



Directors' Report

to the Members

Dear Members,
Alkem Laboratories Limited

Your Directors are pleased to present their 46th Annual Report on the business and operations together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2020. 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, 2020	Year ended 31 st March, 2019	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Income from Operations	66,770.8	57,140.9	83,443.6	73,571.9
Other Income	959.8	675.8	1,042.2	877.0
Total Revenue	67,730.6	57,816.7	84,485.8	74,448.9
Profit before Interest, Depreciation and Tax	15,636.3	11,132.9	15,776.2	12,024.7
Less: Interest	387.1	282.6	650.6	546.3
Less: Depreciation	1,868.4	1,410.7	2,527.6	1,931.8
Profit before tax	13,380.8	9,439.6	12,597.9	9,546.6
Less: Provision for Taxation (net)	736.6	1,441.2	1,104.8	1,810.2
Profit after tax and before Non-controlling Interest	12,644.2	7,998.4	11,493.1	7,736.4
Less: Non-controlling Interest	-	-	222.4	131.3
Profit for the year	12,644.2	7,998.4	11,270.7	7,605.1
Other comprehensive income	(172.8)	(41.8)	268.6	310.0
Other comprehensive income attributable to Non-Controlling Interest	-	-	5.4	1.1
Total comprehensive income attributable to owners of the Company	12,471.4	7,956.6	11,544.7	7,916.2
Balance of other equity as of 01.04.2019	54,413.0	48,614.5	54,154.3	48,398.6
Dividend on Equity Shares	(3,587.0)	(1,793.5)	(3,587.0)	(1,793.5)
Dividend Distribution Tax	(732.1)	(364.6)	(743.8)	(372.8)
Employee Stock option exercised	-	-	(2.1)	-
Employee Compensation Expenses	-	-	1.5	5.8
Balance of other equity as of 31.03.2020	62,565.3	54,413.0	61,367.6	54,154.3

OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31st March, 2020, the Company's total revenue including other income was ₹ 67,730.6 Million on standalone basis as against ₹ 57,816.7 Million achieved in the previous year, registering a growth of 17 %.

The export turnover of the Company during the financial year 2019-20 was ₹ 15,917.1 Million as against ₹ 12,159.5 Million achieved in the previous year registering a growth of 31%.

During the financial year ended 31st March, 2020, the Company and its subsidiaries achieved total revenue including other income of ₹ 84,485.8 Million on consolidated basis, as against

a turnover of ₹ 74,448.9 Million achieved in the previous year, registering a growth of 13%.

During the financial year ended 31st March, 2020, Standalone Profit before interest, depreciation and tax increased by 40% at ₹ 15,636.3 Million as against ₹ 11,132.9 Million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 31% at ₹ 15,776.2 Million as against ₹ 12,024.7 Million in the previous year. As a result, Standalone Profit before tax grew by 42% over the previous year to ₹ 13,380.8 Million and Consolidated Profit before tax was ₹ 12,597.9 Million, which grew by 32% over the previous year.

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The Standalone net profit after tax for the financial year ended 31st March, 2020 increased by 58% to ₹ 12,644.2 Million over the previous year while the Consolidated net profit after tax increased by 48 % over the previous year to ₹ 11,270.7 Million.

DIVIDEND

During the financial year 2019-20, Board of Directors on 7th February, 2020 declared and paid an interim dividend at ₹ 22/- (Rupees Twenty Two only) per equity share of ₹ 2/- (Rupees Two only) each, being 1100% of paid up share capital. In addition, your Directors are pleased to recommend payment of ₹ 3/- (Rupees Three only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2019-20, for the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total dividend (interim and final dividend) for the financial year 2019-20 will be ₹ 25/- (Rupees Twenty five only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 16/- (Rupees Sixteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

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

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year 2019-20.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2020 was ₹ 239.1 Million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company, under any Scheme (including sweat equity shares).

DEPOSITS

The Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are outstanding as on 31st March, 2020.

SUBSIDIARIES

As on 31st March, 2020, the Company had 21 subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of the Act.

During the year under review, none of the companies ceased to be a subsidiary of the Company, however, a new company

named Ascend Laboratories SAS was incorporated on 04th June, 2019 as a wholly owned subsidiary of the Company in Colombia.

In addition to the above, on 08th April, 2020, a new company named S&B Pharma LLC had been incorporated as a Step down subsidiary of the Company in USA.

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

The Audited Financial Statements of the subsidiaries are available on the Company's website at www.alkemlabs.com 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

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

BUSINESS RESPONSIBILITY REPORT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are as per the Company's CSR Policy. Our CSR program aims to address the immediate and long term needs of the community and focus on where we can make the major impact on marginalized sections of the society. The Company's CSR strategy involves a multi-sectoral inclusive approach to focus on community needs. It strives to improve the well-being of our communities by focusing on education, vocational training, healthcare and sanitation, environmental concerns and rural development. The Company implements these activities directly or through strategic trust-based partnerships with various NGOs. During the financial year 2019-20, the Company has addressed the requirements of local communities in the vicinity of its manufacturing facilities and R&D centers through focused projects in the areas of education, health and hygiene, environment and community development.

As a part of CSR initiatives, during the Covid-19 pandemic, the Company arranged distribution of essential items to cater the needs of the society at large and has also contributed towards the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.



Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2019-20 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments

The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. Basudeo N. Singh (DIN: 00760310) as an Executive Chairman of the Company for a period of 5 (five) consecutive years w.e.f 01st April, 2020 upto 31st March, 2025 subject to the approval of the shareholders. The Shareholders of the Company through Postal Ballot on 04th April, 2020, approved the said appointment of Mr. Basudeo N. Singh as an Executive Chairman of the Company, not liable to retire by rotation, for a period of 5 (five) consecutive years w.e.f. 01st April, 2020 upto 31st March, 2025.

The Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee appointed Mr. Sarvesh Singh (DIN: 01278229) as an Additional Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 11th November, 2019 upto 10th November, 2024. The Shareholders of the Company through Postal Ballot on 04th April, 2020 approved the appointment of Mr. Sarvesh Singh as a Whole Time Director designated as an Executive Director of the Company for a period of 5 (five) consecutive years w.e.f. 11th November, 2019 upto 10th November, 2024.

As per the provisions of Section 161 read with Section 149 of the Act, the Articles of Association of the Company and considering the expertise and experience of Mr. Narendra Kumar Aneja in the field of GRC (Governance, Risk and Compliance) assignment, management consultancy and high standards of integrity possessed by him, the Board of Directors of the Company approved the appointment of Mr. Narendra Kumar Aneja (DIN: 00124302) as an Additional Director designated as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 16th March, 2020 upto 15th March, 2025 subject to the approval of the shareholders. The Shareholders of the Company through Postal Ballot on 04th April, 2020, approved the said appointment of Mr. Narendra Kumar Aneja as an Independent Director of the Company for a period of 5 (five) consecutive years, w.e.f. 16th March, 2020 upto 15th March, 2025.

Resignations/ Retirements/ Demise/ Completion of Tenure

Late Mr. Samprada Singh, Chairman Emeritus and Founder Promoter of the Company expired on 27th July, 2019. He had served on the Board of the Company since its incorporation. He had rich and varied experience of over 45 years in the Indian pharmaceutical industry and had received various prestigious awards for his contribution. He had spearheaded the Company since its incorporation and under his guidance the Company has grown to its current stature. The Directors placed on record their sincere appreciation for the valuable strategic guidance and leadership provided by him to the Company since its inception.

Mr. Akhouri Maheshwar Prasad (DIN: 07066439) completed his tenure as an Independent Director on the Board of Directors of the Company on 15th March, 2020. The Board placed on record its appreciation for his valuable contribution during his tenure as a Director of the Company.

Directors liable to Retirement by Rotation

Mr. Dhananjay Kumar Singh (DIN: 00739153) and Mr. Balmiki Prasad Singh (DIN: 00739856) are liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible they have offered themselves for re-appointment. Appropriate resolutions for their re-appointment are included in the Notice of AGM for seeking approval of Members. The Directors recommend their re-appointment for your approval.

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

Key Managerial Personnel

Mr. Sandeep Singh, Managing Director, Mr. Rajesh Dubey, President Finance and Chief Financial Officer and Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as on 31st March, 2020, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Independent Directors

The Independent Directors hold office for a fixed term of 5 (five) years and are not liable to retire by rotation.

Declaration of independence from Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as clause (b) of sub-regulation (1) of Regulation 16 of the 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://www.alkemlabs.com/pdf/policies/996508366Terms_of_appointment-Independent_directors.pdf.

Familiarization Program

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors'

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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 the 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/corporate-governance>.

Annual Evaluation of Board's Performance

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

As per the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations, atleast one separate meeting of the Independent Directors of the Company shall be held in a year. However, in order to address the COVID-19 pandemic, Ministry of Corporate Affairs vide General Circular No. 11/ 2020 dated 24th March, 2020, stated that if the Independent Directors of a company have not been able to hold the said meeting for the financial year 2019-20, the same shall not be viewed as a violation. The said circular further mentions that the Independent Directors however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary. The Company was unable to hold a separate Independent Directors meeting for FY 2019-20 but the Independent Directors in line with the said circular shared their views amongst themselves telephonically.

Remuneration Policy

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at https://www.alkemlabs.com/pdf/policies/1378936118Nomination-and-Remuneration-Policy_modified%2027052016.pdf. The said policy is annexed to this Report as Annexure D.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Further a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Annual Financial Statements are being sent by email to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the Members at the Registered Office of the Company during the business hours on all working days up to

the date of AGM and also shall be provided electronically to any Member on a written request to obtain a copy of the same to the Company Secretary.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 7 (Seven) times during the financial year 2019-20. 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

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Sandeep Singh, Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi, Ms. Sangeeta Singh and Mr. Narendra Kumar Aneja (inducted as Member w.e.f. 16th March, 2020) as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. The brief terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Arun Kumar Purwar, Chairman and Mr. Basudeo N. Singh, Ms. Sangeeta Singh and Mr. Ranjal Laxmana Shenoy (inducted as Member w.e.f. 16th March, 2020) as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. The brief terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Balmiki Prasad Singh, Mr. Mritunjay Kumar Singh and Mr. Arun Kumar Purwar 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. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh as Members. Mr. Akhouri Maheshwar Prasad was a Member of this Committee upto 15th March, 2020. The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report which forms part of this Report.

Risk Management Committee

The Risk Management Committee comprises of Mr. Dhananjay Kumar Singh, Chairman and Mr. Mritunjay Kumar Singh, Mr. Sandeep Singh, Ms. Sudha Ravi, Dr. Dheeraj Sharma and Mr. Narendra Kumar Aneja (inducted as Member w.e.f.



16th March, 2020) 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual financial statements on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 relating to 'Meetings of the Board of Directors' and SS-2 relating to 'General Meetings' have been duly followed by the Company.

AUDITORS AND AUDITORS' REPORT

Statutory 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 Forty-Fifth AGM of the Company held on 27th August, 2019, for another term of 5 (five) years from the conclusion of Forty-Fifth AGM of the Company until the conclusion of the Fiftieth AGM, on such remuneration, inclusive of applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company for the current year and are not disqualified from being so appointed.

The Auditors' Report for financial year ended 31st March, 2020, does not contain any qualification, reservation or adverse remark.

Cost Auditor

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

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 30th May, 2019, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2019-20 to conduct the audit of the cost records of the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

Secretarial 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 the financial year 2019-20. The Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into during financial year 2019-20 by the Company, were at arm's length basis, in the ordinary course of business and in compliance with the

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applicable provisions of the Act and the SEBI LODR Regulations and are in conformity with the Company's Policy on Related Party Transactions.

During the financial year 2019-20, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Act in Form AOC-2 is not applicable. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at https://www.alkemlabs.com/pdf/policies/84051713915915Policy_on_Related_Party_Transactions.pdf

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

Internal Complaints Committees have been set up at the head office of the Company as well as at all the Company's plants and R&D Centers to redress complaints received on sexual harassment. During the financial year 2019-20, the Company had not received any complaints of sexual harassment.

DISCLOSURES UNDER THE ACT

Change in Nature of Business, if any:

During the financial year 2019-20, there was no change in the nature of business of the Company.

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

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

Significant and Material Orders:

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

Reporting of Frauds by Auditors:

During the year under review, an employee of the Company was found to have perpetrated misappropriation of the Company's funds aggregating to an amount of ₹ 116.5 Million. As at 31st March, 2020, Company was able to recover an amount of ₹ 83.8 Million and has also secured recovery of balance amount so misappropriated. The details of the same have been explained in the notes to financial statements forming part of the Annual Report.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

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

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

The information on conservation of energy, technology absorption and foreign 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

Place: Mumbai

Date: 05th June, 2020