	-	156.9	226.4
Profit for the year	17,471.5	11,344.7	17,957.7	9,841.7
Other Comprehensive Income	(43.5)	(21.9)	200.4	1,149.0
Other Comprehensive Income attributable to Non-Controlling Interest	-	-	6.1	4.1
Total Comprehensive Income attributable to owners of the Company	17,428.0	11,322.8	18,164.2	10,994.8
Balance of other Equity as of 01.04.2023	93,259.4	87,197.5	90,213.8	86,139.9
Dividend on Equity Shares	(5,380.4)	(5,260.9)	(5,380.4)	(5,260.9)
Employee Stock Option exercised	-	-	-	-
Put Option Liability recognized	-	-	(305.5)	(1,660.1)
Employee compensation expense for the year	-	-	189.4	-
Balance of other Equity as of 31.03.2024	105,307.0	93,259.4	102,881.5	90,213.8

OVERVIEW OF FINANCIAL PERFORMANCE

During financial year ended 31st March, 2024, the Company's total revenue including other income was ₹ 100,537.1 million on Standalone basis as against ₹ 93,208.4 million achieved in the previous year, registering a growth of 7.9%.

The export turnover of the Company during financial year 2023-24 was ₹ 19,301.8 million as against ₹ 16,444.5 million achieved in the previous year, registering a growth of 17.4%.

During financial year ended 31st March, 2024, the Company and its subsidiaries achieved a total revenue including other income of ₹ 129,784.2 million on Consolidated basis, as against a turnover of ₹ 118,153.4 million achieved in the previous year, registering a growth of 9.8%.

During financial year ended 31st March, 2024, Standalone Profit before interest, depreciation and tax increased by 34.3% at ₹ 22,072.9 million as against ₹ 16,432.4 million in the previous year,

whereas Consolidated Profit before interest, depreciation and tax increased by 41.4% at ₹ 24,348.4 million as against ₹ 17,225.4 million in the previous year. As a result, Standalone Profit before tax increased by 41.8% over the previous year to ₹ 18,810.3 million and Consolidated Profit before tax was ₹ 20,231.3 million, which grew by 55.1% over the previous year.

The Standalone Net Profit after tax for financial year ended 31st March, 2024 increased by 54% to ₹ 17,471.5 million over the previous year while the Consolidated Net Profit after tax increased by 82.5% over the previous year to ₹ 17,957.7 million.

DIVIDEND

During financial year 2023-24, the Board of Directors on 09th February, 2024 declared and paid an interim dividend of ₹ 35/- (Rupees Thirty Five only) per equity share of ₹ 2/- (Rupees Two only) each, being 1750% of paid up share capital of the Company. In addition, your Directors are pleased to recommend payment of ₹ 5/- (Rupees Five only) per equity share of ₹ 2/- (Rupees Two only)

each as final dividend for financial year 2023-24, for the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company. If approved, the total dividend (interim and final) for financial year 2023-24 will be ₹ 40/- (Rupees Forty only) per equity share of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 50/- (Rupees Fifty only) per equity share of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

In compliance with the requirement of Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), the Company has formulated its Dividend Distribution Policy, which is available on the Company's website at https://admin.alkemlabs.com/uploads/977928327_Dividend_distribution_policy_6b026313dc.pdf.

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for financial year 2023-24.

SHARE CAPITAL

The paid up equity share capital of the Company as on 31st March, 2024 was ₹ 239.1 million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company, under any scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/members during the year under review and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2024.

SUBSIDIARIES

As on 31st March, 2024, the Company has 26 subsidiaries. The Company does not have any joint venture/associate company(ies) within the meaning of Section 2(6) of the Companies Act, 2013 (hereinafter referred to as "the Act").

During the year under review:

- M/s. S & B Holdings, B.V., a wholly owned subsidiary of the Company in Netherlands was re-domiciled to Luxembourg under the name and style of M/s. S & B Holdings S.a.r.l. w.e.f. 16th October, 2023;
- M/s. Alkem Medtech Private Limited was incorporated as a wholly owned subsidiary of the Company on 27th March, 2024;

and none of the companies ceased to be a subsidiary of the Company.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are as per the Company's CSR Policy. The CSR program aims to address the immediate and long term needs of the community and focus on where the major impact on marginalized sections of the society can be made. The Company's CSR strategy involves a multi-sectoral inclusive approach to focus on community needs. It strives to improve the well-being of communities by focusing on key thematic areas of healthcare, education, rural development, environment and sports. The Company implements these activities directly or through reliable partnerships with various NGOs. During financial year 2023-24, the Company has addressed the requirements of local communities in the vicinity of its head office, manufacturing facilities and R&D centers through focused projects in the said thematic areas.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2023-24 are outlined in the Report on CSR activities annexed to this Report as Annexure C.

The CSR Policy is posted on Company's website: https://admin.alkemlabs.com/uploads/csr_policy_e0e5ec8d61.pdf

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments:

The details of the appointments during the year under review are as follows:

Appointment of Dr. Vikas Gupta as the Chief Executive Officer of the Company.

The Board of Directors of the Company based on recommendation of the Nomination and Remuneration Committee, approved the appointment of Dr. Vikas Gupta as the Chief Executive Officer designated as the Key Managerial Personnel of the Company effective from 22nd September, 2023.

Appointment of Mr. Nitin Agrawal as the Chief Financial Officer of the Company.

The Board of Directors of the Company based on recommendation of the Nomination and Remuneration Committee & Audit Committee, approved the appointment of Mr. Nitin Agrawal as the President & Chief Financial Officer designated as the Key Managerial Personnel of the Company effective from 01st February, 2024.

Re-appointments:

The following Directors are proposed to be re-appointed at the ensuing AGM, the brief details of which are mentioned in the Notice of Annual General Meeting forming part of this Annual Report:

Re-appointment of Mr. Basudeo N. Singh as an Executive Chairman of the Company.

The Board of Directors of the Company based on the recommendation of Nomination & Remuneration Committee and Audit Committee and pursuant to the relevant provisions of SEBI LODR Regulations, Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Act, the Articles of Association of the Company and considering his contribution towards the growth of the Company, approved the re-appointment of Mr. Basudeo N. Singh as an Executive Chairman of the Company for a term of 03 (three) consecutive years w.e.f 01st April, 2025 upto 31st March, 2028 subject to approval of the Members of the Company.

Re-appointment of Mr. Sarvesh Singh as an Executive Director of the Company.

The Board of Directors of the Company based on the recommendation of the Nomination & Remuneration Committee and Audit Committee and pursuant to the relevant provisions of SEBI LODR Regulations, Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Act, the Articles of Association of the Company and considering his contribution towards the growth of the Company, approved the re-appointment of Mr. Sarvesh Singh as an Executive Director of the Company for a term of 5 (five) consecutive years w.e.f. 11th November, 2024 upto 10th November, 2029 subject to the approval of the Members of the Company.

Re-appointment of Mr. Narendra Kumar Aneja as an Independent Director of the Company.

The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Sections 149 and 152 of the Act, the Articles of Association of the Company and considering the integrity, expertise and experience of Mr. Narendra Kumar Aneja, approved his re-appointment as an Independent Director of the Company for a second term of 5 (five) consecutive years w.e.f. 16th March, 2025 upto 15th March, 2030, subject to approval of the Members of the Company.

Retirements

Mr. Rajesh Dubey, retired from the position of President & Chief Financial Officer of the Company w.e.f. 31st January, 2024. The Directors placed on record appreciation for the valuable contribution made by Mr. Rajesh Dubey during his tenure as the President & Chief Financial Officer of the Company.

Directors liable to retire by rotation

Mrs. Madhurima Singh (DIN: 09137323) and Mr. Sarvesh Singh (DIN: 01278229) are liable to retire by rotation at the ensuing AGM of the Company pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible they have offered themselves for re-appointment, on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company.

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

Key Managerial Personnel

In accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the following are the Key Managerial Personnel of the Company as on 31st March, 2024:

- Mr. Sandeep Singh - Managing Director;
- Dr. Vikas Gupta - Chief Executive Officer;
- Mr. Nitin Agrawal - President and Chief Financial Officer; and
- Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer

Independent Directors

The Independent Directors hold office for a term of 5 (five) years and are not liable to retire by rotation. The Independent Directors of the Company fulfill the conditions specified in the Act and SEBI LODR Regulations and are independent of the management.

Declaration of independence from Independent Directors

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

The terms and conditions of appointment of the Independent Directors are posted on Company's website: https://admin.alkemlabs.com/uploads/Terms_of_appointment_Independent_Directors_2a82f9dd72.pdf

Familiarization Program

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors' Familiarization Programme to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model, etc. The details of the Familiarization Programme conducted during financial year under review are explained in the Corporate Governance Report. The same is also available on the Company's website at <https://www.alkemlabs.com/investors/details-familiarization-program>

Annual Evaluation of Board's Performance

The details of the annual evaluation of the Individual Directors, Board as a whole and all the Committees of the Board have been provided in the Corporate Governance Report, which forms part of this Report.

The Independent Directors, at a separate meeting held on 29th March, 2024 evaluated performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairperson of the Company.

The evaluation of the Independent Directors was carried out by the entire Board of Directors without the participation of the respective Independent Director.

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at https://admin.alkemlabs.com/uploads/1378936118_Nomination_and_Remuneration_Policy_modified_27052016_307d64b304.pdf. The said Policy is annexed to this Report as Annexure D.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Further, a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Annual Financial Statements are being sent by email to the Members and others entitled thereto, excluding the aforesaid information. The said information shall be provided electronically to any Member on a written request to the Company Secretary to obtain a copy of the same.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 10 (ten) times during financial year 2023-24. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report, which forms part of this Report.

COMMITTEES OF THE BOARD

Audit Committee

As on 01st April, 2023, the Audit Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh, Mr. Narendra Kumar Aneja and Dr. Dheeraj Sharma as Members.

The Board of Directors of the Company at its meeting held on 09th February, 2024, reconstituted the Audit Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sangeeta Singh, Mr. Narendra Kumar Aneja and Ms. Sudha Ravi as Members.

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

Nomination and Remuneration Committee

As on 01st April, 2023, the Nomination and Remuneration Committee comprised of Dr. Dheeraj Sharma as Chairperson and Mr. Basudeo N. Singh, Mr. Arun Kumar Purwar and Ms. Sudha Ravi as Members.

The Board of Directors of the Company at its meeting held on 09th February, 2024, reconstituted the Nomination and Remuneration Committee with effect from the said date to comprise of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Ms. Sudha Ravi and Mr. Narendra Kumar Aneja as Members.

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

Corporate Social Responsibility Committee

As on 01st April, 2023, the Corporate Social Responsibility Committee comprised of Mr. Arun Kumar Purwar as Chairperson and Mr. Basudeo N. Singh, Mr. Sandeep Singh, Mrs. Madhurima Singh, Ms. Sangeeta Singh and Ms. Sudha Ravi as Members.

The Board of Directors of the Company at its meeting held on 09th February, 2024, reconstituted the Corporate Social Responsibility Committee with effect from the said date to comprise of Mrs. Madhurima Singh as Chairperson and Mr. Sandeep Singh, Mr. Srinivas Singh, Ms. Sangeeta Singh and Ms. Sudha Ravi as Members.

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

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Sujain Talwar as Chairperson and Mr. Mritunjay Kumar Singh, Mrs. Madhurima Singh and Mr. Srinivas Singh as Members.

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

Risk Management Committee

As on 01st April, 2023, the Risk Management Committee comprised of Mr. Mritunjay Kumar Singh as Chairperson and Mr. Sandeep Singh, Mr. Srinivas Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja as Members.

The Board of Directors of the Company at its meeting held on 09th February, 2024, reconstituted the Risk Management Committee with effect from the said date to comprise of Mr. Mritunjay Kumar Singh as Chairperson and Mr. Sandeep Singh, Mr. Srinivas Singh, Ms. Sudha Ravi, Mr. Narendra Kumar Aneja and Mr. Sujain Talwar as Members.

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

RISK MANAGEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for financial year ended 31st March, 2024, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2024 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) they have prepared the annual financial statements on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditor

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. B S R & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, were re-appointed by the Shareholders at the 45th AGM of the Company held on 27th August, 2019, for another term of 5 (five) years from the conclusion of 45th AGM of the Company until the conclusion of the 50th AGM, on such fees, inclusive of applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

The second term of M/s. B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company shall expire at the conclusion of ensuing AGM of the Company. Hence, the Board of Directors of the Company, based on the recommendation of the Audit Committee and subject to approval of the shareholders, has recommended the appointment of M/s. Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018), Chartered Accountants as the Statutory Auditors of the Company for a term of 5 (five) consecutive years to hold office from the conclusion of the 50th AGM until the conclusion of the 55th AGM of the Company to be held in the year 2029.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have informed the Company that their appointment, if made, shall be in compliance with Sections 139 and 141 of the Act and Companies (Audit and Auditors) Rules, 2014 and also confirmed that the Auditors hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Auditors' Report for financial year ended 31st March, 2024, is an unmodified one. However, following are the unfavorable remarks in the auditor's report:

- Delay in depositing Provident Fund for certain employees during the year which was mainly due to their Aadhar number not being linked to the Universal Account Number (UAN). The Company is however in the process of resolving the said issue so that dues can be deposited.
- Occurrence of Cyber Security incident in the month of November, 2023 which compromised business email IDs of certain employees at one of the Company's subsidiaries which resulted in a fraudulent transfer of INR 513 million. The Company had employed independent external agencies to investigate the incident and based on their report, the Company concluded that the impact of the incident did not extend beyond the above-mentioned amounts nor did it occur due to any fraudulent act on part of any of the promoters, directors, key managerial personnel or any member of the senior management or any other employee of the Company.

The Company has since strengthened its cybersecurity infrastructure and is in the process of implementing improvements to its cyber and data security systems to safeguard against such risks in the future. The Company is also implementing certain long term measures to augment its security controls systems across the organization. The Company believes that no legal violations have occurred because of this incident, and all known impacts on its standalone financial statements for the year ended 31st March, 2024 on account of this incident have been considered. Further, subsequent to this event, the Company has been able to recover an amount of INR 290.4 million out of the above mentioned. The net amount of INR 222.7 million has been shown as 'Exception item' in the Statement of Profit and Loss.

Additionally, the below observation (not considered as an unfavorable remark) was reported by the Auditors in their report for financial year ended 31st March, 2024:

- Audit trail was not enabled at the database level to log any direct data changes and at the application level for changes made by privileged users for the period from 22nd July 2023 to 11th January 2024 as the table logs were inadvertently disabled for the said intermittent period due to a planned system migration and continuous upgrade and advancement of Company's ERP systems. The Company has ensured that adequate compensatory controls such as controlled access rights, transaction logs, etc. were available during the said period and working effectively.

Cost Auditor

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

Pursuant to the provisions of Section 148 of the Act and the rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 19th May, 2023, had re-appointed Mr. Suresh

D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for financial year 2023-24 to conduct the audit of the cost records of the Company. A resolution for ratification of the fees payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s Manish Ghia & Associates, Practicing Company Secretaries, (Membership No. F6252, COP No. 3531) to conduct the Secretarial Audit of the Company for financial year 2023-24. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

ANNUAL RETURN

The Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company at <https://www.alkemlabs.com/investors/annual-returns>

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2023-24 by the Company, were at arm's length basis and in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

The disclosure of material related party transactions entered into by the Company during financial year 2023-24, as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed to this Report as Annexure G. The Policy on Related Party Transactions as approved by the Board of Directors is posted on the Company's website at https://admin.alkemlabs.com/uploads/Policy_on_Related_Party_Transactions_99b0363aec.pdf

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) of the Act, the Board of Directors of the Company have framed the Vigil Mechanism / Whistle Blower Policy for employees and/ or volunteers of the Company. The said Policy encourages to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy of the Company including reporting of instances of leak or suspected leak of unpublished price sensitive information. The Policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is posted on the website of the Company at https://admin.alkemlabs.com/uploads/Whistle_Blower_Policy_new_5d094b8491.pdf

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

Internal Complaints Committees have been set up at the head office of the Company as well as at all the Company's plants, depots and R&D centers to redress complaints received on sexual harassment. During financial year 2023-24, the Company had received 1 complaint of sexual harassment and the same was disposed off during the year.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During financial year 2023-24, there has been no change in the nature of business of the Company.

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

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

Significant and Material Orders:

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which may impact the going concern status and Company's operations in future.

Reporting of Frauds by Auditors:

During the year under review, there were no frauds reported by Auditors under Section 143(12) of the Act.

Details on Insolvency and Bankruptcy Code:

During the year under review, no application has been made by the Company under the Insolvency and Bankruptcy Code and accordingly the requirement of disclosing the following details are not applicable to the Company:

- (i) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year; and
- (ii) the details of difference between amount of the valuation done at the time of onetime settlement and the valuation

done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

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

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Mumbai, 29 May, 2024

Annexure A

DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

PREAMBLE

As per Regulation 43A of SEBI (LODR) Regulations, 2015, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Alkem Laboratories being one of the top five hundred listed companies as per the market capitalization, frames this policy to comply with the SEBI (LODR) Regulations, 2015.

OBJECTIVE

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

PHILOSOPHY

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

DEFINITIONS

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

PARAMETERS FOR DECLARATION OF DIVIDEND

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

- The Board of Directors of the Company shall declare dividend depending on the consolidated net profit after tax earned by it during the financial year
- The Board of Directors of the Company would consider its working capital requirements, R&D expenditure and capital expenditure requirements for future growth before declaring the dividend

- The Board of Directors of the Company shall take into account resources required to fund acquisitions and / or new businesses and additional investment required in its subsidiaries/associates of the Company
- The dividend declaration would also depend upon the liquidity position of the Company, Outstanding borrowings and the cash flow required to meet contingencies
- The Board of Directors of the Company shall also take into account past dividend trends of the Company

External Factors

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

Circumstances under which the shareholders may or may not expect Dividend

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

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

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

Modification of the Policy

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

Disclosure

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Annexure B

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries

Sr. No.	Name of Subsidiary	Date of incorporation / acquisition of subsidiary	Reporting period of the subsidiary (if different from the holding company's reporting period)	Exchange Rate as on the last date of relevant financial year	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend	Extent Of Shareholding (in %) ⁵	
1	Pharmacor Pty Limited	30.06.2009	N.A.	AUD	54,11.25	88.1	1,103.1	2,241.6	1,050.4	0.1	2,391.6	292.4	86.8	205.6	-	100.0%
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	N.A.	1.8	827.4	2,272.2	1,443.0	22.0	4,424.4	303.2	106.4	196.8	-	60.63%
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.0850	281.0	409.4	3,858.6	3,168.2	35.0	5,048.5	176.4	50.4	126.0	-	100.0%
4	Enzene Biosciences Ltd.	04.11.2011	N.A.	INR	N.A.	513.1	6,124.7	9,581.5	2,943.7	917.2	2,624.7	(38.9)	(14.5)	(24.4)	-	99.76%
5	Ascend GmbH	10.11.2008	N.A.	EUR	89.8775	61.6	(186.5)	1,940.0	2,064.9	-	655.2	26.2	-	26.2	-	100.0%
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	N.A.	2.5	4,215.8	6,826.5	2,608.2	1,515.7	6,815.1	633.6	379.1	254.5	50.0	51.0%
7	The PharmaNetwork, LLP	14.08.2012	N.A.	KZT	0.1857	157.6	(9.7)	415.7	267.8	-	559.3	39.5	5.7	33.8	-	100.0%
8	Alkem Laboratories Korea Inc ⁵	07.08.2012	N.A.	KRW	0.0618	0.1	(2.2)	0.2	2.3	-	(0.7)	-	(0.7)	-	-	100.0%
9	Ascend Laboratories SDN BHD ⁵	13.12.2010	N.A.	MYR	17.6225	0.0	(1.0)	1.7	2.6	-	(0.4)	-	(0.4)	-	-	100.0%
10	S & B Holdings S.a.r.l **	17.06.2009	N.A.	EUR	89.8775	3,539.4	(1,441.7)	2,098.4	0.8	2,053.5	-	(5.7)	-	(5.7)	-	100.0%
11	Pharmacor Limited	15.05.2012	N.A.	KES	0.6343	0.1	45.8	180.1	134.2	-	201.4	13.9	4.4	9.5	-	100.0%
12	Alkem Laboratories Corporation	07.11.2008	N.A.	PHP	1.4827	717.4	(567.1)	301.7	151.4	-	335.7	(7.6)	4.4	(12.0)	-	100.0%
13	Ascend Laboratories (Pty) Limited	26.05.2008	N.A.	ZAR	4.3700	68.8	32.2	184.8	83.9	-	122.5	12.6	3.4	9.2	-	100.0%
14	ThePharmaNetwork, LLC	15.07.2010	N.A.	USD	83.4050	8,161.9	(4,931.6)	3,230.2	(0.1)	3,230.2	530.7	435.1	-	435.1	-	100.0%
15	Ascend Laboratories LLC	15.07.2010	N.A.	USD	83.4050	703.1	9,751.4	19,387.4	8,932.9	449.5	26,625.7	684.3	(27.7)	712.0	-	100.0%
16	S&B Pharma LLC	08.04.2020	N.A.	USD	83.4050	8,933.7	(7,763.8)	2,454.1	1,284.3	-	1,238.7	(1,103.9)	0.0	(1,103.9)	-	100.0%
17	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	105.0325	9.9	73.9	750.5	666.7	-	610.1	20.0	4.9	15.1	-	100.0%
18	Alkem Foundation	14.12.2017	N.A.	INR	N.A.	0.1	(0.4)	0.2	0.5	-	537.4	(0.2)	-	(0.2)	-	100.0%
19	Ascend Laboratories Limited ⁵	07.09.2017	N.A.	CAD	61.2675	1.1	(7.0)	0.9	6.8	-	(2.6)	-	(2.6)	-	-	100.0%
20	Pharma Network SpA	27.03.2018	N.A.	CLP	0.0850	12.3	0.9	989.1	975.9	-	1,732.0	76.8	16.2	60.6	-	100.0%
21	Ascend Laboratories SAS	04.06.2019	N.A.	COP	0.0215	21.9	43.4	270.1	204.9	-	205.5	35.1	12.8	22.3	-	100.0%
22	Connect 2 Clinic Private Limited	12.06.2020	N.A.	INR	N.A.	15.0	16.6	51.5	19.9	-	115.4	5.0	(0.1)	5.1	-	100.0%
23	Ascend Laboratories S.A. DE C.V.	02.09.2021	N.A.	MXN	5.0283	38.9	0.4	55.4	16.1	-	(4.7)	(1.4)	(3.3)	-	-	100.0%
24	Enzene Inc ⁵	26.05.2022	N.A.	USD	83.4050	0.0	814.1	2,197.1	1,383.0	-	-	-	-	-	-	100.0%
25	Pharmacor Limited ⁵	01.06.2022	N.A.	NZD	49.8146	0.1	(7.3)	0.4	7.6	-	(5.7)	-	(5.7)	-	-	100.0%
26	Alkem Meditech Private Limited ⁵	27.03.2024	N.A.	INR	N.A.	-	-	-	-	-	-	-	-	-	-	100.0%

⁵ Subsidiary yet to commence operations

** Previously known as S&B Holdings B.V with principle place of business based at Netherlands redomiciled to Luxembourg w.e.f. 16 October 2023

^ Denotes equity shareholding

For and on behalf of the Board of Directors of Alkem Laboratories Limited

CIN: L00305MH1973PLC174201

B.N. Singh
Executive Chairman
DIN 00760310
Mumbai, India

Sandeep Singh
Managing Director
DIN 01277984
San Francisco, USA

M.K. Singh
Executive Director
DIN 00881412
Mumbai, India

Dr. Vikas Gupta
Chief Executive Officer
Mumbai, India

Nitin Agrawal
President - Finance & Chief Financial Officer
Mumbai, India

Manish Narang
President - Legal & Company Secretary & Compliance Officer
Mumbai, India

29 May 2024

Annexure C

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

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

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

The CSR Policy of the Company outlines the framework guiding the Company's CSR activities. It sets out the CSR vision statement, guiding principles, implementation process, CSR governance structure and monitoring/ reporting mechanism.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	*Mrs. Madhurima Singh	Chairperson/ Member	2	2
2.	#Mr. Arun Kumar Purwar	Chairperson	2	2
3.	@Mr. Basudeo N. Singh	Member	2	2
4.	Mr. Sandeep Singh	Member	2	1
5.	Ms. Sangeeta Singh	Member	2	2
6.	Ms. Sudha Ravi	Member	2	2
7.	&Mr. Srinivas Singh	Member	2	NA

* Member upto 08th February, 2024 and Chairperson w.e.f. 09th February, 2024

Chairperson upto 08th February, 2024

@ Member upto 08th February, 2024

& Member w.e.f. 09th February, 2024

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

Composition of the Committee: <https://www.alkemlabs.com/investors/committees>

CSR Policy: https://admin.alkemlabs.com/uploads/csr_policy_e0e5ec8d61.pdf

CSR Projects: <https://www.alkemlabs.com/sustainability/csr#action-plan>

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable:

As part of the Company's CSR activities, the Company had, through M/s Alkem Foundation, a wholly owned subsidiary and CSR arm of the Company, in financial year 2021-22, entered into an ongoing project captioned 'Construction of Road from Mamring bridge to Samardung Village' in Sikkim, spread over a period of 2 years with a total budget outlay of ₹ 22.6 million ("CSR Project"). However, due to occurrence of the natural calamity of flash floods in Sikkim on 04th October, 2023, the said newly constructed road was damaged and eventually collapsed.

Accordingly, no impact assessment was carried out by the Company for the said CSR Project, however, an inspection had been conducted for the same.

5. (a) Average net profit of the Company as per Section 135(5): INR 16,380.20 million
- (b) Two percent of average net profit of the Company as per Section 135(5): INR 327.61 million
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (d) Amount required to be set off for financial year, if any: NA
- (e) Total CSR obligation for financial year (b+c-d): INR 327.61 million

6. (a) Amount spent on CSR Projects (both Ongoing and other than Ongoing Project): INR 338.87 million
 (b) Amount spent in Administrative Overheads: INR 4.82 million
 (c) Amount spent on Impact Assessment, if applicable: Nil
 (d) Total amount spent for financial year (a+b+c): INR 343.69 million
 (e) CSR amount spent or unspent for financial year:

Total amount spent for financial year (in million)	Amount Unspent (in million)				
	Total amount transferred to Unspent CSR Account as per Section 135(6)*		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in million)	Date of transfer	Name of the Fund	Amount (in million)	Date of transfer
343.69	3.77	29 th April 2024		NA	
	0.48	30 th April 2024			

* The Company had transferred an amount of INR 4.25 million to the "Unspent CSR Account" with respect to certain ongoing projects initiated by the Company during financial year 2023-24, in compliance with Section 135(6) of the Companies Act, 2013 and rules framed thereunder.

- (f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in million)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per Section 135(5)	327.61
(ii)	Total amount spent for financial year	343.69
(iii)	Excess amount spent for financial year [(ii)-(i)]	16.08
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	16.08

7. Details of Unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6) (in million)	Balance amount in Unspent CSR Account under Section 135 (6) (in million)	Amount spent in the reporting financial year (in million)	Amount transferred to any fund specified under Schedule VII as per Section 135(5), if any Amount (in million) Date of transfer	Amount remaining to be spent in succeeding financial years (in million)	Deficiency, if any
1.	2022-23	206.3	3.28	203.02	NA	3.28	NA
2.	2021-22	200.00	-	-	NA	Nil	NA
3.	2020-21	142.24	0.99	-	NA	0.99	NA

8. Whether any capital assets have been created or acquired through CSR amount spent in financial year: No

Details relating to such asset(s) so created or acquired through CSR amount spent in financial year: NA

(1)	(2)	(3)	(4)	(5)	(6)		
Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

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

Note: During FY 2020-21, the Company had initiated an ongoing project by partnering with M/s Tata Memorial Centre ("TMC") for construction of an independent radiotherapy block of the Company in the 'Homi Bhabha Cancer Hospital & Research Centre, Muzaffarpur (Unit of Tata Memorial Centre Mumbai), a Grant-In-Aid Institute, Department of Atomic Energy, Government of India', which intends to offer state of art cancer treatment to needy cancer patients of that region.

As part of the said CSR initiatives, the Company through M/s Alkem Foundation, a wholly owned subsidiary and CSR arm of the Company, had agreed to provide financial support of INR 700 million to TMC in phase 1 and INR 300 million in phase 2, spread over a period of 5 (five) years, towards capital expenditure (including civil work) and operational expenditure, with respect to the said ongoing project.

Accordingly, the Company has, as on the financial year ended 31st March, 2024, spent a total amount of INR 750 million with respect to the said ongoing project with TMC.

Dr. Vikas Gupta

Chief Executive Officer

Mrs. Madhurima Singh

Chairperson of CSR Committee

Annexure D

POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

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

1. OBJECTIVE OF THE POLICY

The policy is framed with the objective(s):

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.
2. That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

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

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.
2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non- Executive Directors and also the Independent Directors, including Board diversity.
3. Devise framework to ensure that Directors are inducted through suitable familiarization process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.
4. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.

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

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

3. APPLICABILITY

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel ("KMP")
3. Senior Management Personnel
4. Other Employees of the Company

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

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/ Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.
3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1st April in respect of a Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

5. REMOVAL

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

6. RETIREMENT

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

7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

7.1. Sitting Fees

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

7.2. Profit-linked Commission

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

7.3. Stock Options

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

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

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly

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

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

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

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Annexure E

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

Sr. No.	Name of the Director and Designation	% of remuneration increase in financial year ended 31 st March, 2024	Ratio of the remuneration of each Director to the median remuneration of the employees
Independent Directors			
1.	Mr. Arun Kumar Purwar, Independent Director	4.8	7.2
2.	Ms. Sudha Ravi, Independent Director	5.2	6.8
3.	Ms. Sangeeta Singh, Independent Director	-4.7	6.7
4.	Dr. Dheeraj Sharma, Independent Director	-1.6	6.7
5.	Mr. Narendra Kumar Aneja, Independent Director	5.0	7.0
6.	*Mr. Sujain Talwar, Independent Director	41.9	6.0
Executive Directors			
7.	Mr. Basudeo N. Singh, Executive Chairman	4.2	443.8
8.	*Mr. Sandeep Singh, Managing Director	8.5	357.0
9.	Mr. Mritunjay Kumar Singh, Executive Director	13.3	240.3
10.	Mrs. Madhurima Singh, Executive Director	9.5	230.1
11.	Mr. Sarvesh Singh, Executive Director	6.7	102.3
12.	@Mr. Srinivas Singh, Executive Director	69.0	213.7

* Payments made for FY 2022-23 was only for part period from the date of appointment i.e. 05th August, 2022

* Part remuneration paid from M/s. The PharmaNetwork, LLC, a subsidiary of the Company in USA

@ Remuneration for FY 2022-23 was paid only for part period from the date of appointment i.e. 14th September, 2022

Sr. No.	Name of the Key Managerial Personnel and Designation	% of remuneration increase in financial year ended 31 st March, 2024
1.	#Dr. Vikas Gupta, Chief Executive Officer	NA
2.	*Mr. Nitin Agrawal, Chief Financial Officer	NA
3.	§Mr. Rajesh Dubey, Chief Financial Officer	69.5
4.	Mr. Manish Narang, Company Secretary	6.7

Appointed w.e.f. 22nd September, 2023

* Appointed w.e.f. 01st February, 2024

§ Increase in % of remuneration is on account of full and final settlement upon retirement as KMP w.e.f. 31st January, 2024

- During financial year ended 31st March, 2024, the median remuneration of employees increased by 6.6%.
- As on 31st March, 2024, the Company had 17,277 permanent employees on its rolls.
- During financial year 2023-24, there was an average 8.4% increase in the salaries of employees (including KMP) other than the managerial personnel as against increase in managerial remuneration by 8.6%, such increase was in line with the industry pay levels.
- The remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Mumbai, 29 May, 2024

Annexure F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Alkem Laboratories Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alkem Laboratories Limited (CIN: L00305MH1973PLC174201) and having its registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2018 (Not applicable to the Company during the audit period);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable to the Company during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Company during the audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during the audit period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the audit period); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotic Drugs and Psychotropic Substances Act, 1985; The Poisons Act, 1919; The Sales Promotion Employees (Condition of Service) Act, 1976; including the rules and regulations made under these Acts; Essential Commodities Act, 1955 and the Drugs (Prices Control) Order, 2013 issued thereunder; National Pharmaceutical Pricing Policy, 2012 being the laws that are specifically applicable to the Company based on their sector/industry.

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

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes



in the composition of the Board of Directors during the year under review.

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

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

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

We further report that during the audit period:

1. The Board of Directors at its meeting held on April 03, 2023 had approved the closure of its manufacturing facility (acquired in 2015) of the Company located at St. Louis in USA and further the Board of Directors at its meeting held on November 07, 2023 had also approved for sale of land and improvements with respect to the said manufacturing facility;
2. the Board of Directors of the Company at their meeting held on February 09, 2024, declared an interim dividend of ₹ 35.00/- (Rupees Thirty-Five only) per equity share (face value ₹2/-) for financial year 2023-2024 aggregating to ₹ 4,184.77 million;
3. Alkem Medtech Private Limited, got incorporated on March 27, 2024, in India, as a wholly owned subsidiary of the company;
4. Obtained approval of the members for alteration of object clause in its Memorandum of Association under Section 13 of the Companies Act, 2013, by way of a special resolution passed through Postal Ballot on January 06, 2024;
5. Obtained approval of the members for alteration of its Articles of Association under Section 14 of the Companies Act, 2013, by way of a special resolution passed at 49th Annual General Meeting held on August 25, 2023.

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

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

CS Mannish L. Ghia

Place: Mumbai Partner
Date: May 29, 2024 M. No. FCS 6252, C.P. No. 3531
UDIN: F006252F000471431 PR 822/2020

'Annexure A'

To,
The Members,
Alkem Laboratories Limited
Mumbai

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

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

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

CS Mannish L. Ghia

Place: Mumbai Partner
Date: May 29, 2024 M. No. FCS 6252, C.P. No. 3531
UDIN: F006252F000471431 PR 822/2020

Annexure G

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:- Nil (All contracts or arrangements or transactions with related parties were at arm's length basis)**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) Date of approval by the Board
 - (g) Amount paid as advances, if any
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. **Details of material contracts or arrangement or transactions at arm's length basis:-**
 - (a) Name(s) of the related party and nature of relationship – M/s Ascend Laboratories LLC USA, a step down subsidiary of the Company ("Ascend")
 - (b) Nature of contracts/arrangements/transactions – Sale of finished goods
 - (c) Duration of the contracts/arrangements/transactions – Ongoing
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: - Based on transfer pricing guidelines, value of transactions with Ascend amounted to ₹ 13,753 million during financial year 2023-24.
 - (e) Date(s) of approval by the Board, if any - The transactions being with a step down subsidiary of the Company did not require approval of the Board. The same were however, approved by the Audit Committee of the Company
 - (f) Amount paid as advances, if any - Nil

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

Mumbai, 29 May, 2024

Annexure H

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS

[pursuant to the Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY:

1. Energy Conservation Measures taken:

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

Steps taken for Energy Conservation during financial year 2023-24 are as follows:

- (i) Installed Variable Frequency Drive (VFD) for power saving at Sikkim and Mandva plants.
- (ii) Optimization and monitoring of chiller set point on daily basis to reduce the energy consumption at Taloja and Sikkim plants.
- (iii) Installed high efficiency and minimum purge loss air dryer at Ankleshwar plant.
- (iv) Installed new energy efficient Screw Air Compressor to replace inefficient reciprocation air compressor at Sikkim plant.
- (v) Installed two multi-chiller of 20 TR each to save energy by avoiding the running of 250 TR chiller during low load requirements at Sikkim plant.
- (vi) Setting optimum frequency of Air Handling Unit's (AHU) and installing timer for AHU in canteen at Taloja plant.
- (vii) Installed LED lights for power saving at Ankleshwar and Sikkim plants.
- (viii) Installed cooling tower fan automation in central utility at Mandva plant.
- (ix) Installed Condensate Recovery System for increasing the efficiency of boiler thereby saving fuel at Sikkim plant.
- (x) Installed Automated timer-based Streetlights & Air Curtains at Sikkim plant.

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

During financial year 2023-24, Company has used Biomass fuel for steam generation in Sikkim plant, thus avoiding non-renewable fuels, installed rooftop solar power generation at Taloja plant and continued the use of already adopted alternate sources of energy.

3. The capital investment on Energy Conservation equipment:

(₹ in million)		
Sr. No.	Particulars	Amount
1.	Cooling tower	5.7
2.	Chiller	3.3
3.	Pumps	2.1
4.	AHUs Coils	2.0
5.	Air Compressor- Atlas Copco.	7.5
6.	LED	1.49
7.	Variable Frequency Drive	1.5
8.	Boiler feed water tank replacement	1.1
9.	Air dryer with minimum purge loss	0.3
10.	Others	0.7
Total		25.7

(B) TECHNOLOGY ABSORPTION:

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

Indigenously developing the following engineered inhalation products for the domestic market :

- (i) Breath Activated Inhalation (BAI) technology used in conjunction with a pressurized metered dose inhaler (pMDI) to have a drug delivery synchronized with breath and dry powder for inhalation (DPI) with device and Nebulizer products;
- (ii) Canister sealing with metered valves and (pressurized) filling system using inert liquefied, pressurized propellant, stainless steel manufacturing and filling setup for complex products, autoclave, dynamic pass box, ceiling laminar air flow and mobile laminar air flow.

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

- (i) Added advancement in the treatment of pulmonary related diseases for asthmatic and COPD (chronic obstructive pulmonary disease) population by development of pMDI, pMDI with BAI, pMDI with dose counter, DPI and Nebulizer products in respiratory domain for domestic market.
- (ii) Indigenous development of advanced pulmonary products resulting in quality products with cost reduction, product efficacy and patient safety.

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

i) Liquid chromatography-mass spectrometry (LCMSMS) setup

(a) The details of technology imported:

The Company imported this instrument from USA. The setup contains high end HPLC (high performance liquid chromatography) coupled with highly sensitive triple quadrupole mass spectrometer (MSMS). This instrument is used for identification and estimation of trace level impurities such as Nitrosamines and helps in controlling its content in the drug product/ drug substance, thereby producing best quality products and patient safety through validated methods. The acquisition of this technology helps in reducing the cost and timelines to meet the regulatory requirements;

- (b) The year of import: 2022-23;
 (c) Whether the technology has been fully absorbed: Yes;
 (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

ii) Flash Chromatography

- (a) the details of technology imported: The Company imported the said instrument from Switzerland which is a purification technique designed for rapid separation by using air pressure. Flash chromatography columns are typically prepacked plastic cartridges with silica gel particle sizes between 40–60 mm. Automated flash chromatography systems are composed of parts normally found on HPLC (high performance liquid chromatography) systems such as a gradient pump, injection ports, UV detector and a fraction collector to gather the eluent. The said acquisition is cost efficient and saves time, thereby resulting in faster product development.

- (b) the year of import: 2023-24;
 (c) whether the technology been fully absorbed: Yes;
 (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

4. Expenditure on R & D:

		(₹ in million)	
Sr. No.	Particulars	2023-24	2022-23
(i)	Capital	1,312.8	90.6
(ii)	Recurring	4,398.0 (excluding depreciation of 239.7 million)	4,617.2 (excluding depreciation of 180.2 million)
Total		5,710.8	4,707.8
	Total R & D expenditure as percentage to total turnover	5.86%	5.20%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in million equivalent of various foreign currencies)		
Particulars	2023-24	2022-23
Foreign Exchange earned	20,316.0	16,916.3
Foreign Exchange outgo	5,412.9	4,189.5

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
 Executive Chairman
 DIN: 00760310

Mumbai, 29 May, 2024