Consolidated Financial Statements

Independent Auditor's Report

To the Members of
Alkem Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information in which are included one branch at Nepal (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report*. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from operations

See Note 2.10 and 3.19 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group has numerous customers operating in multiple geographies and sales contracts with these customers have distinct terms and conditions relating to the recognition of revenue, the right of return and price adjustments. Contractual arrangements as well as regulatory requirements in various geographies result in adjustments to gross sales price. These adjustments arise from the Group's obligations to customers towards chargebacks, rebates, product recalls, Medicaid, allowances and right of return ("variable consideration"). As stated in Note 3.19 to the consolidated financial statements, revenue from the sale of goods is measured after adjusting the effects of variable consideration. Adjustments are made with respect to variable components which requires judgement and estimation by the Group. These are based on contractual arrangements, market conditions and accumulated experience. Accordingly we identified recognition of revenue from sale of products during the year and at the period end and accruals for variable consideration in revenue recognition as a key audit matter.	Our audit procedures included the following: • Obtained an understanding of the systems, processes and controls implemented by the group for recording revenue from sale of goods. • Evaluated Group's revenue recognition policies by assessing compliance with applicable accounting standards. • Testing the design, implementation and operating effectiveness of the Company's manual and automated controls designed to ensure recognition of valid revenue transactions in the correct period. • Testing key internal controls with respect to accrual for variable consideration. These accruals are made using accumulated experience, contractual arrangements and volume of transactions with respective customers. • Tested the adequacy of accruals for unsettled obligations in respect of reductions from gross sales on account of variable consideration. Performed retrospective review to identify any bias with respect to these estimates.

The key audit matter	How the matter was addressed in our audit
	• On selected statistical samples of transactions, we tested the underlying documents, which include testing contractual terms of sale contracts/ invoices, shipping documents and lead time/ proof of delivery to test evidence for transfer of control both during the period and at period end. • Performed procedures to identify and test exceptional transactions such as one off sales to customers to identify any unusual transactions. • Tested high risk manual journal entries posted to revenue to identify unusual transactions.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

a. We did not audit the financial statements / financial information of 19 subsidiaries, whose financial statements/ financial information reflects total assets (before consolidation adjustments) of ₹ 21,402 million as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 22,016 million and net cash flows (before consolidation adjustments) amounting to ₹ 1,856 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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

b. The financial statements/financial information of one subsidiary, whose financial statements/financial information reflects total assets (before consolidation adjustments) of ₹ 51 million as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 115 million and net cash flows (before consolidation adjustments) amounting to ₹1 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Holding Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those the reports of the other auditors except for the matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 01 April 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group. Refer Note 3.26(a) to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2024.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2024.

d. (i) The respective management of the Holding Company and three of its subsidiary companies incorporated in India whose financial statements/ financial information have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 3.46 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The respective management of the Holding Company and three of its subsidiary companies incorporated in India whose financial statements/ financial information have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 3.46 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements/ financial information have been audited under the Act, nothing has come to our or other auditors notice that has caused us or other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 3.35 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. Based on our examination which included test checks and in accordance with requirements of the Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, except for the instances mentioned below, the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act, have used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:

i. In respect of the Holding Company and two of its subsidiary companies, the feature of recording audit trail (edit log) was not enabled during the year at the database level to log any direct data changes for the accounting software used for maintaining the books of account and at the application level for changes made by privileged users for the period from 22 July 2023 to 11 January 2024.

ii. In respect of one subsidiary company, in the absence of independent auditor's report we are unable to comment on whether audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the subsidiary's books of accounts.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of the audit trail feature being tampered with during the course of the audit.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:24111410BKGQOM3807

Place: Mumbai
Date: 29 May 2024

Annexure A to the Independent Auditor's Report

on the Consolidated Financial Statements of Alkem Laboratories Limited for the year ended 31 March 2024

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

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by their auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Name of the entities	CIN	Holding Company/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
Alkem Laboratories Limited	L00305MH1973PLC174201	Holding Company	3 vii(a), 3 xi(a)
Cachet Pharmaceuticals Private Limited	U24230BR1978PTC001328	Subsidiary Company	3 vii(a)
Enzene Biosciences Limited	U24232PN2006PLC165610	Subsidiary Company	3 xvii
Indchemie Health Specialities Private Limited	U24230MH1986PTC039692	Subsidiary Company	3 vii(a)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Subsidiary/ JV/ Associate
Connect 2 Clinic Private Limited	U93090MH2020PTC339772	Subsidiary

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:24111410BKGQOM3807

Place: Mumbai
Date: 29 May 2024

Annexure B to the Independent Auditor's Report

on the Consolidated Financial Statements of Alkem Laboratories Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company in which are included internal financial controls with reference to financial statements/financial information of one branch located in Nepal and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements/financial information of subsidiary companies, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by such companies incorporated in India considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Sreeja Marar
Partner
Membership No.: 111410
ICAI UDIN:24111410BKGQOM3807

Place: Mumbai
Date: 29 May 2024

ALKEM

Consolidated Balance Sheet

as at 31 March 2024

(₹ in Million)

Particulars	Note no.	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
1 Non-current assets			
(a) **Property, plant and equipment**	3.1	21,614.6	20,654.0
(b) **Right of use assets**	3.1	2,471.7	1,378.6
(c) **Capital work in progress**	3.1	1,484.0	3,102.7
(d) **Goodwill**	3.36	4,167.4	4,131.7
(e) **Other intangible assets**	3.1	474.1	664.2
(f) **Intangible assets under development**	3.1	101.7	129.7
(g) **Financial assets**			
(i) Investments	3.2	3,348.0	3,046.1
(ii) Loans	3.3	-	80.2
(iii) Other financial assets	3.4	1,202.2	2,952.5
(h) **Deferred tax assets (net)**	3.7C	15,148.3	13,025.0
(i) **Other tax assets (net)**	3.7D	781.7	575.4
(j) **Other non-current assets**	3.5	839.5	529.6
Total non-current assets		**51,633.2**	**50,269.7**
2 Current assets			
(a) **Inventories**	3.6	26,611.8	26,075.3
(b) **Financial assets**			
(i) Investments	3.2	1,489.9	3,172.1
(ii) Trade receivables	3.8	22,528.1	21,321.8
(iii) Cash and cash equivalents	3.9	4,550.7	2,738.0
(iv) Bank balances other than (iii) above	3.10	11,242.8	23,430.9
(v) Loans	3.3	90.7	67.7
(vi) Other financial assets	3.4	29,302.0	1,897.5
(c) **Other current assets**	3.11	8,299.8	7,360.9
		104,115.8	**86,064.2**
(d) **Non-current assets held for sale**	3.43	-	1,232.6
Total current assets		**104,115.8**	**87,296.8**
TOTAL ASSETS		**155,749.0**	**137,566.5**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) **Equity share capital**	3.12A	239.1	239.1
(b) **Other equity**	3.12B	102,881.5	90,213.8
Equity attributable to owners of the Company		103,120.6	90,452.9
(c) **Non-controlling interest**	3.37	4,023.4	3,897.1
Total Equity		**107,144.0**	**94,350.0**
2 Liabilities			
2a Non-current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	400.0	-
(ia) Lease liabilities	3.29	1,892.6	703.3
(ii) Other financial liabilities	3.17	3,109.9	1,660.1
(b) **Provisions**	3.14	2,998.6	3,693.6
(c) **Other non-current liabilities**	3.15	258.4	88.0
Total non-current liabilities		**8,659.5**	**6,145.0**
2b Current liabilities			
(a) **Financial liabilities**			
(i) Borrowings	3.13	11,739.7	13,071.5
(ia) Lease liabilities	3.29	151.8	192.0
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	3.16	670.0	1,104.6
Total outstanding dues of creditors other than micro and small enterprises	3.16	16,811.2	10,545.7
(iii) Other financial liabilities	3.17	6,457.7	6,326.9
(b) **Other current liabilities**	3.18	2,296.5	1,868.9
(c) **Provisions**	3.14	1,268.7	3,727.5
(d) **Current tax liabilities (net)**	3.7D	549.9	234.4
Total current liabilities		**39,945.5**	**37,071.5**
Total liabilities		**48,605.0**	**43,216.5**
TOTAL EQUITY AND LIABILITIES		**155,749.0**	**137,566.5**
Material Accounting Policies	2A		
Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai, India
29 May 2024

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
Mumbai, India

29 May 2024

Consolidated Statement of Profit and Loss

for the year ended 31 March 2024

(₹ in Million)

	Particulars	Note no.	For the year ended 31 March 2024	For the year ended 31 March 2023
1	**Income**			
	(a) Revenue from operations	3.19	126,675.8	115,992.6
	(b) Other income	3.20	3,108.4	2,160.8
	Total income		**129,784.2**	**118,153.4**
2	**Expenses**			
	(a) Cost of materials consumed	3.21	32,945.9	30,569.2
	(b) Purchases of stock-in-trade		16,288.7	13,875.5
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	141.2	4,623.7
	(d) Employee benefits expense	3.23	22,010.1	21,313.5
	(e) Finance costs	3.24	1,124.1	1,073.6
	(f) Depreciation and amortisation expense	3.1	2,993.0	3,104.2
	(g) Other expenses	3.25	32,835.0	29,516.2
	Total expenses		**108,338.0**	**104,075.9**
3	**Profit before exceptional items and tax (1) - (2)**		**21,446.2**	**14,077.5**
4	**Exceptional items**	3.43-3.45	(1,214.9)	(1,029.8)
5	**Profit before tax (3) + (4)**		**20,231.3**	**13,047.7**
6	**Tax expense**	3.7A		
	(a) Current tax		4,222.8	2,739.0
	(b) Deferred tax charge/(credit) (net)		(2,106.1)	240.6
	Total tax expenses (a+b)		**2,116.7**	**2,979.6**
7	**Profit for the year (5) - (6)**		**18,114.6**	**10,068.1**
8	**Profit attributable to Non-Controlling Interest**	3.37	156.9	226.4
9	**Profit attributable to Owners of the Company (7) - (8)**		17,957.7	9,841.7
10	**Other Comprehensive Income**			
	(a) (i) Items that will not be reclassified subsequently to profit or loss	3.28	(93.4)	(48.7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	3.7A	29.8	16.1
	(b) (i) Items that will be reclassified to profit or loss		264.0	1,181.6
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of other comprehensive income / (loss) for the year, net of tax		**200.4**	**1,149.0**
11	**Other Comprehensive Income/(Loss) attributable to Non-Controlling Interest**	3.37	(6.1)	(4.1)
12	**Other Comprehensive Income/(Loss) attributable to Owners of the Company (10) - (11)**		206.5	1,153.1
13	**Total Comprehensive Income for the year (7) + (10)**		**18,315.0**	**11,217.1**
14	**Total Comprehensive Income/(Loss) attributable to Non-Controlling Interest (8) + (11)**	3.37	150.8	222.3
15	**Total Comprehensive Income/(Loss) attributable to Owners of the Company (13) - (14)**		18,164.2	10,994.8
16	**Earnings per share (in ₹): Face value of ₹ 2 each**			
	Basic and diluted earnings per share	3.33	150.19	82.31
	Material Accounting Policies	2A		
	Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai, India
29 May 2024

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
Mumbai, India

29 May 2024

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

(a) Equity share capital

(₹ in Million)

Balance as at 1 April 2023	Change in equity share capital during the year	Restated balance as at 1 April 2023	Change in equity share capital during the year	Balance as at 31 March 2024
239.1	-	239.1	-	239.1

(₹ in Million)

Balance as at 1 April 2022	Change in equity share capital during the year	Restated balance as at 1 April 2022	Change in equity share capital during the year	Balance as at 31 March 2023
239.1	-	239.1	-	239.1

(b) Other Equity

(₹ in Million)

Particulars	Attributable to Owners of the Parent							Total other equity attributable to owners of the parent	Total other equity attributable to non-controlling interest	Total other equity
	Reserves and Surplus						Items of OCI			
	Capital reserve	Gross obligation to non-controlling interest under put option	Employee stock option outstanding account	General reserve	Retained earnings	Remeasurement of defined benefit plans	Foreign currency translation reserve			
Balance as at 1 April 2022	5.2	-	6.0	19,872.5	65,938.9	(458.7)	776.0	86,139.9	2,094.3	88,234.2
Total comprehensive income for the year ended 31 March 2023										
Profit for the year	-	-	-	-	9,841.7	-	-	9,841.7	226.4	10,068.1
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(32.6)	1,185.8	1,153.2	(4.1)	1,149.1
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**9,841.7**	**(32.6)**	**1,185.8**	**10,995.0**	**222.3**	**11,217.3**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	-	(5,260.9)	-	-	(5,260.9)	(34.3)	(5,295.2)
Compulsorily convertible preference shares issued to NCI	-		-	-	-	-	-	-	1,614.8	1,614.8
Recognition of put option liability during the year	-	(1,660.1)	-	-	-	-	-	(1,660.1)	-	(1,660.1)
Balance as at 31 March 2023	**5.2**	**(1,660.1)**	**6.0**	**19,872.5**	**70,519.7**	**(491.3)**	**1,961.8**	**90,213.8**	**3,897.1**	**94,111.1**
Total comprehensive income for the year ended 31 March 2024										
Profit for the year	-	-	-	-	17,957.7	-	-	17,957.7	156.9	18,114.6
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(63.6)	270.1	206.5	(6.1)	200.4
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**17,957.7**	**(63.6)**	**270.1**	**18,164.2**	**150.8**	**18,315.0**
Dividend on equity shares **(Refer Note 3.35)**	-	-	-	-	(5,380.4)	-	-	(5,380.4)	(24.5)	(5,405.1)
Recognition of put option liability during the year	-	(305.5)	-	-	-	-	-	(305.5)	-	(305.5)
Employee compensation expense for the year **(Refer Note 3.41)**	-	-	189.4	-	-	-	-	189.4	-	189.4
Balance as at 31 March 2024	**5.2**	**(1,965.6)**	**195.4**	**19,872.5**	**83,097.0**	**(554.9)**	**2,231.9**	**102,881.5**	**4,023.4**	**106,904.9**

The Description of the nature and purpose of each reserve within equity:

Capital reserve: Capital reserve represents investment subsidies from state government.

Employee stock options outstanding account: The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of profit and loss with corresponding credit to Employee stock options outstanding account.

General reserve: General reserve represents portion of the net profit transferred before declaring dividend pursuant to the provisions of Companies Act 1956 applicable to Company and its Indian subsidiaries. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve and dividends distributed to shareholders.

Foreign currency translation reserve: Foreign currency translation reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

Remeasurement of defined benefit plans: Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity.

Gross obligation to non-controlling interest under put option: The amount that may become payable under the option on exercise is initially recognised at fair value within other financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as gross obligation to non-controlling interest under put option in other equity.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai, India
29 May 2024

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
Mumbai, India

29 May 2024

ALKEM

Consolidated Statement of Cash Flow

for the year ended 31 March 2024

(₹ in Million)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A.	**Cash Flow from Operating Activities:**		
	Profit before Tax	20,231.3	13,047.7
	Adjustments for:		
	Depreciation and amortisation expense	2,993.0	3,104.2
	Liabilities no longer required written back	(19.8)	(17.5)
	Profit on sale of investments (net)	(146.3)	(21.6)
	Unrealised (gain) / loss on fair valuation of investments (net)	(5.4)	(287.0)
	Loss on sale of property plant and equipment (net)	31.8	123.6
	Employee stock compensation expenses	189.4	-
	Unrealised foreign currency (gain) / loss on revaluation (net)	594.3	(118.8)
	Dividend Income	(1.9)	(1.9)
	Impairment loss on property, plant and equipment	992.2	1,051.5
	Interest Income	(2,757.7)	(1,711.4)
	Provision for doubtful advances	318.0	-
	Interest expenses	1,124.1	1,073.6
	Loss allowance	524.0	48.8
	Subtotal of Adjustments	**3,835.7**	**3,243.5**
	Operating profit before working capital changes	24,067.0	16,291.2
	Adjustments for changes in working capital:		
	(Increase) / Decrease in trade receivables	(2,219.9)	(1,347.1)
	(Increase) / Decrease in loans, other financial assets and other assets	(1,351.1)	(770.1)
	(Increase) / Decrease in inventories	(734.0)	4,734.1
	Increase / (Decrease) in trade payable, other financial liabilities and other liabilities	5,252.8	145.1
	Increase / (Decrease) in provisions	(1,464.7)	505.7
	Subtotal of adjustments	**(516.9)**	**3,267.7**
	Cash generated from operations	23,550.1	19,558.9
	Less: Income taxes paid (net of refund)	(4,069.4)	(2,733.9)
	Net Cash generated from operating activities	**19,480.7**	**16,825.0**
B	**Cash Flow from Investing Activities:**		
	Purchases of property, plant and equipment (including capital work in progress, other intangible assets and intangible assets under development)	(2,592.9)	(2,329.1)
	Proceeds from disposal of property, plant and equipment and other intangible assets	724.8	32.0
	Other investments redeemed	2,139.1	-
	Other investments made	(533.7)	(2,175.3)
	Investment made in fixed deposits	(36,258.8)	-
	Redemption of fixed deposits	24,041.8	4,129.8
	Dividend received	1.9	1.9
	Interest received	2,392.8	1,469.1
	Net cash generated from / (used in) investing activities	**(10,085.0)**	**1,128.4**
C	**Cash Flow from Financing Activities:**		
	(Repayment of) / proceeds from non-current borrowings (net)	400.0	(95.0)
	(Repayment of) / proceeds from current borrowings (net)	(5,208.9)	(12,689.8)
	Proceeds from issue of compulsory convertible preferance shares	-	1,614.8
	Dividend paid	(5,404.9)	(5,295.2)
	Principal repayment of lease liabilities	(323.2)	(238.4)
	Interest paid	(913.1)	(904.6)
	Net cash (used in)/generated from financing activities	**(11,450.1)**	**(17,608.2)**
D	**Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)**	(2,054.4)	345.2
E	**Cash & Cash Equivalents as at the beginning of the year**	2,738.0	2,321.8
	Add/Less: Effect of exchange difference on foreign currency cash and cash equivalents	(20.5)	71.0
F	**Cash and cash equivalents as at end of the year (D+E) (Refer Note 3.9)**	663.1	2,738.0

Consolidated Statement of Cash Flow

for the year ended 31 March 2024

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

2 Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year

3 Debt reconciliation in accordance with Ind AS 7:

Particulars	Lease Liabilities	Non-current borrowings	Current borrowings
As at 1 April 2022	880.7	93.8	12,355.6
Cash flows from borrowing during the year (net)	(238.4)	(95.0)	(2,122.8)
Non-Cash Items	253.0	1.2	(166.7)
As at 31 March 2023 (Refer note 3.13)	**895.3**	-	**10,066.1**
Cash flows from borrowing during the year (net)	(323.2)	400.0	(2,237.4)
Non-Cash Items	1,472.3	(0.0)	36.8
As at 31 March 2024 (Refer note 3.13)	**2,044.4**	**400.0**	**7,865.5**

4 Components of cash and cash equivalents for the purpose of Cash flow as per IND AS 7:

	For the year ended 31 March 2024	For the year ended 31 March 2023
Cash and cash equivalents **(Refer note 3.9)**	4,550.7	2,738.0
Loans repayable on demand from banks **(Refer note 3.13)**	(3,887.6)	-
Total Cash and cash equivalents	**663.1**	**2,738.0**

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai, India
29 May 2024

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
Mumbai, India

29 May 2024

Notes

to the Consolidated financial statements for the year ended 31 March 2024

1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical products. These consolidated financial statements comprise the Company and its subsidiaries (collectively 'the Group').

2A Material accounting policies:

2.1 Basis of preparation of Consolidated Financial Statements ("financial statements"):

a) Statement of compliance

The financial statements of the Group as at and for the year ended 31 March 2024 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 29 May 2024.

b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2B**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle*,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

*The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of measurement

These financial statements are prepared under historical cost convention except for provision for defined benefit obligations and certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and Presentation Currency

These financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. The financial statements are prepared in Indian Rupees in Million, rounded off to the nearest one decimal except for share data and per share data, unless otherwise stated.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

2.2 Basis of consolidation

The financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Principal place of Business	% of Shareholding and voting power	
		As at 31 March 2024	As at 31 March 2023
Alkem Laboratories Corporation	Philippines	100%	100%
Ascend Laboratories Pty Ltd	South Africa	100%	100%
S&B Holdings S.a.r.l. (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)	Luxembourg	100%	100%
Ascend GmbH	Germany	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%
The PharmaNetwork LLC*	USA	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
Enzene Biosciences Limited	India	99.76%	99.76%
Ascend Laboratories, LLC **	USA	100%	100%
Alkem Laboratories, Korea Inc	South Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%
Ascend Laboratories SAS	Colombia	100%	100%
Cachet Pharmaceuticals Private Limited	India	60.63%	60.63%
Indchemie Health Specialities Private Limited	India	51%	51%
Connect 2 Clinic Private Limited	India	100%	100%
S & B Pharma LLC **	USA	100%	100%
Ascend Laboratories Ltd.	Canada	100%	100%
Pharma Network SpA ***	Chile	100%	100%
Ascend Laboratories S.A. DE. CV ***	Mexico	100%	100%
Alkem Foundation	India	100%	100%
Pharmacor Limited #	New Zealand	100%	100%
Enzene Inc ##	USA	100%	100%

On 27 March 2024, the Company has incorporated a new wholly owned subsidiary, Alkem Medtech Private Limited, and subscribed its 200,000 equity shares of ₹ 10 each.

*Ownership interest held through S&B Holdings S.a.r.l. (Previously known as S&B Holdings B.V)

** Ownership interest held through The PharmaNetwork LLC

*** Ownership interest held through Ascend Laboratories SpA

Ownership interest held through Pharmacor Pty Ltd with effect from 1 June 2022

Ownership interest held through Enzene Biosciences Limited with effect from 26 May 2022

(b) Non-controlling interests (NCI)

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance. Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment **(see Note 3.36)**. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities are restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

2.3 Property, plant and equipment ("PPE")

i) Recognition and measurement

a) The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items of PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of PPE comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

c) Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

d) Cost of Items of PPE not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of PPE outstanding at each balance sheet date are disclosed as capital advance under other non-current assets.

e) The cost property, plant and equipment at 1 April 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

ii) Subsequent expenditure

Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance and the cost of the item can be measured reliably.

iii) Depreciation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which is asset is ready to use / disposed off. Freehold land is not depreciated.

The estimated useful lives of Tangible assets are as under:-

PPE	Company and Subsidiaries in India	Subsidiaries in USA	Subsidiary in Australia	Subsidiary in Philippines and United Kingdom	Subsidiary in South Africa	Subsidiaries in Chile and Kenya	Subsidiary in Kazakhstan	Subsidiary in Germany
Buildings*	5-60 years	5 - 40 years	-	-	-	-	-	-
Plant and machinery*	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures*	10 years	5 - 7 years	5 years	3 years	6 years	10 years	7 years	-
Office equipment*	3 - 6 years	5 years	2.5 - 5 years	3 years	3 years	3 - 10 years	3 - 10 years	5-10 years
Vehicles*	8 years	5 years	-	3 years	-	5 - 8 years	4 years	-

* For these class of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

2.4 Intangible Assets:

I. Recognition and measurement

Research and development	Expenditure on research activities is recognised in statement of profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations (refer note 2.2 (e)). These assets are not amortised but are tested for impairment annually.

The cost of Intangible assets at 1 April 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

III. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in Statement of profit and loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets	Company and Subsidiaries in India	Subsidiaries in USA	Subsidiary in Australia	Subsidiary in Philippines, Kazakhstan	Subsidiary in Chile, Germany and Kenya	Subsidiary in South Africa
Computer Software	3 - 6 years	3 years	2.5 years	2 - 5 years	2 - 6 years	-
Trademark and patents	5 years	5 years	-	-	5 years	5 years
Technology	-	15 years	-	-	-	-

2.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money

Notes

to the Consolidated financial statements for the year ended 31 March 2024

is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation , or a present obligation that may, but probably will not, require an outflow of resources, whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date by the Group.

2.7 Financial instruments:

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

  Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

  Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

  The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued {but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

Put option

The Group in accordance with Ind AS has accounted for the gross obligation on account of put option liability through Other equity on initial recognition and has an accounting policy choice of recognising subsequent changes through equity or through the consolidated statement of profit and loss. The Group has opted to account for subsequent measurements through Other equity.

In the event that the put option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.8 Equity instruments:

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

2.9 Inventories:

a) Raw materials and packing materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished goods and work–in–progress are valued at lower of cost and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale on item-by-item basis.

2.10 Revenue recognition and measurement

Revenue from Operations:

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the company. Chargeback, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

b) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

Other Income

a) Interest income is recognized using the effective interest rate (EIR) method.

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

Refund liabilities:

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its refund liabilities as required under Ind AS 115 in the financial statements.

2.11 Foreign currency transactions and translations

i. Foreign exchange transactions:

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

ii. Foreign operations:

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR by applying the appropriate monthly average rate which best approximates the actual rate of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

2.12 Employee Benefits:

a) Post-employment benefits and other long term benefits:

i) Defined contribution plans:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss in period in which the related service is provided by the employee. The Group's contribution towards provident fund are considered to be defined contribution plan for which the Group makes contribution on monthly basis. The Group's obligation is limited to the contribution it makes.

ii) Defined benefit plans:

Group's liabilities towards defined benefit plans viz. gratuity expected to occur after twelve months, are determined annually by a qualified independent actuary using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses for gratuity. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

iii) Other long-term employee benefits - compensated absences:

Accumulated absences expected to be carried forward beyond twelve months is treated as long-term employee benefit for measurement purposes. The Group's net obligation in respect of other long-term employee benefit of accumulating compensated absences is the amount of future benefit that employees have accumulated at the end of the year. That benefit is discounted to determine its present value. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. The obligation is measured annually by a qualified actuary using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

b) **Short term employee benefits:**

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.These are expensed as employee benefit expense in the statement of profit and loss in the period in which the related service is provided by the employee.

2.13 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

i) **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised :

- in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit
- in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Minimum Alternate Tax (MAT) credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is resonable evidence that the Company and its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence, it is presented as Deferred Tax Asset.

2.14 Leases and Right of use ('ROU'):

The Group as a lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

2.15 Earnings per share ('EPS'):

Basic EPS is calculated by dividing the profit(or loss) attributable to the owners of the Group by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

2.16 Government Grants:

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Grants related to depreciable assets are treated as deferred income, which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of it being received.

2.17 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

2.18 Employee stock option scheme:

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black Scholes Model.

The excess of fair value of shares over the exercise price determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on the straight-line basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The employee stock option outstanding account is shown net of unamortised deferred employee compensation expenses.

2.19 Segment reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Group operates in one reportable business segment i.e. "Pharmaceuticals".

2.20 Exceptional items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

2.21 Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (India Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

2B Key accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Group disclosure of material accounting policies which are provided in **Note 2A** to the consolidated financial statements, 'Material accounting policies'.

i) Judgements:

a. Determination of functional currency of foreign operations:

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include :-

(i) the currency that mainly influences sales price for goods;

(ii) the currency of the country whose competitive forces and regulations mainly determine the the sales price of goods;

(iii) the currency that mainly influences labour, material and other costs of providing goods or services;

(iv) the currency in which funds from financing activities;

(v) the currency in which receipts from operating activities are usually retained.

(vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

Differing conclusions around these judgements may materially impact how foreign exchange differences arising on translation of these foreign operations are reported in the consolidated financial statements.

b. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

ii) **Estimates:**

a **Estimate of current and deferred tax:**

The Group tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/ losses and/or cash flows.

The complexity of the Group structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

b. **Recognition of MAT credit entitlement:**

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company along with its Indian subsidiaries will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company and its Indian subsidiaries.

c. **Estimation of useful life:**

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

d. **Provisions and contingent liabilities:**

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

e. **Fair value measurements and valuation processes:**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

f. **Defined benefit plans:**

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g. **Provision for anticipated sales return:**

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

h. **Chargebacks, rebates and discount:**

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

i. **Percentage of completion:**

Revenue for fixed price contracts is recognised using percentage of completion method. The Group uses judgement to estimate the future cost to completion of the contracts which is used to determine degree of completion of the performance obligation.

j. **Discount rate for Leases:**

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

3.1 Property, plant and equipment, Intangible assets and Right of use assets

(₹ in Million)

Particulars	Property plant and equipment								Other Intangible assets				Right of use		
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software	Trade Mark & patents	Technology	Total	Buildings	Land	Total
As at 1 April 2022	**1,363.3**	**9.2**	**9,671.7**	**20,035.5**	**605.2**	**418.7**	**1,494.8**	**33,598.6**	**692.9**	**1,203.1**	**192.2**	**2,088.3**	**1,584.9**	**553.6**	**2,138.5**
Additions	68.9	-	197.3	1,341.4	41.9	38.4	248.4	1,936.3	134.4	96.7	-	231.0	275.5	-	275.5
Adjustments **(Refer note 4 below)**	-	-	-	85.2	-	0.0	1.1	86.3	-	-	-	-	-	-	-
Deletions	-	-	(37.5)	(358.0)	(20.3)	(60.9)	(350.1)	(826.8)	(22.4)	(65.4)	-	(87.7)	(66.3)	-	(66.3)
Reclassification to assets held for sale **(Refer note 3.43)**	(83.7)	-	(1,146.5)	(1,947.6)	(15.0)	-	(27.6)	(3,220.4)	(142.6)	-	-	(142.6)	-	-	-
Foreign Exchange Differences on account of foreign operations	10.4	0.8	101.0	145.7	1.7	4.5	26.9	291.0	9.5	0.8	21.4	31.8	37.6	-	37.6
As at 31 March 2023	**1,358.9**	**10.2**	**8,786.0**	**19,302.2**	**613.5**	**400.7**	**1,393.5**	**31,864.8**	**671.8**	**1,235.2**	**213.6**	**2,120.6**	**1,831.7**	**553.6**	**2,385.3**
Additions	22.8	96.1	1,455.3	1,742.0	121.8	63.6	381.9	3,883.5	132.7	-	-	132.7	1,416.5	-	1,416.5
Deletions	(18.1)	-	(23.6)	(228.3)	(13.4)	(16.4)	(55.8)	(355.6)	(0.9)	(65.4)	-	(66.2)	(48.6)	-	(48.6)
Foreign Exchange Differences on account of foreign operations	1.0	0.9	8.4	15.6	0.2	0.8	(31.5)	(4.7)	(0.3)	0.1	(2.8)	(2.9)	(55.6)	-	(55.6)
As at 31 March 2024	**1,364.6**	**107.0**	**10,226.1**	**20,831.5**	**722.1**	**448.7**	**1,688.1**	**35,388.1**	**803.3**	**1,169.9**	**210.8**	**2,184.0**	**3,144.0**	**553.6**	**3,697.6**
Depreciation and Amortisation															
As at 1 April 2022	**0.1**	**3.1**	**1,261.5**	**7,931.9**	**310.5**	**209.8**	**1,010.9**	**10,727.6**	**516.4**	**745.2**	**104.7**	**1,366.2**	**697.3**	**47.7**	**745.0**
Depreciation/amortisation for the year	-	0.6	303.4	1,896.8	53.9	48.9	210.8	2,514.4	118.1	165.5	17.3	300.9	279.9	9.0	288.9
Adjustments **(Refer note 4 below)**	-	-	-	68.1	-	-	0.9	69.0	-	-	-	-	-	-	-
Deductions	-	-	(18.3)	(265.1)	(18.6)	(49.6)	(334.1)	(685.7)	(22.4)	(65.4)	-	(87.8)	(50.2)	-	(50.2)
Reclassification to assets held for sale	-	-	(167.2)	(1,344.7)	(7.7)	-	(24.8)	(1,544.4)	(141.2)	-	-	(141.2)	-	-	-
Foreign Exchange Differences on account of foreign operations	-	0.3	15.0	88.0	1.7	3.1	21.6	129.7	7.9	0.9	9.4	18.2	23.0	-	23.0
As at 31 March 2023	**0.1**	**4.0**	**1,394.4**	**8,375.0**	**339.8**	**212.2**	**885.3**	**11,210.8**	**478.8**	**846.2**	**131.4**	**1,456.4**	**950.0**	**56.7**	**1,006.7**
Depreciation/amortisation for the year	-	4.8	297.0	1,766.9	58.5	53.6	227.2	2,408.1	133.5	167.1	17.2	317.8	258.1	9.0	267.1
Impairment loss **(Refer note 3.44)**	-	-	-	415.6	-	-	-	415.6	-	-	-	-	-	-	-
Deductions	-	-	(5.7)	(172.4)	(13.1)	(11.5)	(60.9)	(263.6)	(0.3)	(65.4)	-	(65.7)	(24.4)	-	(24.4)
Foreign Exchange Differences on account of foreign operations	-	0.1	1.4	4.8	0.2	0.5	(4.4)	2.6	(0.5)	0.1	1.8	1.4	(23.5)	-	(23.5)
As at 31 March 2024	**0.1**	**8.9**	**1,687.1**	**10,389.9**	**385.4**	**254.8**	**1,047.2**	**13,773.5**	**611.5**	**948.0**	**150.4**	**1,709.9**	**1,160.2**	**65.7**	**1,225.9**
Net Book Value															
As at 31 March 2023	1,358.8	6.0	7,391.6	10,927.2	273.7	188.5	508.2	20,654.0	193.0	389.0	82.2	664.2	881.7	496.9	1,378.6
As at 31 March 2024	**1,364.5**	**98.1**	**8,539.0**	**10,441.5**	**336.7**	**193.9**	**640.9**	**21,614.6**	**191.9**	**221.9**	**60.4**	**474.1**	**1,983.8**	**487.9**	**2,471.7**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Refer **Note 3.13** on Borrowings, for the details related to charge on Property, plant and equipment of the Group.

1. Addition to Property, Plant and Equipment includes items aggregating **₹1,369.0 million** (31 March 2023: ₹141.4 million) located at Research and Development Centres of the Group.
2. **Refer Note 3.27(1)** for contractual commitments with respect to property, plant and equipments and other intangible assets.
3. Exclusive charge by way of hypothecation over the whole of the movable properties (save and except current assets) including its movable plant and machinery, machinery spares, tools and accessories and other movable assets, both present and future subject to a maximum value of **₹2,150 million** (31 March 2023 ₹2,150 Million) - situated at Daman and Sikkim in India against issuance of Stand by letter of credit required for loan of **US $ 20.0 million** (31 March 2023 - US $ 20.0 Million) advanced by Banco de Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company and **US $ 5.0 million** (31 March 2023 - US $ 5.0 Million) advanced to PharmaNetwork SpA, Chile, a wholly owned subsidiary of Ascend Laboratories SpA, Chile.
4. During the year ended 31 March 2023, certain assets which were categorised as assets held for sale previously had been reclassified to Property, Plant and Equipment.
5. As at 31 March 2024, net block of **₹ 1,932.5 million** (net of impairment loss) were lying idle at the Group's Indore and Norac facility
6. Depreciation and amortisation expense:

(₹ in Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation expense	2,675.2	2,803.3
Amortisation expense	317.8	300.9
Total	**2,993.0**	**3,104.2**

7. Capital work-in-progress

Capital work in progress comprises expenditure in respect of various plants in the course of construction/expansion. Total amount of Capital work in progress is **₹ 1,484.0 million** as at 31 March 2024 (31 March 2023: ₹3,102.7 million). This amount also includes capitalised borrowing cost related to construction of various plants amounting to **₹ Nil** (31 March 2023: ₹ 19.8 million)

(₹ in Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	3,102.7	3,394.8
Add: Additions during the year	2,244.1	1,944.0
Less: Capitalised during the year	3,862.8	1,783.6
Less: Impairment (refer note 3.43)	-	288.2
Less: Transferred to Non-current assets held for sale	-	164.3
Closing balance	**1,484.0**	**3,102.7**

Capital work-in-progress ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows: **(₹ in Million)**

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	1,087.0	150.6	31.4	9.5	1,278.5
	(1,130.6)	(887.0)	(635.8)	(449.3)	(3,102.7)
Projects temporarily suspended	-	7.8	148.1	49.6	205.5
	(-)	(-)	(-)	(-)	(-)

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of 31 March 2024 and 31 March 2023:

(₹ in Million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project 1	-	-	-	-	-
	(365.2)	(-)	(-)	(-)	(365.2)
Project 2	97.3	-	-	-	97.3
	(322.3)	(-)	(-)	(-)	(322.3)
Project 3	33.7	-	-	-	33.7
	(20.4)	(-)	(-)	(-)	(20.4)
Project 4	-	-	-	-	-
	(1,031.7)	(-)	(-)	(-)	(1,031.7)
Project 5	205.5	-	-	-	205.5
	(313.4)	(-)	(-)	(-)	(313.4)

8. Intangible assets under development

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	129.7	129.7
Add: Additions during the year	-	-
Less: Capitalised / written off during the year	28.0	-
Closing balance	**101.7**	**129.7**

Intangible assets under development ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows:

(₹ in Million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progess	-	-	-	101.7	**101.7**
	(-)	(-)	(8.0)	(121.7)	**(129.7)**
Projects temporarily suspended	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

Figures in the brackets are the comparative figures of the previous year.

For intangibles assets under development, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of 31 March 2024 and 31 March 2023:

(₹ in Million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project 1	-	101.7	-	-	**101.7**
	(-)	(-)	(101.7)	(-)	**(101.7)**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.2 Investments:

Particulars	As at 31 March 2024		As at 31 March 2023	
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
A. Non-Current Investments				
1) In equity shares: [at fair value through profit and loss] Unquoted: (Refer sub note 7 of Note 3.2)		306.8		409.9
2) In preference shares: [at fair value through profit and loss] Unquoted: (Refer sub note 8 of Note 3.2)		150.0		150.0
3) Investment In venture capital funds: Unquoted (Non Trade) [at fair value through profit and loss]		1,187.2		1,059.5
4) Non convertible debentures :[at amortised cost]:				
Quoted		156.3		156.3
5) Bonds: Quoted [at amortised cost]		1,547.7		1,270.4
Total		**3,348.0**		**3,046.1**
B. Current investments				
1) Investment in funds : (Unquoted) [at fair value through profit and loss]				
Avenue Venture Real Estate Fund (Units of ₹100,000 each, fully paid-up) (Refer sub note 5 of Note 3.2)		1,012.6		1,042.6
2) Equity shares: Quoted [at fair value through profit and loss]		36.9		35.2
3) Equity shares: Unquoted [at fair value through profit and loss]	170.4		170.4	
Less: Provision for impairment in value of investments (Refer sub note 6 of Note 3.2)	(170.4)	-	(170.4)	-
4) Investment In mutual funds: Quoted: [at fair value through profit and loss]		386.9		277.2
5) Preference shares: (Unquoted) : [at amortised cost]		8.1		8.1
6) Non convertible debentures : Quoted [at amortised cost]		45.4		1,809.0
Total		**1,489.9**		**3,172.1**

Notes:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	2,173.2	2,173.2	3,548.1	3,548.1
2) Aggregate value of Unquoted investments	2,664.7	N.A.	2,670.1	N.A.
3) Aggregate amount of impairment in the value of Investments	(170.4)		(170.4)	

4) All Investments in Shares & Securities are fully paid up except for investment in Venture Capital Funds **(Refer Note 3.27(2))**.

5) During the year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Venture Real Estate Fund ("Fund") by entering into an Option Agreement with Mr. Tushar Kumar, which was in force for a period of 2 years from the execution date i.e 10 March 2016. The Option Agreement was subsequently renewed for a period of 2 years each by executing First, Second and Third Supplementary agreement till 9 March 2020, 9 March 2022 and 9 March 2024 respectively. During the current year, pursuant to the approval of the Board of Directors in its meeting held on 9 February 2024, the Company has entered into an Option Agreement with Mr. Jyoti Prakash Narayan Singh which is in force for a period of 2 years from execution date i.e 10 March 2024 for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date.

6) During the year ended 31 March 2022, the Group had impaired one of its investments in the USA and considering the contingencies on business projections of the investee company the amount had been debited to the Statement of Profit and Loss.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

7) During the year ended 31 March 2021, the Company had invested ₹400.0 million in ABCD Technologies LLP with an objective to digitize healthcare infrastructure in India towards facilitating good distribution practices, inter alia, in support of the National Digital Health Mission of Government of India. As at 31 March 2024, the Company had a 6.45% share of profit/loss and voting rights. During the current year, the Company has recognized fair value loss of ₹ 103.1 million towards this investment.

8) During the previous year, the Company had invested ₹ 150 million in Eyestem Research Private Limited with an objective to create a global and scalable cell therapy platform to treat opthalmic diseases.

3.3 Loans

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
A. Non-current loans		
(Unsecured, considered good unless otherwise stated)		
Other receivables	-	80.2
Total	**-**	**80.2**
B. Current loans		
Loans to employees	90.7	67.7
Total	**90.7**	**67.7**
Break-up of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	90.7	147.9
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	90.7	147.9
Less: Loss allowance	-	-
Total	**90.7**	**147.9**

3.4 Other financial assets

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
A. Other non current financial assets		
(Unsecured, considered good unless otherwise stated)		
Bank deposits with original and remaining maturity more than 12 months	705.8	2,600.1
Interest on deposits, accrued but not due	-	66.7
Other receivables	80.2	-
Balances with government authorities	271.2	245.9
Security deposits	145.0	39.8
Total	**1,202.2**	**2,952.5**

Note:

Bank deposits of ₹ **2.5 Million** (31 March 2023: ₹ 397.5 Million) are under lien with the Banks against Overdraft facility.

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
B. Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Interest on deposits, accrued but not due	-	902.5
Bank deposits with original maturity more than 12 months but remaining maturity less than 12 months	24,806.9	-
Deposits with non-banking financial companies	2,811.9	-
Other receivables	514.6	286.5
Incentive receivable from government	1,143.4	592.8
Security deposits	25.2	115.7
Total	**29,302.0**	**1,897.5**

Note:

Bank deposits of ₹ **4,674.0 Million** (31 March 2023: ₹ Nil) are under lien with the Banks against Overdraft facility.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.5 Other non-current assets

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good unless otherwise stated)		
Capital advances	384.7	82.9
Balances with government authorities	452.5	444.4
Other advances	2.3	2.3
Total	**839.5**	**529.6**

3.6 Inventories

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Raw and packing materials	**8,685.2**	**8,058.4**
Goods-in-transit	108.9	94.4
	8,794.1	**8,152.8**
Work-in-progress	**1,474.1**	**1,639.9**
Finished goods	8,290.9	10,082.5
Goods-in-transit	2,557.5	1,992.2
	10,848.4	**12,074.7**
Stock-in-trade	5,435.6	4,110.4
Goods-in-transit	59.6	97.5
	5,495.2	**4,207.9**
Total	**26,611.8**	**26,075.3**

Note:

1. The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year is **₹ 878.4 Million** (31 March 2023: ₹ 931.8 Million).

2. **Refer note 3.13** on Borrowings, for the details related to charge on inventories lying with the Group.

3.7 Income tax

A. Components of Income Tax Expenses

(i) Amounts recognised in profit and loss

(₹ in Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax:		
Current year tax	4,222.8	2,739.0
	4,222.8	**2,739.0**
Deferred tax:		
Minimum Alternate Tax (MAT) credit entitlement	(2,002.0)	(421.5)
Origination and reversal of temporary differences	(104.1)	662.1
	(2,106.1)	**240.6**
Tax expense for the year	**2,116.7**	**2,979.6**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

(ii) Amounts recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans	(93.4)	29.8	(63.6)	(48.7)	16.1	(32.6)
	(93.4)	**29.8**	**(63.6)**	**(48.7)**	**16.1**	**(32.6)**

B. Reconciliation of effective tax rate

(₹ in Million)

Particulars	(%)	For the year ended 31 March 2024	(%)	For the year ended 31 March 2023
Profit before tax		20,231.3		13,047.7
Tax using the Company's applicable tax rate	34.9%	7,068.8	34.9%	4,558.9
Tax effect of:				
Deduction on profits earned from exempt units	-27.5%	(5,562.4)	-30.3%	(3,958.0)
Expense not deductible for tax purposes	-0.1%	(10.4)	0.3%	40.0
Deferred tax assets written off	0.0%	-	9.2%	1,197.2
Utilisation of previously written off MAT Credit #	-3.3%	(674.2)	0.0%	-
Unrecognised deferred tax asset in subsidiaries	0.0%	(4.1)	1.0%	130.3
Deferred tax assets on brought forward losses not recognised earlier	0.0%	-	-2.2%	(292.8)
Permanent disallowance - prior years	0.0%	-	2.8%	365.0
Permanent disallowance - current year	2.8%	564.1	4.3%	557.7
Deferred tax reversal during tax holiday period	0.2%	42.1	0.6%	79.7
Others	3.4%	692.8	2.3%	301.6
	10.5%	**2,116.7**	**22.8%**	**2,979.6**

During the year ended 31 March 2024, the Group has utilized Minimum Alternate Tax ("MAT") credit amounting to **₹ 674.2 Million** (31 March 2023: ₹ Nil) which was written off in the year ended 31 March 2016. The current tax charge for the year ended 31 March 2024 is after utilizing MAT credit of said amount.

C. Movement in deferred tax assets and liabilities

(₹ in Million)

Particulars	Net balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2024	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(1,714.1)	(596.1)	-	-	(2,310.2)	-	2,310.2
Investments	(243.9)	(1.8)	-	-	(245.7)	-	245.7
Deferred tax assets							
Inventories	610.4	(11.1)	-	-	599.3	599.3	-
Employee benefits	1,285.0	135.3	29.8	-	1,450.1	1,450.1	-
Trade receivable	241.6	182.5	-	-	424.1	424.1	-
Deferred government grant	32.8	69.9	-	-	102.7	102.7	-
Impairment of assets	-	145.2	-	-	145.2	145.2	-
Other items	896.8	65.3	-	(12.7)	949.4	949.4	-
Tax losses carried forward	506.8	114.9	-	-	621.7	621.7	-
MAT credit entitlement	11,409.7	2,002.0	-	-	13,411.7	13,411.7	-
Tax assets / (liabilities)	**13,025.0**	**2,106.1**	**29.8**	**(12.7)**	**15,148.3**	**17,704.2**	**2,555.9**
Offsetting of deferred tax assets and deferred tax liabilities						(2,555.9)	(2,555.9)
Net tax assets	**13,025.0**	**2,106.1**	**29.8**	**(12.7)**	**15,148.3**	15,148.3	-

Notes
to the Consolidated financial statements for the year ended 31 March 2024

(₹ in Million)

Particulars	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Exchange rate difference	Net balance 31 March 2023	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(2,052.0)	337.9	-	-	(1,714.1)	-	1,714.1
Investments	(134.6)	(109.2)	-	-	(243.9)	-	243.9
Deferred tax assets							
Inventories	562.9	47.5	-	-	610.4	610.4	-
Employee benefits	1,179.2	89.7	16.1	-	1,285.0	1,285.0	-
Trade receivable	164.9	76.7	-	-	241.6	241.6	-
Deferred government grant	30.1	2.7	-	-	32.8	32.8	-
Other items	747.8	(7.9)	-	156.9	896.8	896.8	-
Tax losses carried forward	1,606.3	(1,099.5)	-	-	506.8	506.8	-
MAT credit entitlement	10,988.1	421.5	-	-	11,409.7	11,409.7	-
Tax assets (liabilities)	**13,092.6**	**(240.6)**	**16.1**	**156.9**	**13,025.0**	**14,983.0**	**1,958.0**
Offsetting of deferred tax assets and deferred tax liabilities						**(1,958.0)**	**(1,958.0)**
Net tax assets	**13,092.6**	**(240.6)**	**16.1**	**156.9**	**13,025.0**	**13,025.0**	**-**

The Group offsets tax assets and liabilities only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred tax assets will be recovered.

D. Tax assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Non Current tax assets (net)	781.7	575.4
Current tax liabilities (net)	549.9	234.4

E. Unrecognised deferred tax liability

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹**1,997.9 Million** (31 March 2023: ₹1,808.9 Million) because the Group controls the dividend policy of its subsidiaries and the management is not expecting to distribute profit in the foreseeable future.

F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(₹ in Million)

Particulars	31 March 2024		31 March 2023	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	60.9	15.8	35.9	9.3
Tax Losses	9,618.6	2,179.7	9,269.7	2,202.3
Unrecognised MAT credit entitlement	-	137.4	-	811.6
Total	**9,679.5**	**2,332.9**	**9,305.7**	**3,023.2**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

G. Tax Losses carried forward

(₹ in Million)

	Expiry Date (Financial Year)	As at 31 March 2024	Expiry Date (Financial Year)	As at 31 March 2023
Business losses (allowed to carry forward for specified period)	2025-2032	896.9	2024-2031	971.6
Business losses (allowed to carry forward for specified period)	2034-2038	395.8	2033-2037	210.8
Unabsorbed depreciation (allowed to carry forward for infinite period)		887.0		1,019.9
Total		**2,179.7**		**2,202.3**

3.8 Trade receivables

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured)		
Considered good	23,441.6	21,760.0
Credit impaired	-	-
Less: Loss allowance	(913.5)	(438.2)
Total	**22,528.1**	**21,321.8**

Note :

1. **Refer note 3.38** for information about credit risk and market risk of trade receivables.

Trade receivables ageing schedule for the year ended 31 March 2024 and 31 March 2023

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment						
	Not due*	Less than 6 months	6 months-1 Year	1-2 Years	2-3 Years	More than 3 years	Total
i) Undisputed Trade receivables - considered good	16,624.7	4,995.1	229.9	274.4	57.0	241.6	22,422.7
	(14,353.2)	(6,343.1)	(282.2)	(305.0)	(133.7)	(249.1)	(21,666.2)
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
iv) Disputed Trade receivables - considered good	-	21.9	776.6	478.5	33.7	34.7	1,345.4
	(-)	(115.3)	(8.1)	(58.1)	(25.2)	(7.7)	(214.4)
v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Less: Loss Allowance							913.5
							(438.2)
Total							**22,854.6**
							(21,442.5)

* Includes unbilled revenue amounting to ₹ **326.5 million** (Previous year : ₹ 120.6 million) (Refer note 3.11)

Figures in the brackets are the comparative figures of the previous year.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Relationship with struck off companies:

(₹ in Million)

Name of Struck off company	Nature of Transactions	Transactions during the year 31 March 2024	Balance o/s. at the end of the year as at 31 March 2024	Transactions during the year 31 March 2023	Balance o/s. at the end of the year as at 31 March 2023	Relationship with the Struck off company, if any, to be disclosed
Arlin Trading And Distribution Pvt Ltd	Receivables	-	0.1	-	0.1	Customer

3.9 Cash and cash equivalents

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Cash on hand	10.4	7.6
Cheques and drafts on hand	97.0	28.2
Balance with banks:		
In Current accounts	4,392.2	1,960.1
In Exchange Earners' Foreign Currency Account	51.1	-
In Deposit accounts:		
Deposit with original maturity less than three months	-	742.1
Total	**4,550.7**	**2,738.0**

3.10 Bank balances other than Cash and Cash Equivalents:

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Restricted for use:		
Unpaid dividend account	1.7	2.0
Unspent CSR account	4.3	1.0
Benevolent fund account	6.9	3.9
Bank deposits with original maturity more than 3 months but less than 12 months	11,229.9	23,424.0
Total	**11,242.8**	**23,430.9**

Note:

Bank deposits of **₹ 2,192.1 Million** (31 March 2023: ₹17,902.5 Million) are under lien with banks against Overdraft facilities availed.

Details of Bank Deposits (including accrued interest) *

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Bank deposits with original and remaining maturity more than 12 months **(Refer Note 3.4A)**	705.8	2,666.8
Bank deposits with original maturity greater than 12 months but remaining maturity less than 12 months **(Refer Note 3.4B)**	24,806.9	902.5
Bank deposits with original maturity more than 3 months but less than 12 months **(Refer Note 3.10)**	11,229.9	23,424.0
Total	**36,742.6**	**26,993.2**

* Previous year includes deposits with non-banking financial companies

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.11 Other current assets

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good unless otherwise stated)		
Balances with government authorities	6,037.9	5,361.3
Advance to suppliers and employees:		
Considered good	1,222.1	1,214.0
Considered doubtful	369.7	124.1
	1,591.8	**1,338.1**
Less: Provision for doubtful advance	(369.7)	(124.1)
	1,222.1	**1,214.0**
Prepaid expenses	499.1	443.9
Right to return asset	214.2	221.1
Unbilled revenue	326.5	120.6
Total	**8,299.8**	**7,360.9**

3.12A Equity share capital

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised:		
250,000,000 equity shares of ₹ 2/- each (31 March 2023: 250,000,000 equity shares of ₹2/- each)	500.0	500.0
	500.0	**500.0**
Issued, subscribed and paid up:		
119,565,000 equity shares of ₹ 2/- each fully paid up (31 March 2023: 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1
Total	**239.1**	**239.1**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	(₹ in Million)	Number of shares	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
At the end of the year	**119,565,000**	**239.1**	**119,565,000**	**239.1**

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

(c) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	24,705,800	20.66%	25,205,800	21.08%
Legal heir of Late Dhananjay Kumar Singh	-	-	9,518,565	7.96%
Mr. Basudeo Narain Singh	8,695,360	7.27%	8,695,360	7.27%
Mr. Mritunjay Kumar Singh	7,682,000	6.42%	7,682,000	6.42%
Ms. Madhurima Singh (Estate of Mr. Dhananjay Kumar Singh)	6,445,745	5.39%	-	-

(d) Aggregate number of bonus shares issued for the consideration other than cash during the period of five years immediately preceeding the reporting date:

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

(e) Promoters shareholding

Promoter name	No. of shares as at 31 March 2024	No. of shares as at 31 March 2023	No. of shares as at 31 March 2022	% of total shares as of Mar 24	% of total shares as of Mar 23	% change during the current year	% change during the previous year
Sarandhar Singh (shares held on behalf of Samprada & Nanhamati Singh Family Trust)	24,705,800	25,205,800	25,205,800	20.7%	21.1%	-2.0%	0.0%
Basudeo Narain Singh	8,695,360	8,695,360	8,662,100	7.3%	7.3%	0.0%	0.4%
Mritunjay Kumar Singh	7,682,000	7,682,000	7,630,000	6.4%	6.4%	0.0%	0.7%
Legal heir of Late Dhananjay Kumar Singh	-	9,518,565	9,518,565	-	8.0%	-100.0%	0.0%
Madhurima Singh (Estate of Dhananjay Kumar Singh)	6,445,745	-	-	5.4%	-	NA	0.0%
Madhurima Singh (on behalf of Dhananjay and Madhurima Singh Trust)	3,092,875	20,055	3,055	2.6%	0.0%	15322.0%	556.5%
Jayanti Sinha	2,938,220	5,138,220	5,138,220	2.5%	4.3%	-42.8%	0.0%
Madhurima Singh	948,194	948,194	908,694	0.8%	0.8%	0.0%	4.3%
Seema Singh	2,937,740	2,937,740	2,937,740	2.5%	2.5%	0.0%	0.0%
Archana Singh	2,394,050	2,394,050	2,394,050	2.0%	2.0%	0.0%	0.0%
Divya Singh	1,208,971	1,208,971	1,208,971	1.0%	1.0%	0.0%	0.0%
Meghna Singh	1,208,650	1,208,650	1,208,650	1.0%	1.0%	0.0%	0.0%
Aniruddha Singh	1,208,971	1,208,971	1,208,971	1.0%	1.0%	0.0%	0.0%
Shrey Shree Anant Singh	1,195,650	1,195,650	1,195,650	1.0%	1.0%	0.0%	0.0%
Sadhika Raj	550,000	-	-	0.5%	-	NA	NA
Sakshi Sinha	550,000	-	-	0.5%	-	NA	NA
Satyam Sinha	550,000	-	-	0.5%	-	NA	NA
Shikhar Raj	550,000	-	-	0.5%	-	NA	NA
Raj Kumar Singh	538,038	538,038	538,038	0.4%	0.4%	0.0%	0.0%
Sandeep Singh	7	97	112,357	0.0%	0.0%	-92.8%	-99.9%
Srinivas Singh	102,695	102,695	81,100	0.1%	0.1%	0.0%	26.6%
Sarandhar Singh	79,800	79,800	79,800	0.1%	0.1%	0.0%	0.0%
Sarvesh Singh	79,800	79,800	79,800	0.1%	0.1%	0.0%	0.0%
Legal heir of Late Balmiki Prasad Singh	-	100,516	122,111	-	0.1%	-100.0%	-17.7%

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Promoter name	No. of shares as at 31 March 2024	No. of shares as at 31 March 2023	No. of shares as at 31 March 2022	% of total shares as of Mar 24	% of total shares as of Mar 23	% change during the current year	% change during the previous year
Manju Singh	100,517	1	1	0.1%	0.0%	NA	0.0%
Satish Kumar Singh	71,934	71,934	71,934	0.1%	0.1%	0.0%	0.0%
Inderjit Kaur Arora	7,800	7,800	7,800	0.0%	0.0%	0.0%	0.0%
Annapurna Singh	3,041	3,041	1	0.0%	0.0%	0.0%	NA
Premlata Singh	1	1	1	0.0%	0.0%	0.0%	0.0%

3.12 B Other equity

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Capital reserve	5.2	5.2
Employee stock options outstanding account	195.4	6.0
General reserve	19,872.5	19,872.5
Retained earnings	83,097.0	70,519.7
Other comprehensive income	1,677.0	1,470.5
Gross obligation to non-controlling interest under put option	(1,965.6)	(1,660.1)
Total	**102,881.5**	**90,213.8**

3.13 Borrowings

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
A. Non-current borrowings		
Secured		
Term loans		
- from other parties	400.0	-
Total	**400.0**	-

Notes:

Enzene Biosciences Limited ('EBL')

Term loan consists of ₹ 800 million loan sanctioned by Export-Import Bank of India (EXIM bank) for a period of 5 years. The loan carries an interest rate of MCLR + 0.25bps (effective interest rate of 8.50% as on date of loan). EBL received ₹ 400 million as at 31 March 2024 in terms of the sanction letter agreed with the bank.

MCLR to be fixed on the date of first disbursement and to be reset after 12 months from the date of first disbursement and every 12 months thereafter. The loan is to be repaid in 14 equal quarterly installments after moratorium of 18 months from date of first disbursement.

The term loan is secured againt the following:

a) First Pari passu charge on entire Immovable properties, situated at Chakan

b) First Pari passu charge on entire movable fixed assets of the company

c) Cash Deposit of ₹ 91.5 million by way of lien marked on fixed deposits in favour of EXIM bank

Notes

to the Consolidated financial statements for the year ended 31 March 2024

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
B. Current borrowings		
Secured		
Loans repayable on demand from banks	3,874.2	3,005.4
Term loan from banks	13.4	0.3
	3,887.6	**3,005.7**
Unsecured		
Working capital loan from banks	7,852.1	10,065.8
	7,852.1	10,065.8
Total	**11,739.7**	**13,071.5**

Notes :

Secured:

The Company:

Loans repayable on demand from Banks include:

1. Overdrafts from banks ₹**1,720.2 Million** (31 March 2023: ₹1,193.1 Million) are secured against pledge of fixed deposits with the banks.
2. Overdraft Facilities carry a rate of interest ranging between 7.80% to 8.30% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

Indchemie Health Specialities Private Limited ('IHSPL')

Overdraft from banks ₹ **143.7 Million** (31 March 2023 ₹ 25.3 Million) are secured against fixed deposits placed with respective banks. This facility carries interest in the range of 5.46% to 6.76%.

Cachet Pharmaceuticals Private Limited ('CPPL')

Working capital loan comprises of Packing credit in Foreign currencies provided by ICICI Bank of **₹ 13.4 Million** (31st March 2023: Nil) are repayable on demand and it carries interest rate in the range of 6.307% to 6.309%, which are secured against hypothecation of company's stock, book debts, tangible movable property. Hire purchase loan of ₹ 0.3 million as at 31 March 2023 has been repaid during the year.

Enzene Biosciences Limited

1. Overdraft from banks ₹ **1,042.2 Million** (31 March 2023: ₹155.5 Million) are secured against fixed deposits placed with respective banks
2. Overdraft facilities carry a rate of interest ranging between 5.90% to 8.27% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

Ascend Laboratories SpA, Chile

Loan facilities of **₹ Nil (CLP Nil)** (31 March 2023: ₹ 768.9 Million (CLP 7,407.4 Million) by Banco de Chile are comprised by a fund based facility (working capital credits) with a limit of **CLP 10,000.0 Million**. The interest rate is Tab30+0.083% monthly. The same has been repaid during the year.

For security details refer subnote 3 of note 3.1.

The PharmaNetwork, LLC, USA ('TPN)

Working Capital loan of **₹ 968.1 Million (USD 11.6 Million)** (31 March 2023 ₹ 862.6 Million (USD 10.5 Million) from bank includes revolving credit line taken on 3 November 2012 ('closing date') by TPN are secured upto USD 50 Million (31 March 2023 USD 50 Million) by issue of ABF Revolving Credit Facility by JP Morgan Chase which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property of the TPN. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to SOFR + 1.25%. (31 March 2023 1.25% plus daily LIBOR).

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Unsecured:

The Company:

Packing Credit in Foreign Currencies of ₹ **7,852.1 Million** (31 March 2023: ₹10,065.8 Million) and are repayable on demand carries Interest rate in the range of 5.60% to 5.94%.

3.14 Provisions

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
A. Non-current provisions		
Provisions for employee benefits		
- Gratuity **(Refer note 3.28)**	1,930.9	1,701.6
- Compensated absences	1,067.7	969.9
Provision for anticipated sales returns **(Refer note.3.34)**	-	1,022.1
Total	**2,998.6**	**3,693.6**
B. Current provisions		
Provision for employee benefits:		
- Gratuity **(Refer note 3.28)**	849.6	747.1
- Compensated absences	419.1	364.7
Provision for rebates **(Refer note.3.34)**	-	1,012.9
Provision for anticipated sales returns **(Refer note.3.34)**	-	1,602.8
Total	**1,268.7**	**3,727.5**

3.15 Other non-current liabilities

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred income on government grant **(Refer note 3.42)**	258.4	88.0
Total	**258.4**	**88.0**

3.16 Trade payables

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	670.0	1,104.6
Total outstanding dues of creditors other than micro and small enterprises	16,811.2	10,545.7
Total	**17,481.2**	**11,650.3**

Due to related parties ₹ **Nil** (31 March 2023: ₹Nil) **(Refer note 3.31)**

Trade payables ageing schedule for the year ended 31 March 2024 and 31 March 2023

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	-	624.2	38.5	7.3	-	-	670.0
	(-)	(261.8)	(838.6)	(4.2)	(-)	(-)	(1,104.6)
ii) Others	3,887.2	8,010.6	4,840.7	10.6	39.8	14.1	16,803.0
	(-)	(8,063.4)	(2,296.5)	(108.6)	(14.8)	(54.2)	(10,537.5)
iii) Disputed dues - MSME	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
iv) Disputed dues - Others	-	-	-	-	-	8.2	8.2
	(-)	(-)	(-)	(-)	(-)	(8.2)	(8.2)

Figures in the brackets are the comparative figures of the previous year.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Relationship with struck off companies:

(₹ in Million)

Relationship with struck off companies:	Nature of Transactions	Transactions during the year 31 March 2024	Balance o/s. at the end of the year as at 31 March 2024	Transactions during the year 31 March 2023	Balance o/s. at the end of the year as at 31 March 2023	Relationship with the Struck off company, if any, to be disclosed
Perfect Office Systems Private Limited	Payables	0.8	-	-	-	Vendor
Phonographic Performance Limited	Payables	-	0*	-	-	Vendor
Piccadily Holiday Resorts Ltd	Payables	-	0*	0.6	-	Vendor
Shakun And Company (Services) Pvt Ltd	Payables	-	-	0*	-	Vendor
Great Eastern Trading Co.	Payables	-	-	0.1	-	Vendor
A K M Enterprises Private Limited	Payables	0*	-	-	-	Vendor
Southern Star Pvt Ltd	Payables	0*	-	-	-	Vendor
Senator Inns Private Limited	Payables	0*	0*	-	-	Vendor
Pharma Labs Pvt Ltd	Payables	2.1	0*	-	-	Vendor
Veridical Enterprises (Opc) Private Limited	Payables	1.5	-	-	-	Vendor

* Less than 1 lakh

3.17 Other financial liabilities

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Non Current		
Put option liability	1,965.6	1,660.1
Liability towards anticipated sales returns **(Refer note 3.34)**	1,144.3	-
Total	**3,109.9**	**1,660.1**

Note:

During the previous year, the Company and Enzene Biosciences Limited ('Enzene') had entered into an agreement with Eight Roads Ventures India Healthcare IV, L.P. ("Eight Roads Ventures") and F-Prime Capital Partners Life Sciences Fund VI LP ("F-Prime Capital") ('Investors') whereby the Investors have infused ₹**1,614.8 million** towards subscription of 4,108,973 Compulsorily Convertible Preference Shares ('CCPS') and 20 Equity Shares. The transaction involved the investment of ₹ **1,614.8 million** and issuance and allotment of CCPS and equity shares having a face value of ₹ 10 each, by Enzene to Investors in lieu of such investment. The investment towards CCPS and equity shares received on 27 January 2023 is convertible into a fixed number of equity shares of Enzene and hence has been classified as equity in the financial statements of Enzene.

In these consolidated financial statements, CCPS has been reflected as part of non-controlling interests. As per the Shareholders Agreement dated 23 December 2022, the Company will be required to provide various options to enable the Investor to exit over a period of time. In case such exit events do not occur, the Investor may require the Company, to buy them out at certain prices agreed under the arrangement. As of 31 March 2024, the CCPS have been recognized as a financial liability, the fair value of which is ₹ **1,965.6 million** (31 March 2023 : ₹ 1660.1 million). CCPS is convertible into equity shares at any time but not later than nineteen years, at the option of the Investors, and is convertible compulsorily and automatically at the agreed conversion date, which is linked to meeting one of the agreed conditions.

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Current		
Employee payables	2,905.0	2,377.7
Security deposits	353.2	321.0
Liabilities towards expenses, anticipated sales returns and rebates **(Refer Note 3.34)**	3,197.8	3,626.1
Unpaid dividend*	1.7	2.0
Total	**6,457.7**	**6,326.9**

* Amounts due for payment to the Investor Education and Protection Fund ("IEPF") under Section 125 of the Companies Act, 2013 ₹ **Nil** (31 March 2023: ₹0.2 Million). The same has been deposited within the statutory timelines.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.18 Other current liabilities

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Due to statutory authorities*	1,134.5	1,119.1
Unearned revenue	-	0.4
Advances from customers	1,122.9	739.3
Deferred income on government grant **(Refer note 3.42)**	39.1	10.1
Total	**2,296.5**	**1,868.9**

*Due to statutory authorities includes GST payable, sales tax payable, tax deducted at source payable, provident fund and other dues payable.

3.19 Revenue from operations

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Revenue from contract with customers		
Sale of products- (A)	123,857.6	113,887.7
Sale of services- (B)	534.8	515.8
Revenue from contracts with customers	124,392.4	114,403.5
Other operating revenues:		
Export incentives	293.8	161.1
Scrap sales	163.9	196.3
Budgetary support benefit under GST	955.0	820.8
Business compensation and settlement income	709.0	344.4
Miscellaneous income	161.7	66.5
Total other operating revenue: (C)	2,283.4	1,589.1
Total (A) + (B) + (C)	**126,675.8**	**115,992.6**

a) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Revenue from contract with customers as per contracted price	191,556.2	177,801.5
Adjustments made to contract price on account of:		
Less: Sales return	2,823.9	2,571.3
Less: Discounts / Rebates / Chargebacks	64,339.9	60,826.8
Revenue from contract with customers	124,392.4	114,403.5
Other operating revenue	2,283.4	1,589.1
Revenue from operations	**126,675.8**	**115,992.6**

b) Disaggregation of revenue from contracts with customers: Refer note 3.30(a)

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.20 Other income:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Interest income under the effective interest method		
-Bank deposits at amortised cost	2,487.1	1,541.3
-Bonds, debentures and loans at amortised cost	270.6	170.1
Liabilities/provisions no longer required written back	19.8	17.5
Profit on sale of investments at FVTPL (net)	146.3	21.6
Gain on fair value of investments through profit and loss	5.4	287.0
Miscellaneous income	179.2	123.3
Total	**3,108.4**	**2,160.8**

3.21 Cost of materials consumed:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Raw material consumed	26,840.7	25,315.1
Packing material consumed	6,105.2	5,254.1
Total	**32,945.9**	**30,569.2**

3.22 Changes in inventories of finished goods, work-in-progress and stock-in-trade:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Opening stock:		
Finished goods	12,074.7	15,977.0
Stock-in-trade	4,207.9	4,707.0
Work-in-progress	1,639.9	1,343.4
	17,922.5	**22,027.4**
Less: Closing stock:		
Finished goods	10,848.4	12,074.7
Stock-in-trade	5,495.2	4,207.9
Work-in-progress	1,474.1	1,639.9
	17,817.7	**17,922.5**
Effect of foreign exchange translation	**36.4**	**518.8**
Total	**141.2**	**4,623.7**

3.23 Employee benefits expense:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Salaries, wages and bonus	20,080.4	19,613.9
Contribution to provident and other fund	1,089.9	1,018.2
Employees' welfare expenses	650.4	681.4
Employee stock compensation expenses **(Refer note 3.41)**	189.4	-
Total	**22,010.1**	**21,313.5**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.24 Finance costs:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Interest expenses on		
- Bank overdraft and others at amortised cost	803.8	809.2
- Defined benefit liabilities	153.3	128.3
Other borrowing cost	167.0	136.1
Total	**1,124.1**	**1,073.6**

3.25 Other expenses:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Consumption of stores and spare parts	672.8	673.7
Power and fuel	1,625.8	1,639.4
Processing charges	621.5	585.2
Contract labour charges	1,308.4	1,094.6
Rent **(Refer note 3.29)**	96.0	97.8
Rates and taxes	523.4	687.3
Insurance	583.6	504.9
Marketing, advertisement and promotions	8,065.0	8,185.8
Selling and distribution expenses	3,941.8	4,288.2
Legal and professional fees	2,208.6	2,283.7
Sales commission	811.9	676.8
Travelling and conveyance	3,743.8	3,449.8
Repairs:		
- Buildings	110.6	163.5
- Plant and machineries	604.9	595.0
- Others	550.2	380.4
Loss on sale / write off of property, plant and equipments (net)	31.8	123.6
Commission to directors	13.0	13.0
Donation *	287.5	159.9
Communication and printing expenses	236.8	202.8
Vehicle expenses	257.3	248.0
Clinical and analytical charges	1,594.9	896.1
Loss allowance	524.0	48.8
Corporate Social Responsibility (CSR) expenditure	363.1	345.3
Royalty expenses	269.1	81.1
License, registration & technology fees	884.3	917.9
Impairment loss on property, plant and equipments	-	21.7
Foreign currency transactions and translation loss (net)	335.1	188.6
Miscellaneous expenses	2,569.8	963.3
Total	**32,835.0**	**29,516.2**

*Includes ₹**250 Million** (31 March 2023: ₹ 2.5 Million) paid to a political party (Bharatiya Janata Party) and ₹ **Nil** (31 March 2023: ₹ 150 Million) contribution to a political party (Bharatiya Janata Party) as electoral bonds.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.26 (a) Contingent Liabilities

(₹ in Million)

Sr. No.	Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
	Claims against the Group not acknowledged as debt:		
(i)	Central Excise and service tax demands disputed in appeal {advances paid in dispute ₹ **Nil** (31 March 2023: ₹12.6 Million)}	-	177.8
(ii)	Sales Tax / Goods and service tax demand disputed in appeal {advances paid in dispute ₹**10.2 Million** (31 March 2023: ₹73.0 Million)}	82.8	660.4
(iii)	Custom duty demand disputed in appeal {advances paid in dispute ₹**Nil** (31 March 2023: ₹5.3 Million)}	2.4	55.3
(iv)	Income Tax demand disputed in appeal {advances paid dispute in ₹**123.7 Million** (31 March 2023: ₹136.1 Million)}	44.5	237.3
(v)	Other matters: a. In relation to purchase commitments : ₹ **Nil** (31 March 2023: ₹968.1 Million) b. Supply of Goods: ₹ **20.6 Million** (31 March 2023: ₹0.5 Million) c. In relation to CCI: ₹**746.3 Million** (31 March 2023: ₹746.3 Million) d. Legal Matters : ₹ **20.4 Million** (31 March 2023 : Nil)	787.3	1,714.9
	Total	**917.1**	**2,845.7**

Management considers that the above service tax, excise duty, sales tax / Goods and service tax, custom duty and income tax demands received from the authorities are not tenable against the Group, and therefore no provision for these tax contingencies have been made.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements.

The Holding Company has accrued income of ₹ 278.6 Million cumulatively on account of IGST reimbursement receivable under the Scheme of Budgetary Support under Goods and Service Tax Regime for an industrial unit acquired from Cachet Pharmaceutical Pvt Ltd (a subsidiary of the Company) in Sikkim. The Department for Promotion of Industry and Internal Trade has disputed the company's eligibility to claim the budgetary support on transfer of unit. The Holding Company has filed appeal against the same and hence the matter is sub-judice.

3.26 (b) In September 2023, the Income Tax Department ("the Department") conducted a survey under Section 133A of the Income Tax Act,1961 ('the Survey') on the Company and a few of its domestic subsidiaries ('respective companies'). During the Survey proceedings and subsequently, the respective companies have provided necessary information and responses to the Department in addition to the documents, data backups, and other information provided during the Survey. Pursuant to the Survey, the department has initiated re-assessment proceedings u/s 148 of the Income-tax Act, 1961 ("the IT Act") in April, 2024 challenging the respective companies' eligibility to claim deduction majorly under Section 80IE of the IT Act for its manufacturing facilities situated in Sikkim and allowability of certain expenses under Section 37(1) of the IT for assessment years 2017-18 to 2022-23. The respective companies have duly responded to the notices and rebutted the contentions of the Department. No demands have been raised as of date.

The respective companies have evaluated the aforesaid matters raised by the Department and believe that based on documentary evidence available, interpretation of Income-tax laws and opinion from independent Tax Counsel, the respective companies have strong grounds to succeed in the above matters. Where a liability has been considered probable, adequate tax provisions have been accrued. Accordingly, no other material adjustments have been considered necessary to these consolidated financial statements.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.27 Commitments

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2024	As at 31 March 2023
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid **₹163.1 Million** (31 March 2023: ₹32.4 Million)	841.0	649.7
2	Uncalled / Unpaid contribution towards investment in funds **(Refer Note.3.2)**	60.1	392.2
3	Other Commitments: Commitment towards research and development - **EUR 0.0625 Million** (31 March 2023: EUR 0.0625 Million)	5.6	5.6
4	Pending Export Obligation under advance licence / EPCG Scheme	283.0	209.4

3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

The Company and its Indian subsidiaries:

i) Defined contribution plans:

The Company and its Indian subsidiaries make contributions towards provident fund. The Company and its Indian subsidiaries are required to contribute a specified percentage of salary cost to the Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance, which are recognised in the Statement of Profit and Loss on accrual basis. Eligible employees receive the benefits from the said funds. Both the employees and the Company and its indian subsidiaries make monthly contribution to the said funds plan equal to a specific percentage of the covered employee's salary. The Company and its indian subsidiaries have no obligations other than to make the specified contributions.

The Company and its Indian subsidiaries have recognised the following amounts in the Statement of Profit and Loss

(₹ in Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
- Contribution to Provident Fund	961.4	888.7
- Contribution to Employee state insurance corporation	22.8	32.1
Total	**984.2**	**920.8**

ii) Defined benefit plan:

The Company and its Indian subsidiaries earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2024 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's and its Indian subsidiaries financial statements as at 31 March 2024:

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2024	As at 31 March 2023
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	262.2	244.9
	Past Service Cost	36.7	-
	Interest Cost	152.0	128.3
	Actuarial (gain) / loss	92.4	48.7
	Benefits paid	(213.7)	(233.8)
	PVO at the beginning of the year	2,443.7	2,255.6
	PVO at end of the year	2,773.2	2,443.7
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	2,773.2	2,443.7
	Fair Value of planned assets at end of year	-	-
	Funded status	(2,773.2)	(2,443.7)
	Unrecognised actuarial gain / (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(2,773.2)	(2,443.7)
III)	**Net cost for the year**		
	Current Service cost	262.2	244.9
	Past Service Cost	36.7	-
	Interest cost	152.0	128.3
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	92.4	48.7
	Net cost	543.3	421.9
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.17% - 7.20%	7.31% - 7.44%
	Attrition rate (%)	10% - 20%	10% - 20%
	Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
	Salary escalation rate (%)	7% - 10%	5% - 10%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Maturity profile of defined benefit obligation

(₹ in Million)

Projected benefits payable in future years from the date of reporting	As at 31 March 2024	As at 31 March 2023
1st following year	856.1	708.7
2nd following year	308.8	231.1
3rd following year	287.1	222.7
4th following year	252.6	207.8
5th following year	242.9	195.0
Sum of years 6th to 10th	941.6	732.3
Sum of years 11th and above	1,433.3	1,205.8

Notes
to the Consolidated financial statements for the year ended 31 March 2024

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	31 March 2024		31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(119.5)	133.9	(110.5)	123.8
Future salary growth (1% movement)	118.7	(107.9)	109.4	(99.6)

The mortality and attrition does not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sentitivity analysis.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is **5.16 - 10.09 years** (Previous year: 3.96 - 10.02 years)

Alkem Laboratories Corporation, Philippines ("ALC"):

ALC does not have an established retirement plan and only conforms to the minimum regulatory benefit under R.A. 7641 which is of defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of 60 years old with at least five years of credited service. The regulatory benefit is paid in lump-sum upon retirement. For the years ended 31 March 2024 and 2023, ALC's post - employment defined benefit obligation amounted to ₹ 7.3 Million (PHP 4.9 Million) and ₹ 5.0 Million (PHP 3.4 Million), respectively.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

Discount rate - **6.26%** (31 March 2023 - 5.62%)

Expected salary increase rate - **3.00%** (31 March 2023 - 3.00%)

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
Current Service Cost	1.3	0.7
Actuarial (gain) / loss	1.0	-
PVO at the beginning of the year	5.0	4.3
PVO at end of the year	7.3	5.0

3.29 Leases

Leases as lessee

i. **Right of use assets**

Right of use assets related to leased properties.

(₹ in Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Land	Buildings	Total	Land	Buildings	Total
Opening balance	496.9	881.7	1,378.6	505.9	887.5	1,393.5
Depreciation for the year	(9.0)	(258.1)	(267.1)	(9.0)	(279.9)	(288.9)
Additions / Adjustments to right of use assets	-	1,416.5	1,416.5	-	275.5	275.5
Derecognition of right of use assets	-	(24.2)	(24.2)	-	(16.1)	(16.1)
Foreign exchange differences	-	(32.1)	(32.1)	-	14.6	14.6
Closing balance	**487.9**	**1,983.8**	**2,471.7**	**496.9**	**881.7**	**1,378.6**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

ii. Lease liability

(₹ in Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Land	Buildings	Total	Land	Buildings	Total
Maturity analysis of lease liability - undiscounted contractual cash flows						
Less than one year	2.9	313.2	316.1	2.9	297.7	300.5
One to three years	5.8	887.9	893.6	5.8	481.6	487.4
More than three years	257.9	2,571.4	2,829.4	260.7	369.6	630.3
Total undiscounted cash flows	**266.6**	**3,772.5**	**4,039.1**	**269.4**	**1,148.9**	**1,418.2**
Current (Discounted)	0.1	151.7	151.8	0.1	191.9	192.0
Non-current (Discounted)	62.9	1,829.7	1,892.6	63.0	640.2	703.3

iii. Amount recognised in statement of profit and loss

(₹ in Million)

Particulars	For the Year ended March 2024			For the Year ended March 2023		
	Land	Buildings	Total	Land	Buildings	Total
General and administrative expenses						
Short-term lease rent expense	2.9	93.1	96.0	2.9	94.9	97.8
Depreciation and impairment losses						
Depreciation of right of use lease asset	9.0	258.1	267.1	9.0	270.9	279.9
Foreign exchange difference		(23.5)	(23.5)		23.0	23.0
Finance cost						
Interest expense on lease liability	2.8	76.8	79.6	2.8	74.1	77.0
	14.8	**404.5**	**419.1**	**14.8**	**462.9**	**477.6**

iv. Amount recognised in statement of cash flows

(₹ in Million)

Particulars	For the Year ended March 2024			For the Year ended March 2023		
	Land	Buildings	Total	Land	Buildings	Total
Cash outflow for short-term leases	2.9	93.1	96.0	2.9	94.9	97.8
Principal component of cash outflow for long-term leases	0.0	323.2	323.2	0.0	238.3	238.4
Interest component of cash outflow for long-term leases	2.8	76.8	79.6	2.8	74.1	77.0
Total cash outflow for leases	**5.7**	**493.1**	**498.8**	**5.8**	**407.4**	**413.2**

v. Movement of lease liabilities

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Opening balance of lease liability	895.3	880.7
Addition to lease liability	1,392.7	176.0
Interest on lease liability	79.6	77.0
Repayment of lease liability	(323.2)	(238.4)
Closing lease liability	**2,044.4**	**895.3**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.30 Segment Reporting

Basis for Segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's Chief Operating Decision Maker (CODM). The CODM has been identified as the Executive Chairman of the Company who reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures

The below information analyses the group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
a) Revenue from Operations:		
Country of Domicile - India	86,620.2	81,599.7
United States of America	27,709.3	25,133.5
Other Countries	12,346.3	9,259.4
	126,675.8	**115,992.6**
b) Non-current assets (Refer note below)		
Country of Domicile - India	25,849.2	25,580.8
United States of America	3,977.9	3,965.4
Other Countries	486.4	515.4
	30,313.5	**30,061.6**

Note:-

Non-current assets for this purpose consist of Property, Plant and Equipments, Capital work in progress, Right of use assets, Intangible assets, Intangible assets under development and Goodwill.

c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year.

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures

The Group's prinicipal related parties consist of Key Managerial Personnel ("KMP"), Close Members of KMP and entities in which KMP and their Close Members have significant influence ("Affiliates"). The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

A) Key Managerial Personnel ("KMP")

Mr. Basudeo Narain Singh	Executive Chairman
Late Mr. Balmiki Prasad Singh (upto 25 August 2022)	Executive Director
Mr. Mritunjay Kumar Singh	Executive Director
Mr. Sandeep Singh	Managing Director
Mr. Sarvesh Singh	Executive Director
Mr. Srinivas Singh (w.e.f 14 September 2022)	Executive Director
Mrs. Madhurima Singh	Executive Director
Mr. A.K.Purwar	Independent Director
Mr. R.L.Shenoy (upto 11 July 2022)	Independent Director
Mr. Sujjain Talwar (w.e.f 5 August 2022)	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Dheeraj Sharma	Independent Director
Mr. Narendra Kumar Aneja	Independent Director
Dr. Vikas Gupta (w.e.f 22 September 2023)	Chief Executive Officer
Mr. Rajesh Dubey (upto 31 January 2024)	President - Finance & Chief Financial Officer
Mr. Nitin Agrawal (w.e.f 1 February 2024)	President - Finance & Chief Financial Officer
Mr. Manish Narang	President - Legal & Company Secretary

B) Close Members of Key Managerial Personnel with whom transaction have taken place during the year

Mr. Satish Kumar Singh	Father of Sandeep Singh and Sarvesh Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Late Balmiki Prasad Singh and Brother of Srinivas Singh
Mr. Srinivas Singh (upto 25 August 2022)	Son of Late Balmiki Prasad Singh
Mrs. Manju Singh	Wife of Late Balmiki Prasad Singh and Mother of Srinivas Singh
Mrs. Premlata Singh	Mother of Sandeep Singh and Sarvesh Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Madhurima Singh
Mr. Aniruddha Singh	Son of Madhurima Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms.Inderjit Kaur Arora	Wife of Sandeep Singh
Mrs. Annapurna Singh	Wife of Sarvesh Singh
Mr. Nawal Kishore Singh (upto 25 August 2022)	Brother of Late Balmiki Prasad Singh
Mr. Sreejan Shandilya	Husband of Madhurima Singh's Daughter

C) Entities in which Key Managerial Personnel's and their Close Members have significant influence and with whom transactions have taken place during the current and previous year ("Affiliates"):

M/s Galpha Laboratories Ltd (upto 25 August 2022)., M/s. Samprada and Nanhamati Singh Family Trust, Madhurima Singh (on behalf of Dhananjay and Madhurima Singh Trust), Madhurima Singh (Estate of Dhananjay Kumar Singh), Sureet Propkem Private Limited

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2024			
		Key Managerial Personnel	Close Members of KMP	Affiliates	Total
		A	B	C	
1	Remuneration*	1,032.5	152.4	-	1,184.9
		(799.7)	(152.4)	-	(952.2)
2	Consultancy fees paid	-	3.0	-	3.0
		-	(3.0)	-	(3.0)
3	Loans repaid	-	-	-	-
		-	(91.5)	-	(91.5)
4	Interest expense on loans taken	-	-	-	-
		-	(4.9)	-	(4.9)
5	Purchase of stock in trade	-	-	-	-
		-	-	(126.2)	(126.2)
6	Sale of raw and packing materials	-	-	-	-
		-	-	(5.0)	(5.0)
7	Purchase of raw and packing materials	-	-	-	-
		-	-	(2.0)	(2.0)
8	Services rendered	-	-	-	-
		-	-	(0.7)	(0.7)
9	Rental income	-	-	-	-
		-	-	(1.6)	(1.6)
10	Rent expenses	3.0	1.1	-	4.2
		(3.0)	(1.1)	-	(4.2)
11	Dividend paid	787.9	724.2	1,546.0	3,058.1
		(435.7)	(439.3)	(1,908.6)	(2,783.6)
12	Loan given	-	-	-	-
		(3.8)	-	-	(3.8)
13	Repayment of loan given	1.6	-	-	1.6
		(2.2)	-	-	(2.2)
14	Interest income on loans given (March 24 : ₹ 1,027)	0.0	-	-	0.0
		(0.1)	-	-	(0.1)
15	Reimbursement of expenses from	35.0	2.8	-	37.8
		(29.7)	(4.3)	-	(34.0)
16	Purchase of PPE	-	-	-	-
		-	-	(68.9)	(68.9)

Figures in the brackets are the comparative figures of the previous year.

***Key managerial personnel remuneration**

Key managerial personnel remuneration comprise the following :

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Short term employee benefits	976.1	723.7
Post-employment benefits	49.8	62.1
Other long-term benefits	6.6	14.0
Total	**1,032.5**	**799.7**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures (Continued)

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, is in accordance with shareholders' approval.

All related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Balance due from / to the related Parties

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2024			
		Key Managerial Personnel	Close Members of Key Managerial Personnel	Affiliates	Total
1	Loan receivable	-	-	-	-

(₹ in Million)

Sr. No.	Particulars	As at 31 March 2023			
		Key Managerial Personnel	Close Members of Key Managerial Personnel	Affiliates	Total
1	Loan receivable	1.6	-	-	1.6

3.32 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹**5,228.8 Million** (31 March 2023: ₹5,394.1 Million).

3.33 Earnings per share (EPS)

Particulars			Year ended 31 March 2024	Year ended 31 March 2023
Profit for the year attributable to Owners of the Parent	₹ in Million	A	17,957.7	9,841.7
Weighted average number of equity shares outstanding	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	150.19	82.31

3.34 Disclosure as per Ind AS 115 'Revenue from Contracts with Customers' is as under:

Liability towards anticipated sales return:

The Group as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Liability is calculated for such returns on the basis of historical experience, market conditions and specific contractual terms. The Group expects to settle the majority of the liability over 2- 3 years.

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Carrying amount at the beginning of the year	2,624.9	2,189.7
Add: Liability accrued during the year	3,101.7	3,197.9
Less: Amount utilized during the year	2,799.1	2,762.7
Carrying amount at the end of the year	2,927.5	2,624.9

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.34 Disclosure as per Ind AS 115 'Revenue from Contracts with Customers' is as under: (Continued)

Liability towards rebates:

The Group provides the rebate to the customers based on the contractual agreement executed between the group and the insurance agencies. Liability is calculated in the books for the rebates amounts based on the details of sales made to the customers and actual liability arises on account of rebate invoices received from the insurance agencies.

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Carrying amount at the beginning of the year	1,012.9	386.5
Add: Liability accrued during the year	1,939.8	1,411.8
Less: Amount utilized during the year	1,538.1	785.4
Carrying amount at the end of the year	1,414.6	1,012.9

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Non-current liability	1,144.3	1,022.1
Current liability	3,197.8	2,615.8
Total	**4,342.1**	**3,637.8**

3.35 Dividend paid and proposed

Dividends on equity shares were declared and paid by the Company during the year

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2024 (₹in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2023 (₹ in Million)
Dividend on equity shares	45.00	5,380.4	44.00	5,260.9
Total		**5,380.4**		**5,260.9**

After the reporting date, the following dividend was proposed by the Board of Directors in its meeting held on 29 May 2024 (previous year: in the Board meeting held on 19 May 2023) subject to the approval at the annual general meeting. Proposed dividend has not been recognised as a liability.

Particulars	Dividend Per Equity Share (₹)	Year ended 31 March 2024 (₹ in Million)	Dividend Per Equity Share (₹)	Year ended 31 March 2023 (₹ in Million)
Final Dividend on Equity Shares	5.00	597.8	10.00	1,195.7
Total		**597.8**		**1,195.7**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.36 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level and goodwill acquired separately are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next five years and the Terminal Value at the end of the fifth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's

(₹ in Million)

Name of the Entities	As at 31 March 2024	As at 31 March 2023
Goodwill		
The PharmaNetwork LLC, United States of America	2,503.2	2,464.6
Pharmacor Pty Ltd, Australia	170.0	172.9
Enzene Biosciences Limited, India	106.0	106.0
Cachet Pharmaceuticals Private Limited ("CPPL"), India	487.9	487.9
Indchemie Health Specialities Private Limited ("IHSPL"), India	900.3	900.3
Total	**4,167.4**	**4,131.7**

The table below shows the key assumptions used in the value in use calculations for goodwill at each CGU level:

Particulars	The Pharma Network LLC	Enzene Biosciences Limited	Pharmacor Pty Ltd	CPPL	IHSPL
Pre-tax adjusted discount rate (in %)	12.8%	17.4%	12.0%	12.0%	12.0%
Long-term growth rate (in %)	2.0%	2.0%	1.0%	3.0%	3.0%

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports
Pre-tax risk adjusted discount rate	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC)

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, goodwill acquired seperately in manufacturing plant located at St. Louis a unit under S & B Pharma LLC, USA, a subsidiary has been impaired in the current year amounting to ₹ **Nil** (31 March 2023 ₹108.2 million) (**Refer note 3.43**). Apart from above no impairment was identified for any of the CGU and for goodwill acquired separately as at 31 March 2024 and 31 March 2023 as the recoverable value of the CGU and goodwill acquired separately exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.37 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interest, before any intra-group eliminations.

31 March 2024

(₹ in Million)

Particulars	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	39.4%	49.0%	0.24%	
Non- current assets	507.7	3,330.1	5,468.8	9,306.5
Current assets	1,764.5	3,495.2	5,385.0	10,644.7
Non-current liabilities	157.9	915.0	1,713.6	2,786.5
Current liabilities	1,285.1	1,693.2	2,606.4	5,584.7
Net assets	**829.2**	**4,217.1**	**6,533.8**	**11,580.0**
Net assets attributable to the non-controlling interest	326.5	2,066.4	15.7	2,408.6
Add: Transactions with NCI **(Refer note 3.17)**	-	-	1,614.8	1,614.8
Total attributable to NCI	**326.5**	**2,066.4**	**1,630.5**	**4,023.4**
Revenue from operations	4,424.4	6,815.2	2,626.3	13,865.8
Profit after tax	82.7	254.5	(131.9)	205.3
Other comprehensive income (net of tax)	(4.1)	(9.2)	0.9	(12.4)
Total comprehensive income	**78.6**	**245.3**	**(131.0)**	**192.9**
Profit/(loss) allocated to non-controlling interest	32.5	124.7	(0.3)	156.9
Changes in proportion held by non-controlling interest	-	-	-	-
Profit attributable to Non-Controlling Interest (a)	32.5	124.7	(0.3)	156.9
Other comprehensive income allocated to non-controlling interest (b)	(1.6)	(4.5)	0.0	(6.1)
Total comprehensive income allocated to non-controlling interest (a + b)	30.9	120.2	(0.3)	150.8
Cash flows from operating activities	196.7	222.0	(122.9)	295.8
Cash flows from investing activities	(221.1)	(207.9)	(1,477.2)	(1,906.2)
Cash flows from financing activities	(22.2)	(156.4)	169.3	(9.3)
Net increase (decrease) in cash and cash equivalents	**(46.6)**	**(142.3)**	**(1,430.8)**	**(1,619.7)**

31 March 2023

(₹ in Million)

Particulars	CPPL	IHSPL	EBL	Total
Non-controlling interest percentage	39.4%	49.0%	0.24%	
Non- current assets	786.7	3,471.5	4,187.3	8,445.5
Current assets	1,284.0	2,570.8	3,571.3	7,426.1
Non-current liabilities	142.7	762.6	38.4	943.8
Current liabilities	1,177.3	1,256.8	1,244.3	3,678.4
Net assets	**750.7**	**4,022.9**	**6,475.9**	**11,249.4**
Net assets attributable to the non-controlling interest	295.6	1,971.2	15.5	2,282.3
Add: Transactions with NCI **(Refer Note no. 3.17)**	-	-	1,614.8	1,614.8
Total attributable to NCI	**295.6**	**1,971.2**	**1,630.3**	**3,897.1**
Revenue from operations	4,022.7	6,280.8	1,439.8	11,743.2
Profit after tax	135.7	335.5	(173.4)	297.8
Other comprehensive income (net of tax)	(2.4)	(6.3)	(1.9)	(10.6)
Total comprehensive income	**133.3**	**329.2**	**(175.3)**	**287.2**
Profit/(loss) allocated to non-controlling interest	53.4	164.4	(0.4)	217.4
Changes in proportion held by non-controlling interest	-	-	9.0	9.0
Profit attributable to Non-Controlling Interest (a)	53.4	164.4	8.6	226.4
Other comprehensive income allocated to non-controlling interest (b)	(1.0)	(3.1)	(0.0)	(4.1)
Total comprehensive income allocated to non-controlling interest (a + b)	**52.5**	**161.3**	**8.6**	**222.3**
Cash flows from operating activities	273.4	393.0	(473.2)	193.1
Cash flows from investing activities	(134.6)	(261.9)	(2,754.0)	(3,150.5)
Cash flows from financing activities	(119.8)	(139.2)	3,923.7	3,664.7
Net increase (decrease) in cash and cash equivalents	**19.0**	**(8.1)**	**696.5**	**707.3**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management

A. Accounting classification and fair value

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

Level 1: Observable prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities;

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

(₹ in Million)

Particulars	As at 31 March 2024							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	4,550.7	4,550.7	-	-	-	-
Other bank balances	-	-	11,242.8	11,242.8	-	-	-	-
Non-current investments*	1,634.2	-	1,703.9	3,338.1	-	1,634.2	-	1,634.2
Current investments	1,436.4	-	53.5	1,489.9	423.8	-	1,012.6	1,436.4
Current loans	-	-	90.7	90.7	-	-	-	-
Trade receivables	-	-	22,528.1	22,528.1	-	-	-	-
Other non-current financial assets	-	-	1,202.2	1,202.2	-	-	-	-
Other current financial assets	-	-	29,302.0	29,302.0	-	-	-	
	3,070.6	-	**70,673.9**	**73,744.5**	**423.8**	**1,634.2**	**1,012.6**	**3,070.6**
Financial liabilities								
Non Current borrowings	-	-	400.0	400.0	-	-	-	-
Current borrowings	-	-	11,739.7	11,739.7	-	-	-	-
Trade payables	-	-	17,481.2	17,481.2	-	-	-	-
Lease liabilities	-	-	2,044.4	2,044.4	-	-	-	-
Other financial liabilities	-	-	7,602.0	7,602.0	-	-	-	-
	-	**-**	**39,267.3**	**39,267.3**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

The above table excludes other non-current financial liabilities amounting to **₹1,965.6 million** valued using the fair value methodology (Level 3). The changes in fair value has been accounted directly through other equity.

(₹ in Million)

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,738.0	2,738.0	-	-	-	-
Other bank balances	-	-	23,430.9	23,430.9	-	-	-	-
Non-current investments*	1,609.5	-	1,426.7	3,036.2	-	1,609.5	-	1,609.5
Current investments	1,355.0	-	1,817.1	3,172.1	312.4	-	1,042.6	1,355.0
Non-current loans	-	-	80.2	80.2	-	-	-	-
Current loans	-	-	67.7	67.7	-	-	-	-
Trade receivables	-	-	21,321.8	21,321.8	-	-	-	-
Other non-current financial assets	-	-	2,952.5	2,952.5	-	-	-	-

3.38 Financial instruments – Fair values and risk management (Continued)

(₹ in Million)

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Other current financial assets	-	-	1,897.5	1,897.5	-	-	-	-
	2,964.5	**-**	**55,732.5**	**58,697.1**	**312.4**	**1,609.5**	**1,042.6**	**2,964.5**
Financial liabilities								
Current borrowings	-	-	13,071.5	13,071.5	-	-	-	-
Trade payables	-	-	11,650.2	11,650.2	-	-	-	-
Lease liabilities	-	-	895.3	895.3	-	-	-	-
Other current financial liabilities	-	-	6,326.9	6,326.9	-	-	-	-
	-	**-**	**31,943.9**	**31,943.9**	**-**	**-**	**-**	**-**

* It excludes fair value information for financial assets not measured at fair value, if carrying amount is a reasonable approximation of fair value.

The above table excludes other non-current financial liabilities amounting to ₹1,660.1 million valued using the fair value methodology (Level 3). The changes in fair value has been accounted directly through other equity.

B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

a) **Level 1:** The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.

b) **Level 2:** The fair value of financial instruments that are not traded in an active market (i.e. venture capital funds) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

c) **Level 3:** The fair value of the remaining financial instrument is determined using discounted cash flow method. The discount rates used is based on management estimates.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Details about the methods used to determine the amount of fair value change attributable to change in credit risk including an explanation of why the method is appropriate.

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase/ (decrease) if: • the sale price were higher /(lower); • the cost of construction were lower / (higher); or • the absorption timelines will decrease /(increase).
Compulsorily convertible preference shares	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.		

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

There have been no transfers between Level 1 and Level 2 during the year.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in Avenue Venture Real Estate Fund.

(₹ in Million)

Particulars	Amount
Opening Balance (1 April 2022)	1,073.3
Net change in fair value (unrealised)	293.8
Repayment	(324.5)
Closing Balance (31 March 2023)	**1,042.6**
Net change in fair value (unrealised)	-
Repayment	(30.0)
Closing Balance (31 March 2024)	**1,012.6**

Transfer out of Level 3

There has been no transfer out of Level 3 during the year.

Sensitivity analysis

For the fair values of Avenue Venture Real Estate Fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Particulars	31 March 2024		31 March 2023	
	Profit or loss		Profit or loss	
Significant unobservable inputs	Increase	Decrease	Increase	Decrease
Sale Price - 5%	31.4	(31.4)	32.6	(32.6)
Cost of Construction - 5%	(13.8)	13.8	(14.2)	14.2
Absorption Timelines - 1 Year	(40.6)	38.4	(74.6)	(6.0)

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activites (primarily trade receivables) and from its financing/ investing activities, including investments in debt securities, deposits with banks, equity securities, venture capital and mutul fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Payment terms with customers vary depending upon the contractual terms of each contract. Sale limits are established for each customer and reviewed quarterly.

The maximum exposure to credit risk for trade receivables by geographic region is as follows:

(₹ in Million)

Particulars	31 March 2024	31 March 2023
India	7,452.2	7,377.6
US	11,297.6	10,770.2
Other regions	3,778.3	3,174.0
	22,528.1	**21,321.8**

At 31 March 2024 the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables. (Nil as at 31 March 2023)

Impairment

As per the simplified approach, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates as given in the provision matrix.

Refer note 3.8 for ageing of trade receivables that were not impaired.

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Balance as at the beginning of the year	438.2	464.4
Impairment loss recognised	524.0	48.8
Amounts written back / written off	(48.7)	(75.0)
Balance as at the end of the year	**913.5**	**438.2**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total value of investments, cash and cash equivalents and bank deposits as on 31 March 2024 is ₹**48,943.1 million** (31 March 2023: ₹35,949.4 million)

Debt securities:

The Group has an exposure of ₹**1,757.4 million** as at 31 March 2024 (31 March 2023: ₹3,243.8 million) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2024.

Credit Rating of debt securities is given below:

(₹ in Million)

Credit Rating	31 March 2024	31 March 2023
A	-	55.0
A +	74.3	35.4
A1 +	30.0	-
AA	6.2	418.5
AA -	35.2	-
AA +	1,233.5	593.4
AAA	370.1	2,133.4
Not Rated	8.1	8.1
Total	**1,757.4**	**3,243.8**

The Group did not have any debt securities that were past due but not impaired at 31 March 2024, 31 March 2023. The Group has no collateral in respect of these investments.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's trade receivables are due for maturity within one to four months from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 - 60 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Million)

31 March 2024	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Non current borrowings	400.0	400.0	-	-	-	400.0	-
Current borrowings	11,739.7	11,739.7	11,739.7	-	-	-	-
Trade Payables	17,481.2	17,481.2	13,260.7	4,220.5	-	-	-
Other Non current Financial Liabilities	3,109.9	3,109.9	-	-	-	-	3,109.9
Other Current Financial Liabilities	6,457.7	6,457.7	6,416.7	35.7	-	-	5.3
Total	**39,188.5**	**39,188.5**	**31,417.1**	**4,256.2**	**-**	**400.0**	**3,115.2**

(₹ in Million)

31 March 2023	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Current borrowings	13,071.5	13,071.5	13,071.5	-	-	-	-
Trade Payables	11,650.3	11,650.3	11,650.3	-	-	-	-
Other Non current Financial Liabilities	1,660.1	1,660.1	-	-	-	-	1,660.1
Other Current Financial Liabilities	6,326.9	6,326.9	6,326.9	-	-	-	-
Total	32,708.8	32,708.8	31,048.7	-	-	-	1,660.1

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to EUR, GBP, USD, AUD, CAD, CNY, JPY, AED, CHF, NPR and KES. The Group has formulated hedging policy for monitoring its foreign currency exposure.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2024, 31 March 2023 in there respective currencies are as below (absolute values):

Particulars	31 March 2024										
	EUR	GBP	USD	AUD	CNY	CAD	JPY	KES	NPR	AED	CHF
Financial assets											
Trade Receivables	1,760,985	2,473,432	9,988,138	48,287	-	-	-	10	-	411,730	-
Cash and cash equivalents	-	-	612,673	-	-	-	-	-	-	-	-
	1,760,985	**2,473,432**	**10,600,811**	**48,287**	**-**	**-**	**-**	**10**	**-**	**411,730**	**-**
Financial liabilities											
Short Term Borrowings	-	-	94,000,000	-	-	-	-	-	-	-	-
Trade Payables	1,795,014	5,450	6,393,406	(88,559)	-	121,050	31,500	-	678,944	-	-
Other Current financial liabilities	-	-	-	-	-			-	-	-	-
	1,795,014	5,450	100,393,406	(88,559)	-	121,050	31,500	-	678,944	-	-
Net foreign currency exposure as at 31 March 2024	**(34,029)**	**2,467,982**	**(89,792,595)**	**136,845**	**-**	**(121,050)**	**(31,500)**	**10**	**(678,944)**	**411,730**	**-**

Particulars	31 March 2023										
	EUR	GBP	USD	AUD	CNY	CAD	JPY	KES	NPR	AED	CHF
Financial assets											
Trade Receivables	1,843,840	-	9,921,899	88,733	91,968	-	-	-	-	-	-
Cash and cash equivalents	-	-	9	-	-	-	-	-	-	294,185	42,351
	1,843,840	**-**	**9,921,909**	**88,733**	**91,968**	**-**	**-**	**-**	**-**	**294,185**	**42,351**
Financial liabilities											
Short Term Borrowings	-	-	122,500,000	-	-			-	-	-	-
Trade Payables	1,942,420	40,994	16,365,721	9,774	4,555	438,047	15,750	12,431	-	-	-
Other Current financial liabilities	-	-	-	-	-			-	-	-	-
	1,942,420	**40,994**	**138,865,721**	**9,774**	**4,555**	**438,047**	**15,750**	**12,431**	**-**	**-**	**-**
Net foreign currency exposure as at 31 March 2023	**(98,580)**	**(40,994)**	**(128,943,812)**	**78,959**	**87,413**	**(438,047)**	**(15,750)**	**(12,431)**	**-**	**294,185**	**42,351**

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	For the Year ended 31 March 2024	For the Year ended 31 March 2023
EUR	89.88	89.44
GBP	105.03	101.65
USD	83.41	82.17
AUD	54.11	55.03
CAD	61.27	60.67
CNY	11.48	11.95
AED	22.71	22.37
KES	0.63	0.62
JPY	0.55	NA
NPR	0.63	0.62
CHF	92.04	89.58

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in Million)

31 March 2024 - 10% movement	Profit or (loss) before tax	
	Strengthening	Weakening
EUR	(0.3)	0.3
GBP	25.9	(25.9)
USD	(748.9)	748.9
AUD	0.7	(0.7)
CAD	-	-
KES	-	-
JPY	(0.0)	0.0
CNY	(0.1)	0.1
AED	(0.1)	0.1
NPR	0.0	(0.0)
CHF	0.0	(0.0)
	(722.8)	**722.8**

(₹ in Million)

31 March 2023 - 10% movement	Profit or (loss) before tax	
	Strengthening	Weakening
EUR	(0.9)	0.9
GBP	(0.4)	0.4
USD	(1,059.5)	1,059.5
AUD	0.4	(0.4)
CAD	0.5	(0.5)
KES	0.0	(0.0)
CNY	(0.5)	0.5
AED	(0.0)	0.0
NPR	0.0	(0.0)
CHF	(0.1)	0.1
	(1,060.5)	**1,060.5**

Other Price Risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2024, the investments in mutual funds amounts to **₹ 386.9 million** (31st March, 2023: ₹ 277.2 million). These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. A 1% increase/(decrease) in prices would increase/(decrease) the profit or loss by the amounts shown below.

(₹ in Million)

Particulars	31 March 2024		31 March 2023	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Price change by 1%	3.9	(3.9)	2.8	(2.8)

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.38 Financial instruments – Fair values and risk management (Continued)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments is as follows.

(₹ in Million)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Fixed-rate instruments		
Financial assets	49,033.9	12,673.3
Financial liabilities	3,319.4	3,038.4
Total	**45,714.5**	**9,634.9**
Variable-rate instruments		
Financial liabilities	8,820.3	10,928.4
Total	**8,820.3**	**10,928.4**

Interest rate sensitivity - fixed rate instruments

The Company's fixed rate borrowings and fixed rate bank deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 5% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Million)

Particulars	Profit or loss			
	31 March 2024		31 March 2023	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	(73.2)	73.2	(21.9)	21.9
Cash flow sensitivity (net)	**(73.2)**	**73.2**	**(21.9)**	**21.9**

3.39 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total Borrowings	12,139.7	13,071.5
Less : Cash and cash equivalent	4,550.7	2,738.0
Net debt	**7,589.0**	**10,333.5**
Total equity	107,144.0	94,350.0
Net debt to equity ratio	0.07	0.11

3.40 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013

(₹ in Million)

Name of the enterprises	31 March 2024							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	102%	105,546.1	97%	17,471.5	-21%	(43.5)	96%	17,428.0
Subsidiaries								
Indian								
Enzene Biosciences Limited & Subsidiary (Enzene Inc)	6%	6,534.8	-1%	(131.4)	0%	0.9	-1%	(130.4)
Cachet Pharmaceuticals Private Limited	1%	829.2	0%	82.7	-2%	(4.1)	0%	78.6
Indchemie Health Specialities Private Limited	4%	4,218.3	1%	254.5	-4%	(9.2)	1%	245.4
Alkem Foundation	0%	(0.3)	0%	(0.2)	0%	-	0%	(0.2)
Connect 2 Clinic Private Limited	0%	30.4	0%	5.1	0%	0.2	0%	5.3
Foreign								
Ascend Laboratories (Pty) Ltd	0%	101.6	0%	9.2	-3%	(5.3)	0%	3.9
Ascend GmbH	0%	(125.1)	0%	26.2	0%	(0.7)	0%	25.5
Alkem Laboratories Corporation	0%	150.4	0%	(12.0)	-2%	(3.9)	0%	(15.9)
S&B Holdings S.a.r.l.(Previously known as S&B Holdings B.V)	2%	2,097.7	0%	(5.7)	0%	0.2	0%	(5.5)
Pharmacor Pty Ltd & Subsidiary (Pharmacor Limited)	1%	1,183.9	1%	199.9	-9%	(17.6)	1%	182.3
The PharmaNetwork LLC & Subsidiaries (Ascend Laboratories LLC and S&B Pharma LLC)	12%	12,042.8	0%	(51.0)	87%	178.7	1%	127.8
Ascend Laboratories SDN BHD.	0%	(1.0)	0%	(0.4)	0%	0.0	0%	(0.3)
Ascend Laboratories SpA & Subsidiaries (Pharma Network SpA and Ascend Laboratories S.A. DE C.V.)	1%	695.6	1%	187.4	-60%	(124.6)	0%	62.9
Alkem Laboratories, Korea Inc	0%	(2.2)	0%	(0.7)	0%	0.0	0%	(0.6)
Pharmacor Ltd.	0%	45.8	0%	9.5	1%	1.9	0%	11.4
The PharmaNetwork, LLP	0%	147.9	0%	33.8	1%	3.0	0%	36.8
Ascend Laboratories (UK) Limited	0%	84.0	0%	15.1	1%	2.4	0%	17.5
Ascend Laboratories Ltd	0%	(5.9)	0%	(2.6)	0%	(0.0)	0%	(2.6)
Ascend Laboratories SAS	0%	65.2	0%	22.3	4%	8.9	0%	31.2
Total Eliminations	-26%	(26,495.2)	0%	1.5	103%	213.1	1%	214.0
Non Controlling Interest	-4%	(4,023.4)	-1%	(156.9)	3%	6.1	-1%	(150.9)
	100%	**103,120.6**	**100%**	**17,957.7**	**100%**	**206.5**	**100%**	**18,164.2**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

(₹ in Million)

Name of the enterprises	31 March 2023							
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated OCI	Amount	As (%) of consolidated TCI	Amount
Parent Company								
Alkem Laboratories Limited	99%	93,498.3	115%	11,344.0	-2%	(21.9)	103%	11,322.1
Subsidiaries								
Indian								
Enzene Biosciences Limited & Subsidiary (Enzene Inc)	7%	6,475.9	-2%	(173.4)	0%	(1.9)	-2%	(175.3)
Cachet Pharmaceuticals Private Limited	1%	750.7	1%	135.7	0%	(2.4)	1%	133.3
Indchemie Health Specialities Private Limited	4%	4,022.9	3%	335.5	-1%	(6.3)	3%	329.1
Alkem Foundation	0%	(0.0)	0%	2.1	0%	-	0%	2.1
Connect 2 Clinic Private Limited	0%	26.3	0%	4.0	0%	(0.1)	0%	4.0
Foreign								
Ascend Laboratories Pty Ltd	0%	97.7	0%	7.9	-1%	(11.7)	0%	(3.7)
Ascend GmbH	0%	(150.6)	-1%	(57.6)	-1%	(9.6)	-1%	(67.2)
Alkem Laboratories Corporation	0%	166.1	0%	7.9	0%	2.2	0%	10.1
S & B Holdings B.V	2%	2,102.9	0%	(8.8)	0%	2.9	0%	(5.8)
Pharmacor Pty Ltd & Subsidiary (Pharmacor Limited)	1%	1,001.8	2%	237.4	-2%	(24.1)	2%	213.2
The PharmaNetwork LLC & Subsidiaries	13%	11,915.0	-25%	(2,467.5)	97%	1,113.0	-12%	(1,354.5)
Ascend Laboratories SDN BHD.	0%	(0.5)	0%	(0.2)	0%	(0.0)	0%	(0.2)
Ascend Laboratories SpA & Subsidiaries (Pharma Network SpA and Ascend Laboratories S.A. DE C.V.)	1%	632.6	2%	165.9	5%	57.6	2%	223.4
Alkem Laboratories, Korea Inc	0%	(1.5)	0%	(0.2)	0%	(0.0)	0%	(0.2)
Pharmacor Ltd.	0%	34.3	0%	(21.7)	0%	(1.5)	0%	(23.2)
The PharmaNetwork, LLP	0%	111.1	0%	10.4	1%	11.7	0%	22.2
Ascend Laboratories (UK) Limited	0%	66.5	0%	10.9	0%	1.9	0%	12.7
Ascend Laboratories Ltd	0%	(3.2)	0%	(0.1)	0%	(0.0)	0%	(0.1)
Ascend Laboratories SAS	0%	33.7	0%	13.7	0%	(3.1)	0%	10.6
Total Eliminations	-32%	(30,327.1)	5%	522.2	4%	42.3	5%	564.1
Non Controlling Interest	4%	3,897.1	-2%	(226.4)	0%	4.1	-2%	(222.3)
	100%	**94,350.0**	**100%**	**9,841.7**	**100%**	**1,153.1**	**100%**	**10,994.4**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.41 Employee Stock option Scheme

ENZENE BIOSCIENCES LIMITED (Subsidiary)

As at 31 March 2024, Subsidiary has following share based payment arrangements for employees:

ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

ESOS 2016 is established with effect from 15 January 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key managerial personnel and senior employees to purchase shares in the subsidiary at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

1	**Date of Grant**	03 March 2016
	Exercise price per Option	₹ 125.80
	Number of Options granted	145,600
	Exercise period	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
03 March 2017	1 year from the date of grant	5.0%
03 March 2018	2 years from the date of grant	15.0%
03 March 2019	3 years from the date of grant	20.0%
03 March 2020	4 years from the date of grant	30.0%
03 March 2021	5 years from the date of grant	30.0%
Total		**100%**

Notes

to the Consolidated financial statements for the year ended 31 March 2024

2	**Date of Grant**	27 January 2017
	Exercise price per Option	₹10
	Number of Options granted	56,400
	Exercise period	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 4 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
27 January 2018	1 year from the date of grant	15.0%
27 January 2019	2 years from the date of grant	25.0%
27 January 2020	3 years from the date of grant	30.0%
27 January 2021	4 years from the date of grant	30.0%
Total		**100.0%**

3	**Date of Grant**	25 May 2017
	Exercise price per Option	₹ 125.80
	Number of Options granted	18000
	Exercise period	Shall be 2 years from the date of respective vesting. The board in its meeting on 9 November 2022 have approved the following changes: i. The Exercise Period, for the unexercised Options as on 9 November 2022, shall be until liquidity event from the date of respective vesting of Options. ii. This shall not apply to the Options that have been already Exercised or have lapsed or not Granted as on 9 November 2022. iii. The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Board, for the issuance of Equity Shares against the Options vested in him, subject to Applicable Laws. Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
25 May 2018	1 year from the date of grant	5.0%
25 May 2019	2 years from the date of grant	15.0%
25 May 2020	3 years from the date of grant	20.0%
25 May 2021	4 years from the date of grant	30.0%
25 May 2022	5 years from the date of grant	30.0%
Total		**100%**

Reconciliation of outstanding share options

Particulars	No.of Options	
Outstanding at 1 April	31 March 2024	31 March 2023
Granted during the year	53,208	53,208
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March	-	-
	53,208	**53,208**

1. The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is ₹ 69.94
2. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 147.43
3. The estimated grant-date fair value of Stock options granted under ESOS 2016(3) plan is ₹ 75.48

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

	ESOS 2016 (1)	ESOS 2016 (2)	ESOS 2016 (3)
Fair value as on Grant Date of Equity Share	148	155	155
Compounded Risk-Free Interest Rate	7.7%	7.5%	7.5%
Expected volatility	31.93%	31.93%	31.93%

Enzene Employee Stock Option Plan ("ESOP 2022")

ESOP 2022 is established with effect from 24 February 2023, on which the Shareholders have approved the plan by way of a Special Resolution and shall continue to be in force until its termination by the Board/ EBL/ the Committee. The plan entitles the employees who as may be decided by the Committee at its own discretion to participate in this option plan to purchase shares in EBL at the stipulated exercise price, subject to compliance with vesting conditions. All exercised options shall be settled by crediting the shares in their Demat account.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

The terms and conditions related to the grant of the shares options are as follows:

1	**Date of Grant**	23 July 2023
	Exercise price per Option	₹ 10
	Number of Options granted	964,823 - SCHEME "A"
	Exercise period	Shall be 1 years from the date of respective vesting. The board in its meeting on 6th July 2023 have approved the option: The Exercise Period is based on scenerios : 1. Death / Permanent Disability - Until liquidity event 2. Resignation - Until last working day 3. Retirement - Until last working day 4. Termination with clause / Abandonment - Not applicable 5. Other cases - Until Liquidity event Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
22 July 2024	At the end of 12 months from the date of Grant	40.0%
22 July 2025	At the end of 24 months from the date of Grant	20.0%
22 July 2026	At the end of 36 months from the date of Grant	20.0%
22 July 2027	At the end of 48 months from the date of Grant	20.0%
Total		**100%**

2	**Date of Grant**	23 July 2023
	Exercise price per Option	₹ 10
	Number of Options granted	40000 SCHEME "A2"
	Exercise period	Shall be 1 years from the date of respective vesting. The board in its meeting on 6th July 2023 have approved the option: The Exercise Period is based on scenerios : 1. Death / Permanent Disability - Until liquidity event 2. Resignation - Until last working day 3. Retirement - Until last working day 4. Termination with clause / Abandonment - Not applicable 5. Other cases - Until Liquidity event - Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 4 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Notes

to the Consolidated financial statements for the year ended 31 March 2024

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
22 July 2024	At the end of 12 months from the date of Grant	20.0%
22 July 2025	At the end of 24 months from the date of Grant	30.0%
22 July 2026	At the end of 36 months from the date of Grant	30.0%
22 July 2027	At the end of 48 months from the date of Grant	20.0%
Total		**100%**

3	**Date of Grant**	1st grant given on -23-07-2023, 2nd grant - 05-08-2023, 3rd grant -14-08-2023
	Exercise price per Option	₹ 10
	Number of Options granted	200,000
	Exercise period	Shall be 1 years from the date of respective vesting. The board in its meeting on 6th July 2023 have approved the option: The Exercise Period is based on scenerios : 1. Death / Permanent Disability - Until liquidity event 2. Resignation - Until last working day 3. Retirement - Until last working day 4. Termination with clause / Abandonment - Not applicable 5. Other cases - Until Liquidity event Liquidity event is defined as a. An IPO b. Strategic sale of part of business / vertical to third party c. Substantial change in shareholding / management d. Merger with another entity
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting based on time
22 July 2024	At the end of 12 months from the date of Grant	5.0%
22 July 2025	At the end of 24 months from the date of Grant	15.0%
22 July 2026	At the end of 36 months from the date of Grant	30.0%
22 July 2027	At the end of 48 months from the date of Grant	30.0%
22 July 2028	At the end of 60 months from the date of Grant	20.0%
Total		**100%**

Share based payment expenses for the year

(₹ in Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
ESOS 2022	189.4	-
Total Expenses recognised	**189.4**	**-**

Reconciliation of outstanding share options

Particulars	No.of Options	
	31 March 2024	31 March 2023
Outstanding at 1 April	-	-
Granted during the year	1,264,823	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March	**1,264,823**	**-**

Notes
to the Consolidated financial statements for the year ended 31 March 2024

1 The estimated grant-date fair value of Stock options granted under ESOS 2022 Scheme 'A' is ₹ 400.94
The estimated grant-date fair value of Stock options granted under ESOS 2022 Scheme 'A2' is ₹ 399.95
The estimated grant-date fair value of Stock options granted under ESOS 2022 Scheme 'B' is ₹ 400.82

2 The estimated weighted average exercise price of Stock options granted under ESOS 2022 Scheme 'A' is ₹ 10
The estimated weighted average exercise price of Stock options granted under ESOS 2022 Scheme 'A2' is ₹ 10
The estimated weighted average exercise price of Stock options granted under ESOS 2022 Scheme 'B' is ₹ 10

3 The estimated weighted average life of options granted under ESOS 2022 Scheme 'A' is ₹ 6.50
The estimated weighted average life of options granted under ESOS 2022 Scheme 'A2' is ₹ 4.50
The estimated weighted average life of options granted under ESOS 2022 Scheme 'B' is ₹ 6.25

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

Particulars	ESOP 2022 Scheme 'A'	ESOP 2022 Scheme'A2'	ESOP 2022 Scheme 'B'
Fair value as on Grant Date of Equity Share	407.19	407.19	407.19
Compounded Risk-Free Interest Rate	7.24%	7.17%	7.22%
Expected life	5.75	3.75	5.25
Expected volatility	0.4286	0.4173	0.4218
Dividend	-	-	-

3.42 Government Grant

The Company:

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in FY 2014-15 amounted to ₹ 72.4 million with respect to the Kumrek facility. The factory has been constructed and in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹122.1 million for which the Company has received the claim amount in FY 2018-19. The factory has been constructed and in operation since October, 2012. The third grant is with respect to AHS-3 facility in Sikkim amounting to ₹ 30.6 million for which the Company has received the claim amount in current year. Further, during the current year, Company have received grant amounting to ₹ 398.7 million with respect to AHS- 2 facility in Sikkim. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion to the related depreciation expense. The unamortised grant as on 31 March 2024 amount to ₹ **282.7 million** (31 March 2023 ₹ 81.3 million).

Enzene Biosciences Limited ("EBL"):

EBL is eligible for government grant from Biotechnology Industry Research Assistance Council (BIRAC) under National Biopharma Mission. The grant received/receivable includes grant in relation to the assets and grant which are revenue in nature. The grant received/receivable is for specific project for which EBL is incurring the expenditure. Accordingly the eligible amount of revenue grant is deducted from the respective head of expenditure. EBL is also eligible for government grants which are against Capital expenditure incurred by EBL on the specific purchase of assets.These grants, recognized as deferred income, are being amortized over the useful life of the assets in proportion in which the related depreciation expense is recognised. The unamortised grant as on 31 March 2024 amount to ₹ **3.8 million** (31 March 2023 ₹ 4.2 million).

Indchemie Health Specialities Private Limited ("IHSPL")

IHSPL is eligible for government grant which is conditional upon construction of new factory in the Sikkim region under the capital investment subsidy scheme of North East Industrial and Investment Promotion Policy (NEIIPP) 2007. One of the grant is with respect to Kumrek facility in Sikkim [Unit-IV] amounting to ₹ 10.7 million received in FY 2016-17. The factory has been constructed and in operation since 27 August 2007. The second grant is with respect to Kumrek facility in Sikkim [Unit-V] amounting to ₹ 23.4 million received in FY 2019-20. The factory has been constructed and in operation since 9 May 2016. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised. The unamortised grant as on 31 March 2024 amounts to **₹11.0 million** (31 March 2023: ₹ 12.7 million).

Notes

to the Consolidated financial statements for the year ended 31 March 2024

The unamortised grant as on 31 March 2024 of the Group amounts to ₹ **297.6 million** (31 March 2023: ₹ 98.1 million), the breakup of which is as below:

(₹ in Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Non current	258.4	88.0
Current	39.1	10.1
Total	**297.5**	**98.1**

3.43 Non-current assets held for sale:

During the previous year, the Group considered indicators of impairment of cash generating units for decline in operational performance, changes in the outlook of future profitability and weaker market conditions, among other potential indicators. In respect of one of the manufacturing plant located at St. Louis a unit under S & B Pharma LLC, USA, a subsidiary, where indicators of impairment were identified, the Company estimated the recoverable amount of the assets based on the fair value less costs to sell. The outcome of the above exercise for the year ended 31 March 2023 resulted in the Group recognizing an impairment loss of ₹ 576.6 Million (31 March 2023: ₹ 1,029.7 million) shown as exceptional item in the financial statement. Consequently, deferred tax assets pertaining to the above assets were no longer available for utilisation were derecognised in the consolidated financial statements amounting to USD 14.9 million (₹ 1,197.2 million)

During the current year, the abovementioned plant held for sale amounting to ₹ 1,232.6 million (USD 15 million) have been sold for a total net consideration of ₹ 656.0 million (USD 8 million) pursuant to a 'Purchase and Sale' Agreement leading to impairment of Property, plant and equipment held for sale amounting to ₹ 576.6 million (USD 7 million) which is reflecting in the Profit and Loss under 'Exceptional items'.

(₹ in Million)

Particulars	Net Book value of assets (1)		Recoverable amount as (2)		Exchange rate difference (3)		Impairment loss recognized in the statement of profit and loss (1)- (2) - (3)	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Plant and equipment	-	616.9	-	90.4	-	12.0	-	514.6
Office Equipments	-	2.9	-	-	-	0.1	-	2.8
Freehold Land	-	85.7	-	85.7	-	-	-	-
Buildings	-	1,002.1	-	892.2	-	2.5	-	107.4
Capital work in progress	-	459.3	-	164.3	-	6.7	-	288.2
Furniture and Fixtures	-	7.4	-	-	-	0.2	-	7.2
Computer software	-	1.4	-	-	-	0.0	-	1.3
Goodwill **(Refer note 3.36)**	-	110.7	-	-	-	2.5	-	108.2
Total	**-**	**2,286.4**	**-**	**1,232.6**	**-**	**24.0**	**-**	**1,029.8**

3.44 Impairment of asset

The Group has considered indicators of impairment of its cash-generating units (ÇGUs') for factors like decline in operational performance, changes in the outlook of future profitability, and weaker market conditions, among other potential indicators. In respect of one of the manufacturing units located at Indore, where indicators of impairment were identified, the Group identified the recoverable amount of the CGUs, being the higher of the value in use and fair value less costs of disposal, as compared with the carrying value. The value in use is derived from discounted future cash flows uses several assumptions like long term growth rate, discount rate, potential product obsolescence, new product launches and the weighted average cost of capital. The outcome of this exercise as on 31 March 2024 resulted in the Group recognizing an impairment loss of **₹ 415.6 Million** in the consolidated financial statements under 'Exceptional Items'.

Notes
to the Consolidated financial statements for the year ended 31 March 2024

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports
Pre-tax risk adjusted discount rate (weighted average cost of capital)	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC)

The projected cashflows were discounted at pre-tax rate of 12.8%. The terminal growth rate was considered at 0%. The cash flow projections were based on five years specific estimates.

Sensitivity analysis

A reasonably possible change of 2% in weighted average cost of capital at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

Particulars	31 March 2024		31 March 2023	
	Profit or loss		Profit or loss	
Significant unobservable inputs	Increase	Decrease	Increase	Decrease
Weighted average cost of capital - 2%	57.9	(58.2)	-	-

3.45 On January 12, 2024, the Group disclosed about a Cyber security incident occured in November 2023 which compromised business email IDs of certain employees at one of the Group's subsidiaries which resulted in a fraudulent transfer of ₹ 513 Million. The Group employed independent external agencies to investigate the incident. Based on their report, the Group 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 Group.

The Group 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 Group is also implementing certain long-term measures to augment its security controls systems across the organization. The Group believes that no legal violations have occurred because of this incident, and all known impacts on its consolidated financial statements for the year ended 31 March 2024 on account of this incident have been considered. Further, subsequent to this event, the Group have been able to recover an amount of ₹ 290.4 Million out of the above mentioned. The net amount of ₹ 222.7 Million has been shown as 'Exception item' in the Statement of Profit and Loss.

3.46 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) or provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries by the Group to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes

to the Consolidated financial statements for the year ended 31 March 2024

3.47 Events after the reporting period

No significant adjusting event occurred between the balance sheet date and date of the approval of these consolidated financial statements by the Board of Directors of the Group requiring adjustment or disclosure other than those as disclosed in 3.26 (b)

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Mumbai, India
29 May 2024

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
Mumbai, India

29 May 2024