

- Noel M Tichy and Stanford Sherman



## Disclaimer

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

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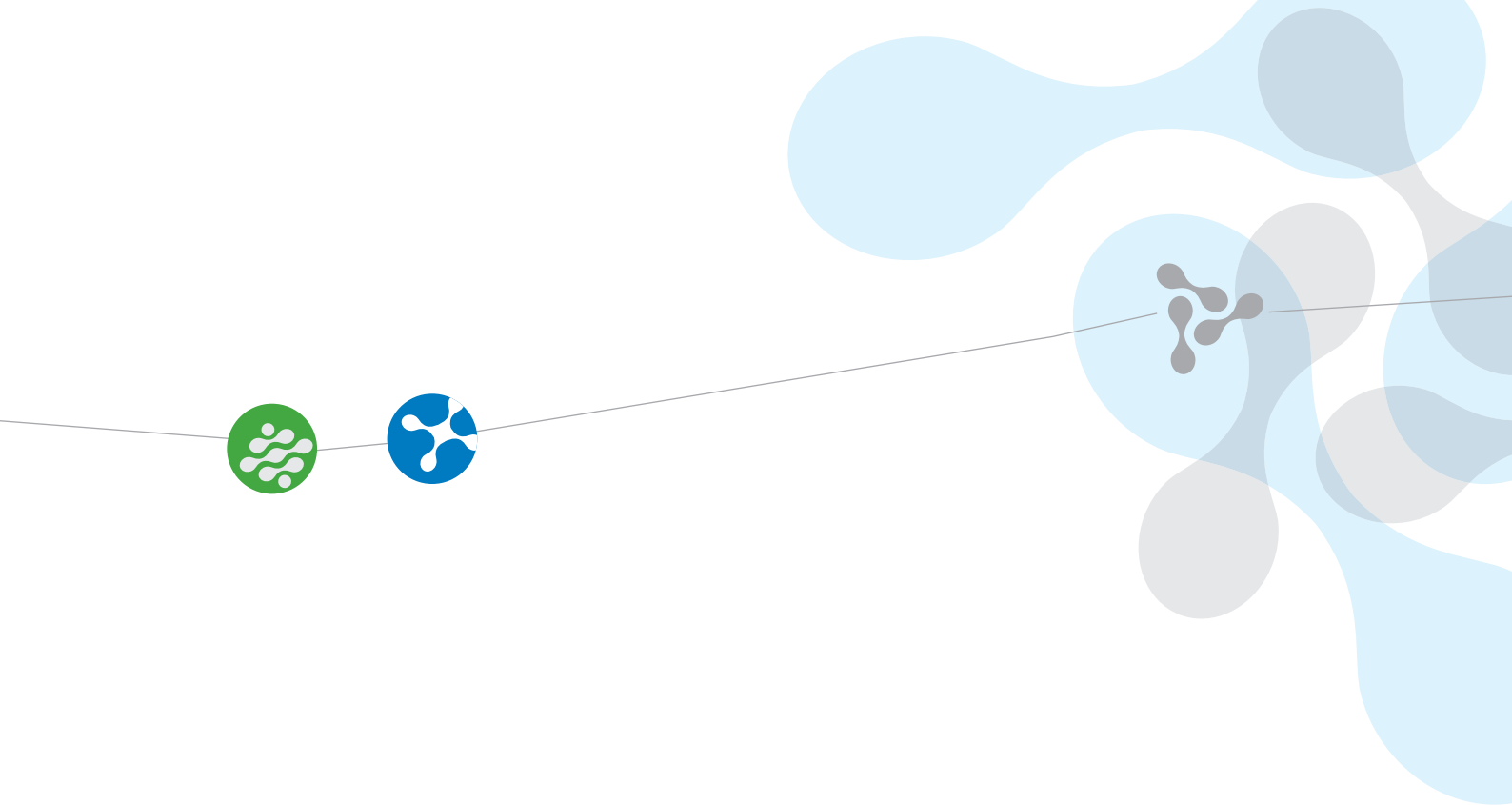
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Some years ago, we resolved to reinvent our business, convinced that either we took control of it – our destiny – or someone else would. The result is evident in the numbers.

In a challenging 2012-13, the evolution was most distinctly visible, as we grew revenues by about 4% and PAT by 27% over the previous year.

The last three years have been seminal in the history of Alembic. The Company extended from Generalised therapies to Speciality therapeutic segments and launched aligned portfolios.



Launched new therapeutic divisions. Widened its regulated markets coverage. Increased product complexity. Increased the proportion of speciality products. Climbed the filing value-chain (Para III to Para IV and Para IV FTFs in the US). Doubled its API basket. Streamlined systems and processes. Strengthened its people management. The results have been explained in the following pages.

10.23%

EBIDTA margin, 2009-10

16.79%

EBIDTA margin, 2012-13

# Alembic Pharmaceuticals Limited

Enjoys leadership within the  
Macrolides segment of anti-  
infective drugs in India.

Alembic Pharmaceuticals Limited (headquartered in Vadodara, India) is a vertically-integrated pharmaceutical company.

The Company possesses manufacturing facilities at Panelav in Gujarat (USFDA-approved for APIs and formulations), Karkhadi, Gujarat (USA FDA-approved for API) and Baddi in Himachal Pradesh (manufactures formulations for Indian and emerging markets). The Company has a state-of-the-art research centre at Vadodara.

The Company enjoys a sales presence in more than 75 countries (regulated and emerging).

## Vision

To become a knowledge-driven global pharmaceutical company with the highest level of operational excellence in all spheres

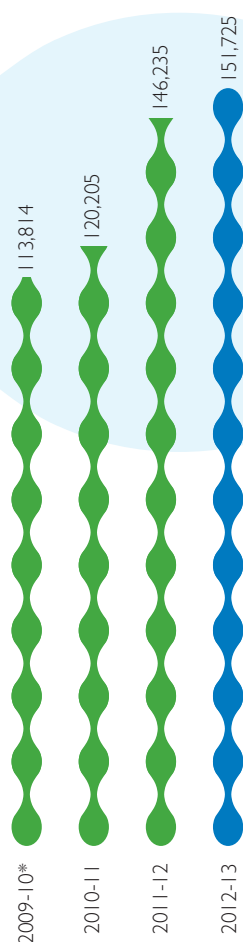
## Mission

To provide access to the best healthcare products at affordable prices to everyone, present anywhere in the world.

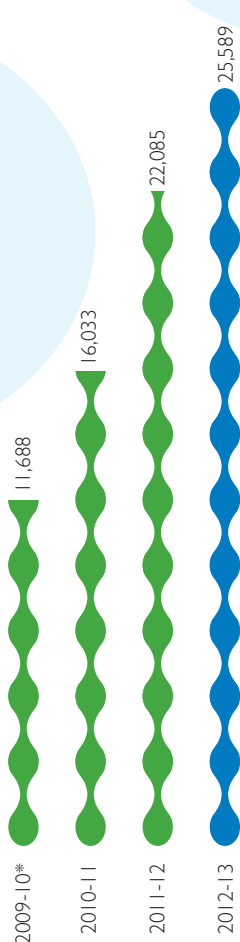
# Assuming control is good for the Company, for the shareholder and every stakeholder

## Business

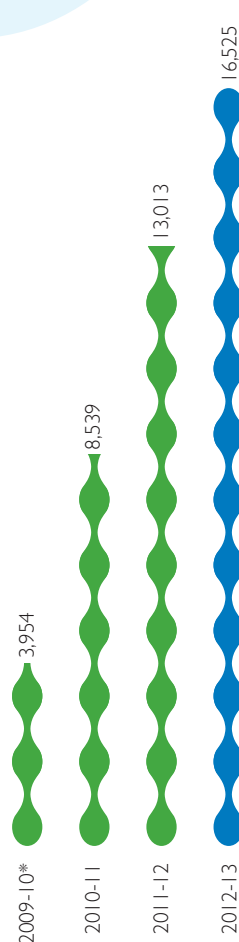
Revenue (₹ lac)



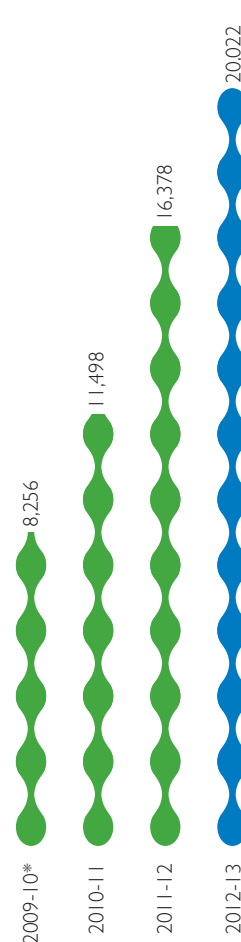
EBIDTA (₹ lac)



Net profit (₹ lac)



Cash profit (₹ lac)



Revenue growth

3.75%

Over  
2011-12

10.06%

CAGR over  
3 years

EBIDTA growth

15.87%

Over  
2011-12

29.58%

CAGR over  
3 years

Net profit growth

26.99%

Over  
2011-12

60.08%

CAGR over  
3 years

Cash profit growth

22.25%

Over  
2011-12

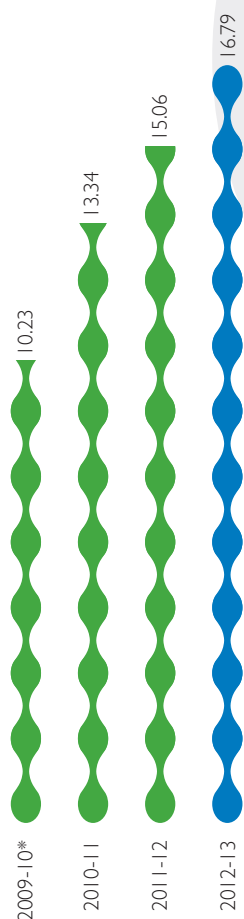
34.35%

CAGR over  
3 years

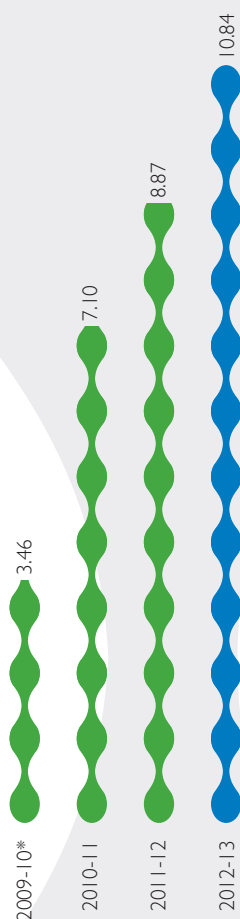


## Profitability

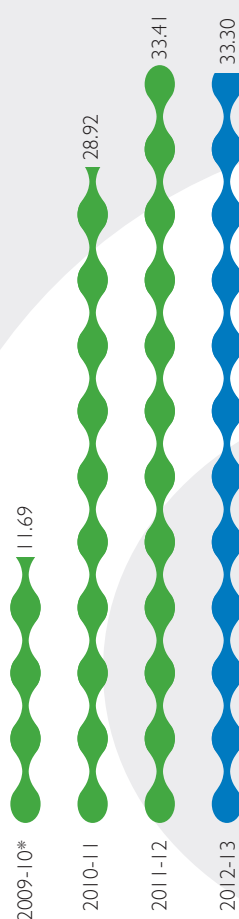
EBIDTA margin (%)



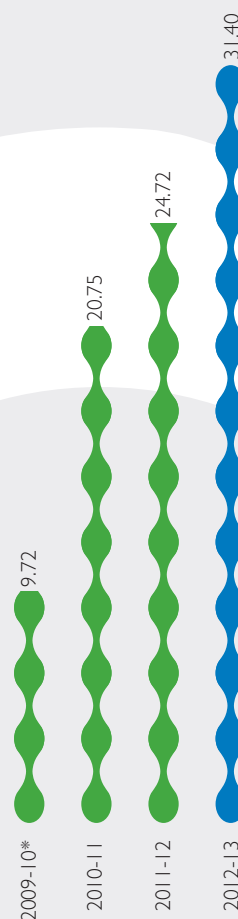
Net Profit margin (%)



ROE (%)



ROCE (%)



EBIDTA margin growth

173 bps

Over  
2011-12

656 bps

Over  
2009-10

Net margin growth

197 bps

Over  
2011-12

738 bps

Over  
2009-10

ROE growth

(11) bps

Over  
2011-12

2161 bps

Over  
2009-10

ROCE growth

668 bps

Over  
2011-12

2168 bps

Over  
2009-10

\* Financial year 2009-10 numbers reflect those of the erstwhile Alembic Limited, whereas for the subsequent years (2010-11 onwards) the numbers reflect the impact of the demerged Alembic Pharmaceuticals Limited.



### Controlling our destiny

## Building a US presence

Alembic resolved to grow its US presence with the objective to graduate from being just another pharmaceutical player to a globally recognised organisation.

### Shift

- We filed 57 ANDAs (received approvals for 24 ANDAs as on March 31, 2013); we commercialised 15 of the approved filings (eight products launched in 2012-13 of which three are products with sizeable potential).
- We graduated the regulatory index from Para III filings to Para IV filings; we possessed 27 Para IV filings as on March 31, 2013 against no such filings three years ago.
- We filed seven Para IV including three FTF applications and one 505(b)(2) filing in the 12 months leading to the close of 2012-13.
- We enriched our US basket from three products in 2009-10 to 15 products in 2012-13.

### Achievement

- Our US business revenues grew 138.23% in the three years leading to 2012-13.
- We received USFDA approval for our NDA Desvenlafaxine Base Extended Release (bioequivalent version of the innovator drug Pristiq by Pfizer), which provides the Company with a 21-month exclusivity.

### Blueprint

- We plan to commercialise 8-10 products annually for the next three years.
- We expect to register 10-12 ANDA filings in 2013-14, which also includes Para IV FTF filings.
- We are strengthening our technology capability manifested in new finished dosage forms.





IMS size (US\$ billion)  
of Alembic's pending  
approval ANDAs

27





Controlling our destiny

## Stronger European footprint

Alembic resolved to sweat its assets efficiently; it leveraged its US filing success to enter the European pharmaceutical market, the second largest in the world.





### Shift

- We grew our European presence from one product to five products in just two years.
- We entered into more than 15 marketing alliances in 2012-13, making it possible to distribute products wider, deeper and faster.
- We filed two dossiers for speciality products in 2012-13 (15 dossier filings as on March 31, 2013).

### Achievement

- We cemented relationships with large and respected European generic players.
- We accelerated European revenues in three years by 20% CAGR upto 2012-13.

### Blueprint

- We set up an office in EU for filing of market authorisations across European nations
- We expect to file about 10 dossiers, largely for speciality products in Europe
- We expect to significantly increase our product basket for the European markets.

Accelerated  
European revenues  
in the three years  
leading to 2012-13

20% CAGR



Controlling our destiny

## Stronger focus

To address the needs of a world marked by increasing lifestyle ailments, Alembic evolved its product mix.

As human ailments progressively evolved from the acute to the lifestyle, Alembic enriched its product basket with an increasing number of chronic therapies.

### Shift

- We increased the proportion of speciality products in our product basket – from 39% in 2009-10 to about 49% in 2012-13.
- We extended our therapeutic coverage through the launch of three new divisions in four years (Orthopedic, Ophthalmology and Dermatology).
- We accelerated product introduction, adding more than 80 products in the three years leading to 2012-13 (accounted for 15% of the domestic formulation sales); we developed and commercialised in-demand speciality products; four Alembic brands feature among the Top-300 brands launched in the last 12 months  
(Source: MAT March 2013).
- We reinforced and retrained our medical representative and field team, facilitating a deeper domestic penetration.

### Achievement

- Our domestic formulations business grew by 15% CAGR in the three years leading to 2012-13; this business grew by 13% (industry average being 10%) during the year under review.
- Our speciality business grew by 27% in 2012-13 (industry average 11%); the speciality division's percentage contribution to overall revenues increased about 500 bps in 2012-13.

### Blueprint

- We plan to strengthen our Specialty business through selective product portfolio expansion and launching new divisions in the existing specialty segment.
- We expect to launch 25 products in 12 months, strengthening our market coverage on progressive molecules.
- We intend to widen our therapeutic presence through new divisions.



Strong foundation



Our speciality business  
growth in 2012-13

27%







Controlling our destiny

## Repositioning APIs

Generally in the pharmaceutical industry, the API business is structured to largely support the downstream manufacture of formulations. At Alembic, we walked the road less travelled.

The percentage  
of Alembic's APIs  
consumed in-house  
for value addition  
into formulations  
**20**

At the Company, we recognised the need for our API business to emerge integral to our organisational growth engine. So in the space of just three years, we graduated our API business into a core driver of revenues, profits and profitability.

### Shift

- We widened our API presence, doubled our product basket to 60 APIs and increased our speciality products from five to 30.
- We recognised the need to be present in large, growing and quality-respecting markets. We increased our presence in the regulated and emerging markets of Europe (East and West), the Middle East, North Africa and Latin America.
- We strengthened our product offerings; we launched nine products in the emerging markets in 2012-13; we filed DMFs for six products, growing our presence in regulated markets.
- We secured business relations as primary source/alternate source vendors with more than 20% of our European clients against no such relationships three years ago.

### Achievement

- We increased sales volumes of key APIs (Macrolides and Sartans) by 30-35% over the three years leading to 2012-13.
- We improved business profitability considerably in just two years.

### Outlook

- We are taking our API business ahead through the commercialisation of 11 speciality APIs in 2013-14.
- We expect to add regulated market customers among whom we ourselves positioned as a primary/alternate source for APIs.
- We expect to widen our geographic diversification and acquire new clients in emerging markets.

# Strength in our numbers

## 3.23

Percentage of Alembic revenues derived from new products launched in India, 2012-13

## 75

Percentage of Alembic exports derived from regulated markets

## 34

Alembic's exports as a percentage of overall revenue, 2012-13

## 8

The number of Alembic ANDAs launched in the US market, 2012-13

## 33

The number of Alembic's ANDAs pending USFDA approval

## 60

The number of DMFs filed by Alembic with USFDA authorities

## 49

Percent revenue share of specialty therapy in Alembic's formulation business

## 2012-13 in retrospect

### Domestic formulations

- Launched our Dermatology Division in the domestic market with eight products
- Launched 25 products as line extensions in existing therapeutic segments
- Rekool brands together featured in the Top-3 of the Rabeprazole market
- Tetan and Tellzy brands together featured in the Top-3 of the Telmisartan market

### International formulations backed by strong F&D team

- Received USFDA approvals for an NDA, Desvenlafaxine base extended release tablets
- Entered into an out-licensing agreement with Ranbaxy Labs Inc. to exclusively market Desvenlafaxine base ER tablets in the US

- Commercialised eight ANDAs, received approvals for seven ANDAs (including one NDA) and filed 13 ANDAs during the year
- Filed five ANDAs with TPD, Canada, during the year
- Widened the footprint to more regulated and emerging markets

### APIs backed by strong R&D team

- Launched 11 new products in the domestic and international markets; added new customers

### Project management

Part-commissioned a new tableting facility in February 2013

### Finance

Reduced debt by ₹16,593 lac

### Speciality therapy performance

| Segment          | Industry growth (%) | Alembic's growth (%) |
|------------------|---------------------|----------------------|
| Ophthalmology    | 11                  | 39                   |
| Cardiology       | 13                  | 37                   |
| Diabetology      | 23                  | 41                   |
| Gastroenterology | 12                  | 27                   |
| Gynaecology      | 7                   | 21                   |
| Nephrology       | 16                  | 45                   |
| Orthopedic       | 8                   | 9                    |

Source: MAT March 2013





# Our competitive advantages

**Rich experience:** The Company possesses more than 100 years of experience in the pharmaceutical industry.

**Vertical integration:** The Company is vertically-integrated, which facilitates a seamless value-addition of APIs into formulations. This makes it possible for Alembic to partner global and Indian pharmaceutical players across the value chain.

**Approvals:** The Company's facilities are approved by authorities belonging to the regulated markets, making the products globally acceptable.

**Geographic diversification:** The Company

enjoys a footprint across 75 nations (regulated and emerging markets). More than 75% of the export revenue of 2012-13 accrued from regulated markets accompanied by superior realisations, enhanced visibility and greater acceptance in semi-regulated markets.

**Diligent research:** The Company's 300-member research team developed complex products. In 2012-13, the Company launched more than 25 products for the Indian markets and over 20 products for the global markets (regulated and emerging).

**Regulatory skills:** The Company's

regulatory skills manifested in the speed with which ANDAs, DMFs and dossiers were filed in the last three years, facilitating a strong US and European presence.

**Brand recognition:** The Company's four brands (Azithral, Roxid, Althrocin and Wikoryl) feature among Top-300 pharmaceutical brands. About 10 of the Company's recent launches (24 months) feature among the Top-500 launches of that period.

**Financial stability:** The Company possesses a robust financial foundation (gearing of 0.37 as on March 31, 2013), making it possible to finance low-cost growth.

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## Business model

**Therapy focus:** The Company is focused on expanding its therapeutic presence in high-growth Specialty therapy baskets while maintaining its presence in the Generalised therapy basket, thereby widening the opportunity canvas.

**Product focus:** The Company's product identification strategy revolves around those based on complex chemistry, creating high entry barriers and reducing price-based competition.

**Manufacturing focus:** The Company focuses on operating its plant at maximum capacity through own manufacturing abilities and catering to specific requirements for large pharmaceutical players, optimising manufacturing costs and fixed overheads.

**Research focus:** The Company identifies and develops genericisation opportunities, novel drug delivery systems (NDDS), new technology platforms and alternate therapies with speed. These are difficult to develop, marginalising competition clutter.

**Regulatory focus:** The Company's efforts are directed towards undertaking complex regulatory filings in one regulated market and leveraging that across other regulated and emerging markets with suitable modifications.

**Emerging market focus:** The Company focuses on widening its presence in select geographies where the product requirement is synergic with the Company's product basket and provides large opportunities.

Ten minutes with the management

“Our transformational efforts have only started yielding results. The best is yet to come.”



*Dear Shareholders*

IN ANY BUSINESS, COMPETITIVE ADVANTAGE IS APPRAISED THROUGH THE ABILITY TO REPORT PROFITABLE GROWTH, WHEREBY A PERCENTAGE INCREASE IN REVENUES IS EXCEEDED BY A LARGER PERCENTAGE INCREASE IN PROFITS. THIS REALITY INDICATES AN IMPROVEMENT IN OVERALL COMPETENCE, TRANSLATING INTO SUPERIOR VALUE FOR OUR STAKEHOLDERS.



I am pleased to report that this is precisely what we achieved in 2012-13. Our revenues grew 4%, while our EBITDA grew 16% and net profit climbed 27% over the previous year. This indicates that we reported an improvement in the quality of our revenues, which immediately translated into higher margins and profits, kickstarting a virtuous cycle that we expect will continue to translate into enhanced organisational value.

## Overview

The superior results reported by the Company represent an important inflection point in the Company's transformation journey that we embarked upon a few years ago.

Even as recent as 2009-10, acute therapies dominated our revenue basket. Research efforts were yet to add to the product basket, hence marketing remained a challenge. As a result, global presence was restricted to emerging markets. Gradually, Alembic was yielding its market position.

Alembic set out to reinvent its sectoral presence. The Company plugged key senior positions with young professionals. The research and marketing teams worked in tandem. The Company began to address unmet needs. The therapeutic coverage was widened. Complex products with high entry barriers were developed. A new regulatory filing effectiveness graduated the

Company from being just another player in regulated markets to among the select few to enter segments following genericisation.

**This is the result:** we outperformed the average growth of the domestic formulations segment; we grew our speciality business significantly higher than the segment average; we enjoy 21-month exclusivity for a product in the US; we transformed from a domestic player into a global pharmaceutical entity.

## Strengthening the business

Even as we reported superior numbers in 2012-13, we strengthened the business through various initiatives.

- We received the USFDA approval for our NDA Desvenlafaxine Base Extended Release, a bioequivalent version of the innovator drug Pristiq by Pfizer. We engaged Ranbaxy to market this product in the US.
- We filed two dossiers for complex products in Europe with high growth potential. We entered into a number of marketing alliances to accelerate sales and make it possible to replace the low-margin contract-manufacturing business with our own profitable products.
- We established a presence in Australia (through a subsidiary) to outlicense ready Market Authorisation to multiple customers. As a first step, we launched two cardiovascular products in the last quarter

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**We received the USFDA approval for our NDA Desvenlafaxine Base Extended Release, a bioequivalent version of the innovator drug Pristiq by Pfizer. We engaged Ranbaxy to market this product in the US.**

We increased our ANDA filings of complex products where the returns shall justify the development and filing expenses; we hope to continue to work on such opportunities over the medium-term. We expect to launch 8-10 products in 2013-14.

of 2012-13. We started filings in Brazil, which should generate attractive revenue next year.

- We filed new product registrations in Ukraine, Vietnam, Uganda and Kenya for branded formulations, which should translate into revenues starting 2013-14.

These initiatives will increase and broaden base global revenues, de-risking the Company from an overdependence on a single geography.

### Going ahead

In the pharmaceutical industry, success gravitates to companies that extend from relatively simple and crowded product spaces towards complex niche marked by higher product realisations. At Alembic, we expect to accelerate our growth through the following initiatives:

#### *International generics*

**The US:** We increased our ANDA filings of complex products where the returns shall justify the development and filing expenses; we hope to continue to work on such opportunities over the medium-term. We expect to launch 8-10 products in 2013-14.

**Europe:** We intend to increase the number of dossiers filed from two in 2012-13 to 10 (all complex products) in 2013-14 and emerge as the only generic player in Europe for a particular product. The

additional business shall replace our low-margin contract manufacturing business, expanding margins.

**Other markets:** We plan to file about five or six dossiers in Brazil in 2013-14. We expect to establish an office in Brazil to accelerate filings and provide ready dossiers to customers.

In line with a need for wider and deeper marketing initiatives, we invested ₹11,000 lac and commissioned a new formulations unit, increasing our annual tablet manufacturing capacity to 5 billion.

As a result of these initiatives, we expect Alembic to generate an annual revenue increment of 30-35% per annum over the next two years and emerge as an increasingly global organisation.

#### *Branded formulations*

**India:** We are building on our robust Indian foundation through the proposed launch of more than 20 products a year, comprising line extensions in existing therapeutic segments and addition of new therapeutic segments. In 2013-14, we expect to reinforce our position in the gastroenterology space.

**Emerging markets:** We made significant inroads in emerging markets, filing more than 20 dossiers in South East Africa, Africa and CIS nations and expect these efforts to yield results by end-2014.

#### *APIs*

In the API business, we intend to exit low margin products and graduate to new profitable products with sizeable potential. This strategy has been vindicated through our growing product development volumes: we generated revenues of ₹2,500 lac in 2012-13 from the sale of development quantities to clients against less than ₹500 lac from this segment a couple of years ago, showcasing our ability to develop new products in line with evolving client requirements. We also secured approvals from large global formulators as the primary/secondary API source, which should generate attractive returns going forward.

### Message to shareholders

The message that I want to send out is that Alembic is a transformed company with the first visible signs of this positive change reflected in its financials and prospects of better days ahead as the Company's volume-value strategy plays out across markets. We are optimistic that this interplay will translate into superior value in the hands of all those who own shares in our Company.

Warm regards,

**Chirayu Amin**

*Chairman and Managing Director*



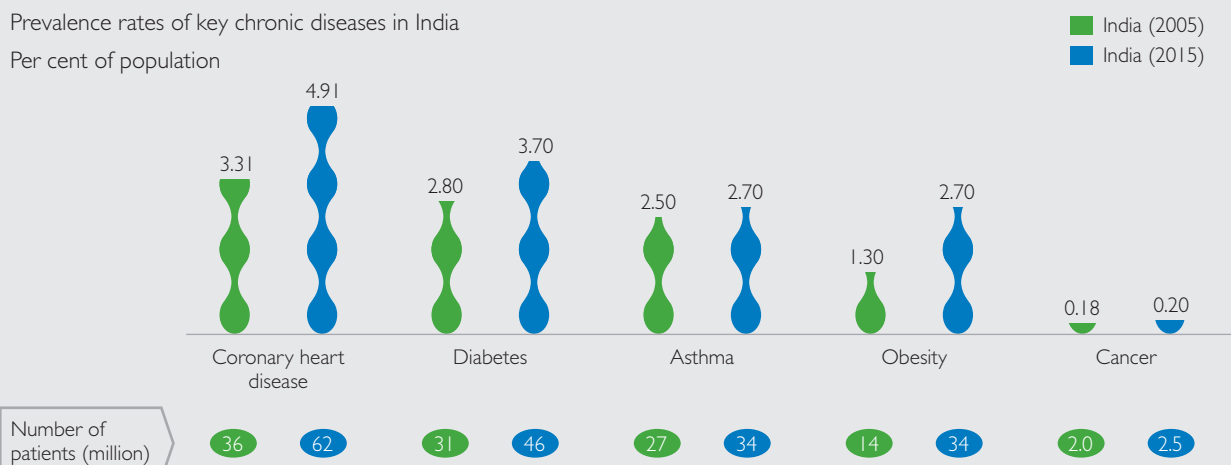


## Transformation in India's aliment matrix

Most notable among these ailments will be those under the broad umbrella of 'metabolic disorders'. India is already home to the largest diabetic population in the world. The prevalence of diabetes is expected to rise from 2.8% in 2005 to 3.7% in 2015; coronary heart disease from 3.3% to 4.9%; obesity from 1.3% to 2.7% (Source: McKinsey)

## Rapid Growth in Prevalence of Several Chronic Diseases

Prevalence rates of key chronic diseases in India  
Per cent of population



Source: NCMH background papers, 2005; Central Bureau of Health Intelligence; Who; Decision Resources: McKinsey analysis

# Generics driving the global pharmaceutical industry

The expiry of patents on the one hand and a need to reduce healthcare spends are likely to drive the growth of the generics market in developed countries, while the need for affordable treatment will enhance generics usage in developing markets.

## Generics driving growth

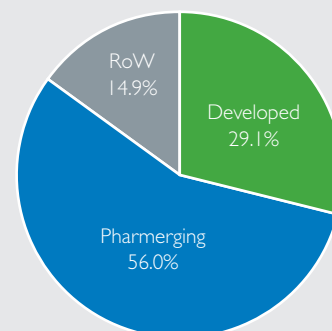
The global spending on generics accounts for 25% of the global pharmaceuticals spending (US\$242 billion in CY11), growing rapidly in the last few years (~12% CAGR over CY06-11). This generics segment is expected to increase from US\$242 billion to US\$400-430 billion by 2016, of which US\$224-244 billion of the increase is likely to come from low-cost generics in pharmerging markets.

The global spending on generics (ex-India) is expected to grow faster (11% CAGR to US\$386 billion) compared to the overall

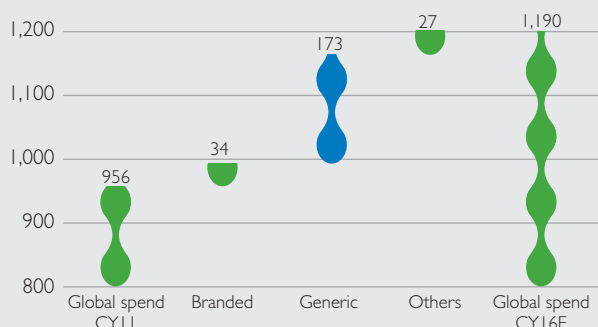
global spending on medicines. The share of the top 10 Indian players is merely 1.1% of the total spending (~US\$11 billion) and 3.3% of the generics spending (US\$7.4 billion; ex-India), indicating attractive room for growth.

Globally competitive business models with a mere 3.3% share of the addressable market combine to provide a large and sustainable opportunity for Indian pharma companies.

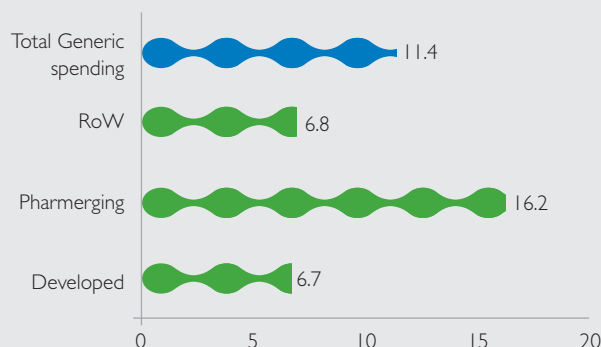
Generics spending CY16E • US\$415 billion



Global Pharma spending  
(US\$ billion)



Estimated growth CAGR over CY11-16E  
(%)



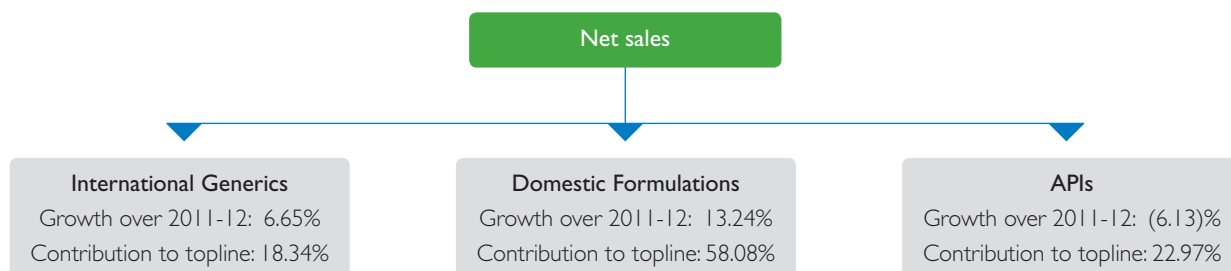
# Analysis of the financial statements

Despite a challenging 2012-13, when India reported its slowest economic growth in a decade, we delivered superior numbers.

## A. Analysis of the Statement of Profit and Loss

### Net sales

Net sales increased from ₹1,46,235 lac in 2011-12 to ₹1,51,725 lac in 2012-13. The increase is due to the volume-value play from business transformation into niche therapeutic segments and complex products.



**International Generics:** While the business was at a similar level as the previous year, the quality of business improved significantly. The dossier approvals, product launches and commissioning of new capacity in 2012-13 is expected to increase business volumes over the coming years.

**Domestic Formulations:** The Company's business outperformed the average industry growth. This was possible due to the team's focus on the specialty business – the product basket was strengthened and marketing efforts were intensified – which more than made up for the marginal growth in the acute business. The new product launches are also expected to accelerate growth over the coming years.

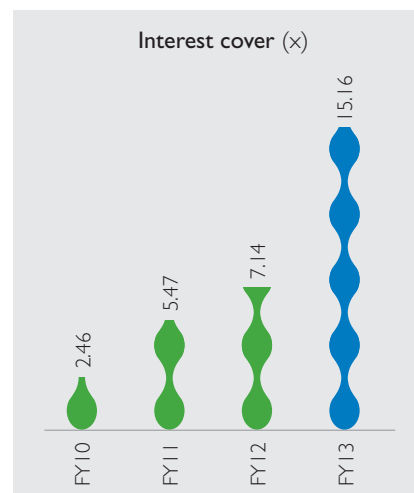
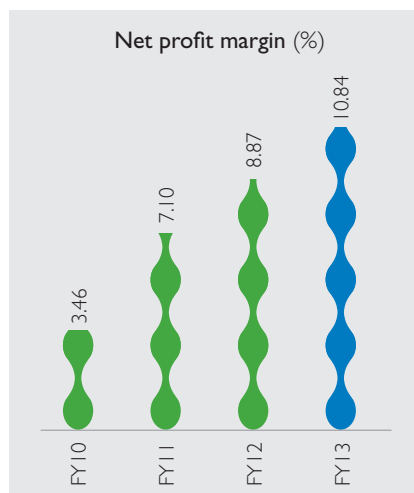
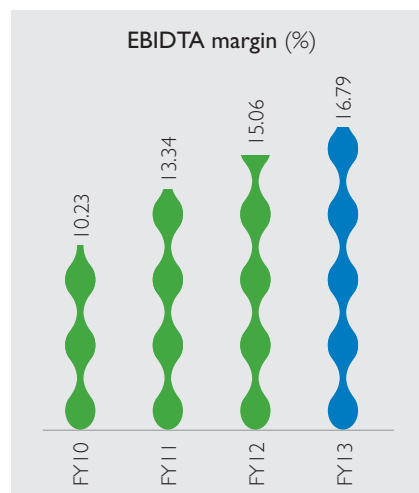
**APIs:** The Company's successful product launches in regulated and emerging markets, its widening geographic presence and deeper penetration in existing geographies catalysed growth and profitability over the previous year.

### Cost analysis

Despite persistent inflationary headwinds, increasing fuel price hikes and high interest cost, Alembic capped its operating costs increase at only 7% operating costs moved up from ₹47,947 lac in 2011-12 to ₹51,404 lac in 2012-13. Wastage elimination, cost optimisation and productivity enhancement facilitated an increase in business margins.

The key contributors to the cost increase comprised:

- Employee expenses expanded due to an increase in people to manage the growing business and increased emoluments and benefits.
- Other expenses - primarily travelling expenses, sales and marketing expenses and power costs. Travelling expenses spiraled as a result of intensified marketing which resulted in a growing business. The power cost increase was consequent to increasing power tariff and growing production volumes.
- R&D expenses increased by 26% from ₹5,858 lac to ₹7,363 lac in line with



the management's focus on working on complex chemistries and challenging processes to develop niche products.

The increase in operational costs was negated to some extent due to the following reasons:

- A reduction in the cost of materials

consumed due to a change in the product mix and efficient negotiations with suppliers

- A reduction in the Company's interest liability due to debt repayment and reduction in the average interest cost of borrowings

### Margins

Increasing sales volume of speciality products in the domestic markets, increased product sales in lucrative regulated markets and cost containment measures contributed to a stronger EBITDA margin; a significant decline in the interest liability strengthened the Company's net margin.

31.40%

Return on capital employed,  
2012-13

66.63%

Proportion of net profit  
transferred to Reserves and  
Surplus, 2012-13



## B. Analysis of the Balance Sheet

Over the years, the Company adopted a prudent strategy of balancing shareholder rewards with the need to re-invest business surplus and sustain growth momentum.

### Capital employed

The total capital employed in the business (networth and external liabilities) remained almost flat at ₹75,876 lac. This was due to an accretion of the reserves and surplus balance, which was offset by a decline in long-term debt and decrease in current liabilities. Accurate strategic direction and timely execution ensured that capital infused in the business was prudently utilised. Return on capital employed climbed by 668 bps from 24.72% in 2012-13 to 31.40% in 2012-13.

### Shareholders' funds

Shareholders' funds increased 27.39% from ₹39,500 lac as on March 31, 2012 to ₹50,294 lac as on March 31, 2013 owing to an increase in reserves and surplus. While the Company's equity capital remained unchanged, the reserves and surplus balance grew 30.33% from ₹35,183 lac as on March 31, 2012 to ₹45,854 lac as on

March 31, 2013 due to a plough back of 66.63% of the net profit earned in 2012-13. The entire reserves were free reserves which can be deployed by the Company to fund various initiatives. The book value per share strengthened from ₹20.95 as on March 31, 2012 to ₹29.60 as on March 31, 2013.

### Long-term borrowings

Long-term borrowings declined sharply from ₹21,428 lac as on March 31, 2012 to ₹11,667 lac as on March 31, 2013. Long-term debt primarily comprised foreign currency loans from bank.

### Short-term borrowings

The segment primarily comprised secured and unsecured working capital limits from banks to fund day-to-day activities. Despite increased business volumes and widened business presence, the Company reduced its reliance on external working capital financing. As a result, the balance under this head declined from ₹13,843 lac as on March 31, 2012 to ₹7,011 lac as on March 31, 2013.

### Tangible assets

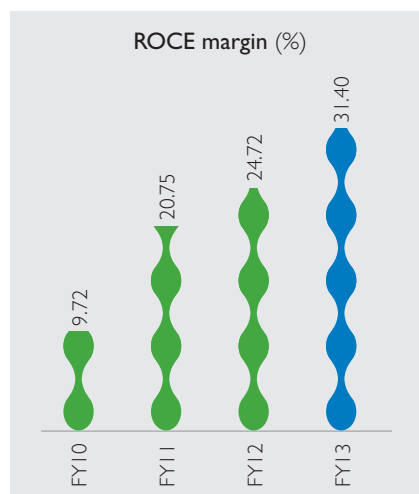
Net tangible assets grew 28.53% from ₹26,782.19 lac as on March 31, 2012 to ₹34,422.15 lac as on March 31, 2013 due to investments in a formulation unit and routine capital expenditure.

### Inventories

An increase in operational scale resulted in an increase in inventory at the year-end. The balance of raw material inventory increased primarily due to a widening of the product basket and increased product filing in regulated and emerging markets. Finished goods inventory declined considerably, reflecting faster product offtake and superior inventory management. The average inventory cycle stood at 75 days of turnover equivalent.

### Trade receivables

A sizeable increase in sales volumes and a widening distribution network resulted in an increase in outstanding receivables at the year end – they grew 16.82% from ₹19,933.11 lac as on March 31, 2012 to ₹23,287.08 lac as on March 31, 2013. Average receivables stood at 56 days.



# Managing business uncertainties

“Man cannot discover new oceans unless he has the courage to lose sight of the shore.” - Andre Gide

Risk is the face of business uncertainty, affecting corporate performance and prospects.

As a diversified enterprise, Alembic has a systems-based approach to risk management. A combination of centrally-issued policies and divisionally-evolved procedures brings robustness to the process of risk management.

The senior management periodically reviews the risk management framework to maintain contemporariness and address emerging challenges in a dynamic environment. This prudently balances risk and reward leading to shareholder value growth.

1

**The global economic slowdown could affect the Company's growth momentum.**

The pharmaceutical industry remained largely unaffected by the economic slowdown, especially critical therapies. Alembic diversified its global presence across regulated and emerging economies, making it possible to sustain growth despite short-term slowdowns in any geography.

Besides, Alembic's focus on commercialising products in emerging therapeutic areas translated into industry out-performance. The Company focused on widening its product basket and increasing product registrations, as a result of which growth is expected to accelerate.

2

**The Company's planned launches could be delayed, impacting growth and profitability.**

The Company engaged in regulatory filings for multiple product launches across geographies. The Company's filing quality continued to be at par with leading Indian pharmaceutical companies. The recent USFDA approval for its NDA Desvenlafaxine base product in a period

of 10 months stands testimony to this capability. Besides, much of the projected growth is expected to be derived from products launched or approved in the later part of 2012-13 in key global pharmaceutical markets.

3

**A limited product pipeline could impact the Company's medium-term growth.**

The Company's 300-member R&D team accelerated the development of complex products. This reflected in the transformation of Alembic's product basket for all markets APIs, branded formulations and international generics (discussed in an earlier section of this report). The

team is working on a robust pipeline of complex products expected to lose patent protection between 2017 and 2020. An in-licensing agreement with Accu-Break Pharmaceutical Inc. for a novel technology will strengthen the Company's product pipeline.

4

**Extended time to secure regulatory approvals could hamper the Company's numbers.**

The pharmaceutical industry in general carries the risk of not receiving regulatory approvals from time to time. The Company's QA/QC and regulatory teams continuously work towards upgrading its infrastructure, systems and process and quality standards to match the stringent guidelines stipulated by the authorities in

regulated markets approvals for its facilities from key regulated markets vindicates the Company's commitment to match global standards. Besides, the Company's expansion being brownfield in nature is not hinged on additional regulatory approvals derisking its business plans.

5

**The risk and uncertainty over the Pharmaceutical Policy and fixation of ceiling prices for products in the market remain a risk.**

The drug pricing regulator National Pharmaceutical Pricing Authority (NPPA) issued a notification to regulate prices of 150-odd essential medicines, which include painkillers, anti-infectives, antibiotics and anti-cancer, gastrointestinal medicines,

anti-diabetic and cardiovascular drugs. The Company's efforts in increasing its presence in the speciality segment in India and global markets primarily regulated markets will help sustaining margins.

## Internal Control Systems and Adequacy

The Company maintains a system of well-established policies and procedures for internal control of operations and activities. The internal audit function is further strengthened in consultation with statutory Auditors for monitoring statutory and operational issues. The Company has appointed M/s. Sharp & Tannan, Chartered Accountants, as Internal Auditors.

The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the Audit committee for periodical review.

Moreover, the Company has obtained ISO 9001 and ISO 14001 certification and adheres to the Standard Operating Practices in its manufacturing and operating activities.

## Human Resource Intervention in 2012-13

Reinforcing performance-based orientation and building human capital have been the focus of the Company during the year under review. Efforts at improving effectiveness and efficiency of the employees without losing the 'human sensitivity' has been a roadblock which has been successfully navigated past during this period.

Cutting across businesses and levels, your Company has been able to permeate the overall objective towards aligning the employees' efforts and stakeholders' expectations. Periodic reviews and corrective measures were undertaken primarily to encourage and direct employees. To institutionalise the performance-based orientation, the rewards have been directly aligned to contribution and performance.

## Health, safety, security and environment

Health, safety, security and environment form the core of our business and all employees are accountable for the maintenance of the above. Alembic follows industry- best practices as regards to health, safety, security and environment.

During the year under review, safety audits were carried out by third party representatives and all observations/suggestions were implemented. Environmental audits (Statutory) were carried out and submitted to the pollution control boards for their review. Waste generation was reduced by improving chemical processes at various stages.

## Contribution to society

Alembic is committed to enhance the quality of life in and around the communities of its presence. During the year under review, the Company undertook a number of development projects focusing on health, education and vocational training. The Company manages a rural development society since 1980. This is located near Panelav in the foothills of Pawagadh. Its objective is to enhance self-employment capabilities through vocational training and education for adults and children across 50 villages.

# Directors' Report

To the Members,

Your Directors have pleasure in presenting their 3rd Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2013.

## 1. Financial Results:

₹ in lacs

| Stand Alone Basis |        | Particulars   | Consolidated Basis |        |
|-------------------|--------|---|--------------------|--------|
| 2013              | 2012   | For the year ended 31st March                             | 2013               | 2012   |
| 24,769            | 21,001 | Profit for the year before Interest, depreciation and Tax | 25,590             | 22,085 |
|                   |        | <b>Adjusting therefrom:</b>                               |                    |        |
| 1,457             | 2,621  | Interest (net)  | 1,457              | 2,621  |
| 3,496             | 3,365  | Depreciation  | 3,497              | 3,365  |
| 96                | (38)   | Provision for deferred tax liabilities or (assets)        | 96                 | (38)   |
| 3,975             | 3,000  | Provision for current tax and wealth tax                  | 4,014              | 3,123  |
| 15,745            | 12,054 | <b>Net Profit</b>   | 16,525             | 13,013 |
|                   |        | <b>Adding thereto:</b>                                    |                    |        |
| 5,363             | 2,168  | Balance brought forward from previous year                | 8,230              | 4,076  |
| 21,108            | 14,222 | <b>The amount available is</b>                            | 24,755             | 17,089 |
|                   |        | <b>Appropriating there from:</b>                          |                    |        |
| -                 | 792    | Debenture Redemption Reserve                              | -                  | 792    |
| 4,713             | 2,639  | Provision for Dividend - Equity Shares                    | 4,713              | 2,639  |
| 801               | 428    | Provision for Corporate Dividend tax                      | 801                | 428    |
| 8,000             | 5,000  | Transfer to General Reserve                               | 8,000              | 5,000  |
| 7,594             | 5,363  | Balance carried forward to Balance Sheet                  | 11,241             | 8,230  |

## 2. Dividend:

Your Directors have recommended Dividend on Equity Shares at ₹ 2.50 per share (i.e. 125 %) of face value of ₹ 2/- per share for the year ended on 31st March, 2013 as against ₹ 1.40 per share (i.e. 70 %) for the year ended 31st March, 2012.

## 3. Management's Discussion and Analysis:

The Report on Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges given elsewhere in the report. Certain statements in this section may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

## 4. Operations:

The Company's Standalone revenues from operations were ₹1,492.62 Crores for the year ended 31st March, 2013 as compared to ₹1,374.30 Crores for the previous year.

The standalone profit before Interest, Depreciation, Non-recurring Income and expenses and Taxes was ₹ 243.76 Crores for the year under review as compared to ₹ 208.59 Crores for the previous year.

During the year, the interest and financing cost was ₹14.57 Crores as compared to ₹ 26.21 Crores in previous year.

The Company has registered consolidated revenues from operations of ₹1,520.34 Crores for the year under review as compared to ₹1,465.41 Crores for the previous year.

# Directors' Report

The break-up of consolidated sales excluding export incentives and other misc. revenues is as under:

| Particulars          | ₹ in lacs       |                 |
|----------------------|-----------------|-----------------|
|                      | F.Y.<br>2012-13 | F.Y.<br>2011-12 |
| Domestic Formulation | 886.27          | 782.61          |
| Export Formulation   | 279.89          | 298.50          |
| Domestic API         | 113.82          | 94.24           |
| Export API           | 236.74          | 279.22          |
| <b>Total</b>         | <b>1,516.72</b> | <b>1,454.57</b> |

The consolidated Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was ₹ 251.96 Crores for the year under review as compared to ₹ 219.43 Crores for the previous year. The Company has made a consolidated profit after tax of ₹165.25 Crores for the year under review as compared to ₹130.13 Crores for the previous year.

## 5. Listing of shares:

The Equity shares of the Company are listed on The Bombay Stock Exchange Limited (BSE) with scrip code No. 533573 and on National Stock Exchange of India Limited (NSE) with scrip code of APLTLD.

## 6. Fixed Deposits:

The Fixed Deposits including those from shareholders as on 31st March, 2013 was ₹3,571 Lacs. There were unclaimed deposits amounting to ₹48.03 Lacs from 128 deposits holders which have been transferred to current liabilities. Out of this, no deposits have since been repaid or renewed at the option of depositors and no instructions have been received so far and if not claimed in future, it shall be deposited in the Investor Education and Protection Fund in due course, as per the provisions of the Companies Act, 1956.

## 7. Directors:

The Board of Directors at its meeting held on 2nd May, 2013 has appointed Mr. Shaunak Amin as Additional Director and Director & President – Branded Formulations Business. Mr. Shaunak Amin holds Directorship upto the date of ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, together with

deposit of ₹ 500 /- from a member, proposing his candidature as director, liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Mr. Paresh Saraiya and Mr. Milin Mehta, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for re-appointment.

Brief resumes of Mr. Shaunak Amin, Mr. Paresh Saraiya and Mr. Milin Mehta are given in the Corporate Governance Report.

## 8. Energy, Technology and Foreign Exchange:

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure - A to this report.

## 9. Particulars of Employees:

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure-B. However, as permitted by section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding this Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

## 10. Corporate Governance:

Your Company has complied with all the provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company's shares are listed.

A separate report on Corporate Governance is produced as a part of the Annual Report, along with the Auditor's Certificate on the compliance.

As required vide clause 49 of the listing agreement on Corporate Governance, the board has laid down a code of conduct for all members and senior management team of the Company. The said code of conduct has been posted on the website of the

# Directors' Report

Company – [www.alembic-india.com](http://www.alembic-india.com). All Board members and senior management personnel of the company have affirmed the requirements of the said code of conduct.

## 11. Audit Committee:

The Audit Committee consists of Mr. Paresh Saraiya, Mr. Milin Mehta and Mr. Pranav Parikh. Mr. Paresh Saraiya is Chairman of the Audit Committee. All the Directors in Audit Committee are Non-Executive Independent Directors. The Committee reviewed the Internal Control System, Scope of Internal Audit and compliance of various regulations. The Committee reviewed at length the Annual Financial Statements and approved the same before they were placed before the Board of Directors.

## 12. Auditors:

M/s. K. S. Aiyar & Co., Chartered Accountants, Statutory Auditors, will retire at the conclusion of the ensuing Annual General meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and authorise the Board of Directors to fix their remuneration.

The Company has appointed M/s. Sharp & Tannan, Chartered Accountants as its Internal Auditors to carry out the Internal Audit of various operational areas of the Company.

## 13. Cost Auditors:

As per the order No. 52/26/CAB/2010 dated 2nd May, 2011 of the Ministry of Corporate Affairs, the Company is required to get Audited, the Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2013 by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board had appointed Mr. H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2013.

## 14. Human Resource Management:

Human capital has always been the most important and valuable asset to your Company. Your Company has enhanced its performance management process that motivates people to take ownership of their own performance and encourages innovation and meritocracy. Your Company has created people

practices which enables it to attract and retain potential talents. Employee relations in your Company continues to be cordial and harmonious.

## 15. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and on the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

On behalf of the Board of Directors,

**Chirayu R. Amin**

*Chairman & Managing Director*

2nd May, 2013

# ANNEXURE – A

## Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### (a) Energy Conservation measures during the year under review

- 1) Effective Load balancing exercise.
- 2) Increasing awareness about the lighting and other equipment and need base utilisation.
- 3) Extensive use of VFDs on pumps.
- 4) Controlling operations of the HVAC resulting in power saving.
- 5) Avail cheaper power through power purchase from IEX.

### (b) Additional Investment Proposals for Reduction of Consumption & Cost of Energy.

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption and cost of Energy.

### (c) Impact of Measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods.

- 1) Reduction in overall consumption of Electricity.
- 2) Saving of Chemicals used for treatment of water.
- 3) Reduction in HSD consumption by 6-7 Litres/Hr.

4) Effluent Treatment Plant load reduced by reutilisation of Purified Water and Steam condensate.

5) Saving in power cost.

Efforts made in technology absorption:

### Form B enclosed.

1. The Export sales were ₹ 465.02 Crores (FOB) during the year under review. The Company has undertaken aggressive marketing strategies to increase share of export business.
2. Total Foreign exchanges used and earned:

|  | ₹ in lacs |           |
|--|-----------|-----------|
| For the period ended on 31st March,                      | 2013      | 2012      |
| <b>Income</b>  |           |           |
| Export (FOB basis)                                       | 46,501.58 | 46,795.60 |
| Royalty  | 1,521.68  | 1,160.44  |
| <b>Expenditure</b>                                       |           |           |
| Raw Materials (CIF basis)                                | 15,541.82 | 18,631.48 |
| Packing Material, Components and Spare Parts (CIF basis) | 908.97    | 218.03    |
| Professional and Consultancy fees                        | 364.40    | 338.32    |
| Interest   | 215.68    | 54.60     |
| Others   | 4,958.85  | 3,502.28  |



# Form A

Form for disclosure of particulars with respect to conservation of energy.

## A. Power and Fuel Consumption:

| For the year ended 31st March        | 2012-13      | 2011-12      |
|--------------------------------------|--------------|--------------|
| <b>I. Electricity :</b>              |              |              |
| (a) Purchased Units (KwH)            | 3,11,87,321  | 3,13,18,888  |
| Total Amount ₹                       | 16,76,04,358 | 19,51,34,869 |
| Rate (₹/Unit)                        | 5.374        | 6.231        |
| (b) Own Generation :                 |              |              |
| (i) Through diesel generator :       |              |              |
| Units (KwH)                          | 4,13,494     | 4,64,181     |
| Units per litre of diesel oil        | 3.29         | 3.29         |
| Cost (₹/Unit)                        | 12.13        | 10.95        |
| <b>2. Furnace Oil Qty. (K.Ltrs.)</b> | 843.684      | 1,107.096    |
| Total Amount ₹                       | 3,42,01,089  | 4,08,77,288  |
| Average Rate (₹/KL)                  | 40,538       | 36,923       |
| <b>Bio Mas Qty.(in Kgs)</b>          | 53,91,012    | 59,50,448    |
|                                      | 3,74,67,351  | 3,25,08,469  |
| Average Rate (₹/Kg)                  | 6.95         | 5.46         |

## B) Consumption per unit of production

In view of the number of products, with different sizes, shapes and other parameters, being manufactured by the Company, it is not feasible to give information on consumption of fuel per unit of production.



# Form B

Form for disclosure of particulars with respect to technology absorption, etc.

## A) Research and Development (R&D)

### 1. R&D's focus areas

- a) Development of Generic Drugs
- b) Collaboration with National Universities and Institutes
- c) Formulation Development
- d) Microbial Research
- e) BE Studies
- f) Focusing on process development for improving operational efficiency.

### 2. Benefits derived as a result of R&D

- a) The Company filed 13 ANDA's and 6 DMFs in this fiscal year. The cumulative ANDA filings stood at 57 and 23 approvals have been received till 31st March, 2013.
- b) The Company received its first NDA approval in January, 2013.
- c) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- d) Till date 534 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 228 patents for formulations have been filed.
- e) The Company has developed the skill set to create a wide range of pharmaceuticals across the value chain from complex APIs to Formulations. These projects typically work with a lead time of a few years, and power our growth plans across the world. We have close to 300 scientists working across two development centers.

- f) With increase in thrust on cost optimisation, at Alembic Research Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market, which has experienced a price erosion.
- g) Technology for new products have been developed at the lab scale and also on the synthetic front; scale-up and commercial production of Donepezil, Duloxetine, Aripiprazole, Memantine, Fenofibrate Choline Salt and Quetiapine have been completed during the year.
- h) The company has marked its presence in Europe by launching the drug products like Losartan, Losartan and Hydrochlorothiazide and Pramipexole for the various customers.
- i) High specialty Ophthalmic range has been introduced in Ophthalmic Division in the domestic market. We have been leveraging the R & D strength as a strong player in the domestic formulations.

### 3. Future plan of action

- a) Focused Research & Development activities will result in increased filing of ANDA and DMF.
- b) The Company will extensively upgrade with latest technologies thus strengthening its R&D product pipelines for USA, Europe and other regulated and semi regulated markets across the globe, more emphasis shall be laid on sustained and modified release dosage forms.
- c) The finished dosage forms cover a wide range of therapeutic categories reflecting on the very active research pursuits of our dedicated and skilled professionals. The aim here is to emphasise innovation and quality which is at the heart of Alembic's Research efforts.

# Form B

## 4. Expenditure on R&D

|  | ₹ in lacs |       |
|--|-----------|-------|
|  | 2013      | 2012  |
| a) Capital   | 264       | 507   |
| b) Recurring   | 7,363     | 5,858 |
| c) Total   | 7,627     | 6,365 |
| d) Total R&D expenditure as a percentage of total turnover | 5.02      | 4.63  |

### Adaptation and Innovation

#### 1) Efforts made towards technology absorption, adaptation and innovation

Technological Innovation has become increasingly critical for firms as they struggle to achieve and maintain competitive advantage. Trends such as fast product-cycle times, greater competition/ product commoditisation and technology fusion have only added importance for innovation. The foundation of competitive advantage in the pharmaceutical industry lies in successful innovation. The Pharmaceutical industry spends more as a percentage of sales on Research and Development than any other industry

We at Alembic have chosen to develop same the techno sensitive niche products which offer high value advantage. Further, we have a special technology transfer team which has helped us in smooth transfer of the technology from lab to plant for which is reflecting in the highest number of DMF filing for the year:

New process developed using innovative technologies in products such as (i) Ivabradine (ii) Fesoterodine, (iii) Amorphous Warfarin Sodium and certain cost reduction processes such as Azithromycin Dihydrate and Pramipexole testify to the intensive pursuit of technological excellence at Alembic.

#### 2) Benefits derived

1) Reduction in cost of production for some of the revenue driven molecules such as Azithromycin, Clarithromycin, Roxithromycin, Ropinirole, Pramipexole, Leflunomide etc.

2) A radically new process which enabled multiple fold increase in yield of Fesoterodine – A process which has been filed patent for:

3) Increasing the production efficiency and consistency in the manufacturing cycle.

4) Information regarding technology imported during last five years.

Nil.

# Report on Corporate Governance

## I. Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance. This improves understanding of the structure, activities and policies of the organisation and enhances the trust and confidence of the stakeholders.

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

Alembic, while striving to achieve financial targets, seeks to follow the business principles and ethics in all its dealings and believes in customer orientation, teamwork, commitment, growth and trust as its corporate values. The Board of Directors strives to represent the shareholders' interest to ensure optimal returns. At the same time, it is also responsible to all the other stakeholders including customers, employees, suppliers and to the communities where it operates.

Alembic aims to deliver customer satisfaction by developing and maintaining mutually beneficial and long lasting relationship with customers, offering value in terms of price and quality and responding to customers' needs through continuous innovation.

Alembic endeavors to make its management team fully empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the

betterment of the Company and its stakeholders. The Board has also institutionalised best management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and total compliance with all statutory / regulatory requirements not only in the letter of the law but also in its spirit.

## 2. Board of Directors

### • Composition of the Board

The Board of Directors has optimum combination of Executive and Non-Executive & Independent Directors. During the year under review and as on date of this report, the Board meets the requirement of having at least 50% of the Board strength consisting of Independent Directors as 4 out of 8 Directors are Non-Executive Independent Directors (50% of the Board Strength).

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

Four (4) Board Meetings were held during the year ended 31st March, 2013 on 25th April, 2012, 9th August, 2012, 19th October, 2012 and 21st January, 2013.

### • Attendance of the Director at the Board Meetings and at the last AGM and Number of other Public Limited Companies in which the Director is a Director / Committee Member

| Name of Director  | Category           | No. of Board Meetings held & attended during the Financial Year | Attendance at the last AGM | No. of other Directorships (excluding Directorships in foreign & Private Companies) | No. of Committees Membership / Chairmanship |           |
|---|--------------------|---|----------------------------|---|---|-----------|
|   |                    |   |                            |   | As Chairman                                 | As Member |
| Mr. C. R. Amin Chairman & Managing Director                   | Promoter Executive | 4 of 4  | Yes                        | 10  | 1   | 2         |
| Mr. Pranav Amin Director & President – International Business | Promoter Executive | 4 of 4  | Yes                        | 1   | -   | 1         |
| Mr. R. K. Baheti Director-Finance & Company Secretary         | Executive          | 4 of 4  | Yes                        | 3   | -   | -         |
| Mr. K. G. Ramanathan  | NED (I)*           | 3 of 4  | No                         | -   | -   | -         |
| Mr. Pranav Parikh   | NED (I) *          | 1 of 4  | No                         | 1   | 1   | 1         |
| Mr. Paresb Saraiya  | NED (I) *          | 4 of 4  | Yes                        | 4   | 3   | 1         |
| Mr. Milin Mehta   | NED (I) *          | 4 of 4  | Yes                        | 1   | 2   | 1         |

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

# Report on Corporate Governance

## 2. Board of Directors - Contd.

As required by the Companies Act, 1956 and clause 49 of the listing agreement, none of the Directors hold Directorship in more than 15 Public Companies, membership of Board Committees (Audit & Investor Grievance Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5.

None of the non-executive Directors has any pecuniary relationship or transactions with the company and its associates except Mr. Milin Mehta where the Company's associates have paid ₹4.00 lacs to M/s. K. C. Mehta & Co. Chartered Accountants as fees for professional services provided by the firm to the Company's associates. Mr. Milin Mehta, a Director of the Company is partner of the said firm. The Board does not consider the firm's association with the Company's associates to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta as a Director of the Company.

### Code of Conduct

The Board has adopted code of conduct for all Board Members and Senior Management of the Company vide resolution dated 31st March, 2011 and the said code of conduct is posted on the web site of the Company ([www.alembic-india.com](http://www.alembic-india.com)) A declaration signed by the Chairman & Managing Director on behalf of the Board of Directors is given below:

"We hereby confirm that:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March, 2013 and the copy of the code of conduct is put on the website of the Company viz [www.alembic-india.com](http://www.alembic-india.com)"

On behalf of the Board of Directors  
Chirayu R. Amin  
Chairman & Managing Director

### CEO/CFO Certificate

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director & Director-Finance of the Company has certified to the Board the financial statements for the year ended 31st March, 2013.

## 3. Audit Committee

### • Composition & Terms of Reference

The Audit Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. Pranav Parikh and Mr. Milin Mehta. Mr. Paresh Saraiya is Chairman of the Audit Committee. All the Directors in Audit Committee are Non-Executive Independent Directors. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements. The Statutory Auditors, Internal Auditors, Cost Auditors and other relevant persons of Finance Department are invited to attend the Meetings of Audit Committee. The Company Secretary acts as Secretary to the Committee. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 9th August, 2012.

### • Meetings and the attendance during the year

There were Four (4) meetings of the Audit Committee during the year held on 24th April, 2012, 9th August, 2012, 19th October, 2012 and 21st January, 2013.

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

| Name of Director   | Category of Director        | No. of Meetings Attended |
|--------------------|-----------------------------|--------------------------|
| Mr. Paresh Saraiya | Non-Executive - Independent | 4                        |
| Mr. Milin Mehta    | Non-Executive - Independent | 4                        |
| Mr. Pranav Parikh  | Non-Executive - Independent | 1                        |

## 4. Remuneration Committee

The Board of Directors at its meeting held on 31st March, 2011, has constituted Remuneration Committee of Directors consisting of Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta to fix and finalise the remuneration of Managerial Personnel. Mr. K.G. Ramanathan is Chairman of the Remuneration Committee.

### Meetings and the attendance during the year:

No meeting of remuneration committee was held during the Financial Year – 2012-13.

### • Details of Remuneration paid to Directors

#### a. Executive Directors

All elements of remuneration package i.e. salary, benefits, bonus, pension etc. paid to Executive Directors during the Financial year are as under:

# Report on Corporate Governance

₹ in lacs

| Name & Designation of Executive Director                     | Salary & Perquisites | Commission | Total   |
|--|----------------------|------------|---------|
| Mr. Chirayu Amin, Chairman & Managing Director               | 299.84               | 741.34     | 1041.18 |
| Mr. R.K. Baheti, Director-Finance & Company Secretary        | 176.01               | -          | 176.01  |
| Mr. Pranav Amin, Director & President-International Business | 234.55               | -          | 234.55  |
| Total  | 710.40               | 741.34     | 1451.74 |

## Notes:

- Mr. C.R. Amin, Chairman & Managing Director: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. R.K. Baheti, Director- Finance & Company Secretary: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. Pranav Amin, Director & President-International Business: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- There is no provision for payment of severance fees.
- The Company does not have any Stock Options Scheme.

The Board of Directors of the Company has recommended a revision in remuneration payable to Mr. Pranav Amin, Director & President International Business w.e.f. 1st April, 2013 subject to approval of Shareholders at the ensuing Annual General Meeting. The details of the same are provided in the notice convening the AGM.

## b. Non-Executive Directors

Non Executive Directors are paid sitting fees of ₹ 20,000/- for attending Board and Committee Meetings. The Details of sitting fees paid to the Non Executive Directors during the Financial Year 2012-13 are as under:

| Name of Director    | Sitting Fees for Board Meetings (₹) | Sitting Fees for Committee Meetings (₹) | Total Fees Paid (₹) |
|---------------------|-------------------------------------|---|---------------------|
| Mr. K.G. Ramanathan | 60,000                              | -                                       | 60,000              |
| Mr. Paresh Saraiya  | 80,000                              | 3,40,000                                | 4,20,000            |
| Mr. Milin Mehta     | 80,000                              | 1,00,000                                | 1,80,000            |
| Mr. Pranav Parikh   | 20,000                              | 20,000                                  | 40,000              |

The Board has also proposed the following commission to Non-Executive Independent Directors for the year 2012-13 which shall be paid subject to and within the limit approved by the members of the Company at the previous Annual General Meeting held on 9th August, 2012

₹ in lacs

| Name of Director    | Commission      |
|---------------------|-----------------|
| Mr. K.G. Ramanathan | 2,50,000        |
| Mr. Paresh Saraiya  | 2,50,000        |
| Mr. Milin Mehta     | 2,50,000        |
| Mr. Pranav Parikh   | 1,00,000        |
| <b>Total</b>        | <b>8,50,000</b> |

## 5. Shareholders' / Investors' Committee

The Shareholders'/Investors' Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. Pranav Parikh and Mr. Pranav Amin. Mr. Paresh Saraiya is Chairman of the Shareholders'/Investors' Committee.

### • Meetings and the attendance during the year

Twelve (12) meetings of Shareholders'/Investors' Committee were held during the year ended 31st March, 2013.

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

| Name of Director   | Category of Director        | No. of Meetings Attended |
|--------------------|-----------------------------|--------------------------|
| Mr. Paresh Saraiya | Non-Executive - Independent | 12                       |
| Mr. Pranav Amin    | Executive Non Independent   | 12                       |
| Mr. Pranav Parikh  | Non-Executive - Independent | -                        |

## 6. General Body Meetings

### Details of the location of the last three AGMs and the Extraordinary General Meetings held during the year :

The Company was incorporated on 16th June, 2010 and only two AGMs are held since its incorporation. No Extra Ordinary General Meeting was held during the Financial Year 2012-13.

# Report on Corporate Governance

| Year    | Location   | Date              | Time      | No. of Special Resolutions passed |
|---------|--|-------------------|-----------|-----------------------------------|
| 2010-11 | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. | 29th August, 2011 | 3.30 p.m. | 4                                 |
| 2011-12 | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. | 9th August, 2012  | 4.00 p.m. | 4                                 |

\* Whether special resolution was put through postal ballot last year? No.

\* Are polls proposed to be conducted through postal ballot this year? No.

## 6A. Notes on Directors seeking appointment / re-appointment as required under Clause 49 IV(G) of the Listing Agreement entered into with Stock Exchanges.

Mr. Shaunak Amin seeks appointment at the ensuing Annual General Meeting. Mr. Paresh Saraiya and Mr. Milin Mehta seek re-appointment at the ensuing Annual General Meeting of the Company.

Mr. Shaunak Amin has graduated from University of Massachusetts, USA with Economics as his special. He has varied work experience with renowned Multinationals including Merrill Lynch, Hong Kong and Shanghai Banking Corporation etc. His extensive experience in Sales and Marketing has benefited the Company immensely in achieving the new heights in sales. Mr. Shaunak Amin is President Formulations of the Company and is heading the Branded Formulations Division of the Company since 2009. He holds directorships AGI Developers Limited, Gujarat Flying Club (Section 25 Company) and Incozen Therapeutics Pvt. Ltd. He holds 10,06,980 Equity Shares of the Company. He is the son of Mr. Chirayu R. Amin and brother of Mr. Pranav Amin.

Mr. Paresh Saraiya, is a Graduate in Mechanical Engineering with Distinction from the M.S. University of Vadodara. He is the Managing Director of Transpek-Silox Industry Limited, a joint venture company between Silox S.A., Belgium and the Excel/Transpek Group. He has a vast experience in technical, management and corporate functions. He also holds Directorships in Dinesh Remedies Limited, Excel Generics Limited, Shroffs Engineering Limited, TechnoKraft Products Private Limited and Transpek-silox Industry Limited. He is chairman of the Audit Committee and Shareholders'/Investors Grievances Committee of the Company also chairman of Audit Committee of Dinesh Remedies Limited and member of the Audit Committee of Transpek-Silox Industry Limited. He does not hold any equity shares of the Company.

Mr. Milin Mehta is a Senior Partner of M/s. K. C. Mehta & Co., a reputed firm of Chartered Accountants. He is fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and holds Masters Degree in Commerce. He has also co-authored a book on "Minimum Alternate Tax" published by The Bombay Chartered Accountants' Society. He is also active in social service and is presently heading a reputed educational institution involved in providing school education in Vadodara. He also holds Directorships in Alembic Limited, Gujarat Life Sciences Pvt. Ltd, Startronic Investment Consultant Pvt. Ltd. and Technokraft Products Pvt. Ltd. He is Chairman of Audit Committee and Shareholders'/Investors' Grievances Committee of Alembic Limited and member of Audit Committee of the Company. He does not hold any equity shares of the Company.

### Shareholding of Non-Executive Directors:

None of the Non-executive Directors hold any shares in the Company.

## 7. Disclosure

### Related Party Transactions

There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard No. AS18 are disclosed in Note No. Y of the Notes forming part of Accounts.

## 8. Compliance

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Further, there was no penalty/stricture by any statutory authority during the year.

# Report on Corporate Governance

## 9. Means of Communication

|  |   |  |
|--|---|--|
| • Half-yearly results sent to each household of the shareholders | : | The results are published in newspapers having wide coverage and also put on website of the Company. |
| • Quarterly Results  | : | The results are published in newspapers having wide coverage   |
| • Which Newspapers normally published in                         | : | Published normally in-<br>The Economic Times (English),<br>The Economic Times(Gujarati)              |
| • Any web-site where displayed                                   | : | www.alembic-india.com  |
| • Whether Shareholder information forms part of Annual Report    | : | Yes  |

## 10. Shareholders' Information

|   |   |   |
|---|---|---|
| 1 | Annual General Meeting                                      | 7th August, 2013 at 4.00 p.m.   |
|   | Date and Time   | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.  |
|   | Venue   |   |
| 2 | Financial Calendar  | Adoption of Results for the quarter:  |
|   | Quarter ending June 30, 2013                                | by 14th August, 2013  |
|   | Quarter ending Sept.30, 2013                                | by 14th November, 2013  |
|   | Quarter ending Dec. 31, 2013                                | by 14th February, 2014  |
|   | Year ending 31st March, 2014                                | By 30th May, 2014   |
|   | Annual General Meeting for the year ending 31st March, 2014 | Between July to September, 2014   |
| 3 | Date of Book Closure  | 31st July, 2013 (Wednesday) to 7th August, 2013 (Wednesday), both days inclusive  |
| 4 | Dividend Payment Date                                       | On or after Monday, 12th August, 2013   |
| 5 | Registered Office   | Alembic Road, Vadodara -390 003.<br><br>Phone: (91-265) 2280550,<br><br>Fax: (91-265) 2282506<br><br>E-mail: apl.investors@alembic.co.in<br><br>Web: www.alembic-india.com  |
| 6 | Listing Details   | Bombay Stock Exchange Ltd. (BSE)<br><br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. (Security Code: 533573)<br><br>National Stock Exchange of India Limited (NSE)<br><br>Exchange Plaza, Bandra-Kurla Complex, Bandra (East),<br><br>Mumbai -400 051.<br><br>(Security Code:APLLTD) |



# Report on Corporate Governance

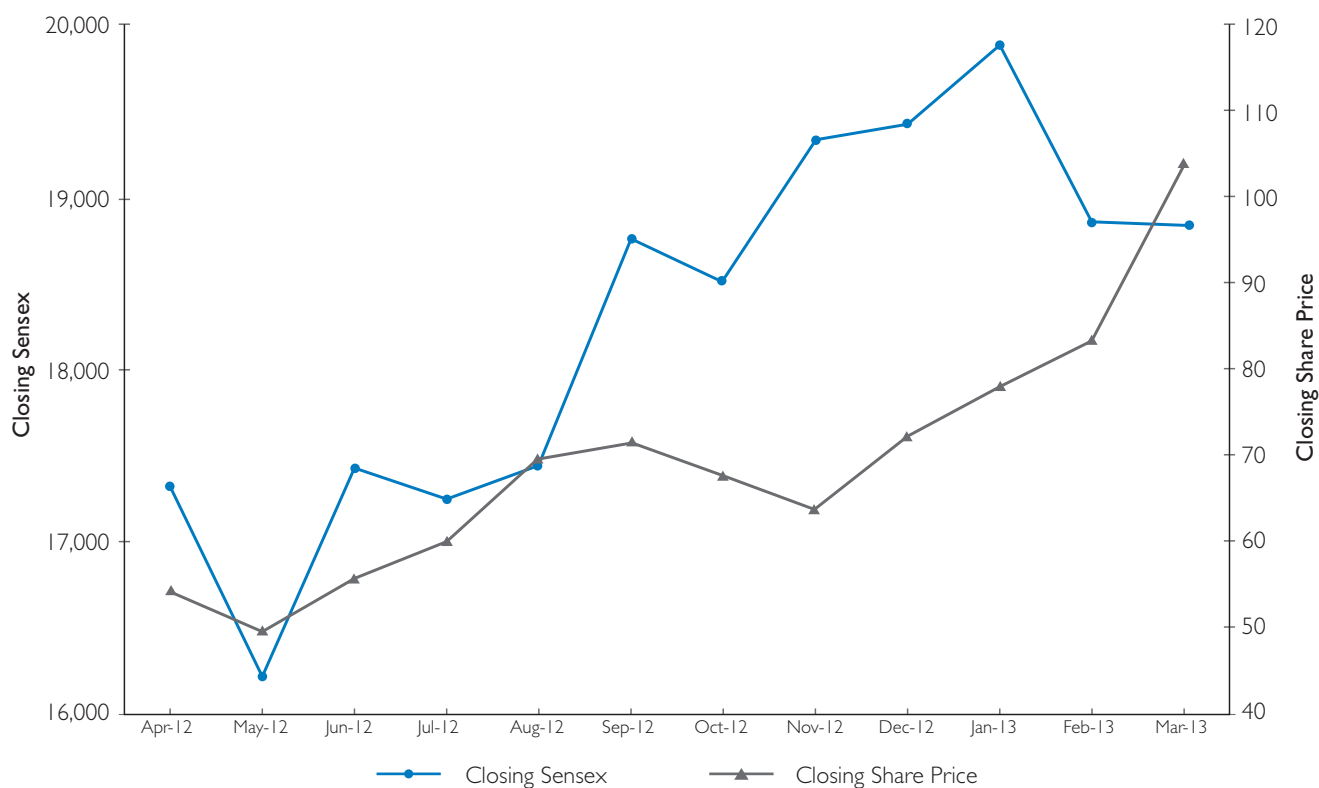
## 7. Stock Market Data

(in ₹)

| Month    | Bombay Stock Exchange |                   | National Stock Exchange |                   |
|----------|-----------------------|-------------------|-------------------------|-------------------|
|          | Month's High Price    | Month's Low Price | Month's High Price      | Month's Low Price |
| Apr-2012 | 59.95                 | 48.10             | 59.90                   | 47.80             |
| May-2012 | 56.65                 | 47.70             | 56.40                   | 48.00             |
| Jun-2012 | 57.60                 | 47.50             | 57.50                   | 45.00             |
| Jul-2012 | 62.50                 | 54.60             | 62.50                   | 54.50             |
| Aug-2012 | 74.25                 | 58.10             | 74.50                   | 58.30             |
| Sep-2012 | 78.95                 | 68.00             | 78.95                   | 67.00             |
| Oct-2012 | 73.80                 | 65.55             | 73.75                   | 66.00             |
| Nov-2012 | 70.70                 | 61.75             | 70.50                   | 61.50             |
| Dec-2012 | 74.00                 | 63.60             | 73.85                   | 56.00             |
| Jan-2013 | 80.00                 | 68.10             | 80.00                   | 68.25             |
| Feb-2013 | 84.80                 | 72.40             | 84.75                   | 72.25             |
| Mar-2013 | 112.90                | 80.00             | 112.95                  | 80.00             |

As on 28th March, 2013, the last trading day of the financial year 2012-13, the closing price of the shares of the Company on BSE was ₹104.15 and on NSE was ₹105.

Share Performance of the Company in comparison to BSE Sensex



# Report on Corporate Governance

## 8 Registrar and Share transfer Agents

Link Intime India Pvt. Limited  
B-102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta,  
Akota, Vadodara-390020  
Tel: (0265) 2356573, 2356794  
Fax: (0265) 2356791  
Email: vadodara@linkintime.co.in

## 9 Share Transfer System

Share transfers are registered and returned within a period of Fifteen days from the date of receipt, if documents are accurate in all respects.  
The Shareholders/Investors Committee meet every month and transfers are also approved by Company Secretary/ Authorised representative of Registrar and Share Transfer Agent, generally at the interval of Seven days' time.  
Total number of shares transferred in physical form during the year were 79,905 (previous year 80,390).

### Distribution of Shareholding

The Distribution of Shareholdings as on 31st March, is given as under:

| Number of Share of Face Value<br>1 | No. of Shareholders<br>2 | % of total Shareholders<br>3 | No. of Shares<br>4  | % of total Shares<br>5 |
|------------------------------------|--------------------------|------------------------------|---------------------|------------------------|
| 1-500                              | 38020                    | 82.03                        | 62,36,308           | 3.31                   |
| 501-1000                           | 4156                     | 8.97                         | 32,89,943           | 1.74                   |
| 1001-2000                          | 2115                     | 4.56                         | 31,78,920           | 1.69                   |
| 2001-3000                          | 696                      | 1.50                         | 18,03,495           | 0.96                   |
| 3001-4000                          | 316                      | 0.68                         | 11,26,430           | 0.60                   |
| 4001-5000                          | 255                      | 0.55                         | 11,86,579           | 0.63                   |
| 5001-10000                         | 412                      | 0.89                         | 29,16,526           | 1.54                   |
| 10001 and above                    | 380                      | 0.82                         | 16,87,77,713        | 89.53                  |
| <b>Total</b>                       | <b>46350</b>             | <b>100.00</b>                | <b>18,85,15,914</b> | <b>100.00</b>          |

### Shareholding pattern as on 31st March, 2013

| Sr. No. | Category  | No. of Shares Held  | % of Voting Strength |
|---------|---|---|----------------------|
| 1       | Promoters & Associates                              | 13,97,38,620  | 74.13                |
| 2       | Mutual Funds & UTI                                  | 15,85,227   | 0.84                 |
| 3       | Banks, Financial Institutions & Insurance Companies | 9,06,575  | 0.48                 |
| 4       | Foreign Institutional Investors                     | 1,41,68,733   | 7.51                 |
| 5       | Private Corporate Bodies                            | 23,78,133   | 1.25                 |
| 6       | Indian Public                                       | 2,88,48,620   | 15.3                 |
| 7       | NRIs / OCBs   | 6,27,219  | 0.33                 |
| 8       | Others<br>(Clearing Members, Trusts etc.)           | 2,62,787  | 0.16                 |
|         | <b>Total</b>  | <b>18,85,15,914</b>   | <b>100.00</b>        |
| 10      | Dematerialisation of Shares and Liquidity           | As on 31st March, 2013 18,32,71,154 shares (97.22%) were held in dematerialised form by the shareholders. |                      |

# Report on Corporate Governance

|    |                          |   |
|----|--------------------------|---|
| 11 | Outstanding GDR/Warrants | Not applicable  |
| 12 | Plant Location           | <ol style="list-style-type: none"> <li>Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat.</li> <li>Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil -Nalagarh, Dist. Solan, Himachal Pradesh.</li> <li>Village Karakhadi, Tal. Padra, Dist. Vadodara.</li> </ol>   |
| 13 | Investor Correspondence  | <ol style="list-style-type: none"> <li>Link Intime India Private Ltd<br/>B-102/103, Shangrila Complex,<br/>1st Floor, Opp. HDFC Bank,<br/>Radha Krishna Char Rasta,<br/>Akota –Vadodara-390020</li> <li>Mr. R.K.Baheti<br/>Director - Finance &amp; Company Secretary - Compliance Officer<br/>Alembic Pharmaceuticals Limited<br/>Alembic Road, Vadodara-390003</li> </ol> |

## Auditors' Certificate on Corporate Governance

The Members of Alembic Pharmaceuticals Limited,  
Vadodara – 390 003.

We have examined the compliance of conditions of Corporate Governance by Alembic Pharmaceuticals Limited, for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement as prescribed by the stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in with the conditions of Corporate Governance as stipulated in the prescribed Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For K.S.AIYAR & Co.**  
Chartered Accountants;  
FRN: 100186W

**RAGHUVIR M. AIYAR**  
Partner  
Membership No. - 38128

Mumbai,  
Date: 2nd May, 2013



# Independent Auditor's Report

## To the Members of Alembic Pharmaceuticals Limited Report on the Financial Statements

We have audited the accompanying financial statements of Alembic Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For K.S.Aiyar & Co;

Chartered Accountants

FRN: 100186W

Raghuvir M.Aiyar

Partner

Mumbai

Date: 2nd May, 2013

M.No. 38128

# Annexure to the Auditors' Report

## Re: Alembic Pharmaceuticals Limited

Referred to in paragraph I on Report on Other Legal and Regulatory Requirements of our report.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. However, item wise value in respect of assets other than land, buildings and vehicles prior to 1982 are not available.
- (b) Fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified in three years time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956 wherein the balance recoverable as at the year end is ₹ Nil (Maximum balance during the year ₹ 7,950 Lacs).
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (c) In respect of the above loans granted, receipt/renewal of the principal amount and interest were regular; as stipulated.
- (d) There is no overdue amount of more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any unsecured loan from any party covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the requirement of clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding ₹5,00,000 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the

# Annexure to the Auditors' Report

opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.

- (ix) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any

other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the following dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess have not been deposited on account of some dispute or are partially deposited under protest.

| Statute & Nature of dues        | Amount not deposited in ₹ | Forum where dispute is pending                               | Period                   |
|---------------------------------|---------------------------|--|--------------------------|
| <b>Sales Tax Act</b>            | 4,82,244                  | Joint Commissioner Appeals                                   | 2008-09                  |
| Sales Tax, interest and penalty |                           |  |                          |
|                                 | 13,12,295                 | High Court   | 1999-2000                |
|                                 | 1,63,84,603               | Asst.Commissioner Demand                                     | 2003-04                  |
|                                 | 44,830                    | Additional Commissioner                                      | 2004-05                  |
|                                 | 1,53,406                  | Sr.Joint Commissioner  | 2006-07                  |
|                                 | 17,49,933                 | Joint Commissioner Appeals                                   | 2009-10                  |
|                                 | 1,84,321                  | Additional Commissioner                                      | 01-04-2006 to 30-11-2008 |
|                                 | 24,654                    | Additional Commissioner                                      | 01-12-2008 to 31-10-2009 |
|                                 | 34,11,482                 | Additional Commissioner                                      | 2007-08                  |
|                                 | 5,389,411                 | Additional Commissioner                                      | 2008-09                  |
|                                 | 64,32,292                 | Additional Commissioner                                      | 2009-10                  |
| <b>Central Sales Tax Act</b>    | 5,20,052                  | Commissioner   | 2005-06                  |
|                                 | 1,51,971                  | Additional Commissioner                                      | 01-04-2006 to 30-11-2008 |
|                                 | 75,612                    | Additional Commissioner                                      | 01-12-2008 to 31-10-2009 |
|                                 | 2,46,931                  | Deputy Commissioner II                                       | 2003-04                  |
|                                 | 1,50,355                  | Joint Commissioner (Appeals)                                 | 2005-06                  |
|                                 | 10,93,955                 | Deputy Commissioner II                                       | 2006-07                  |
|                                 | 26,302                    | Additional Commissioner                                      | 2008-09                  |
|                                 | 28,481                    | Additional Commissioner                                      | 2009-10                  |
| <b>The Central Excise Act</b>   | 2,13,95,574               | CESTAT   | 2005-06                  |
| Excise Duty, Interest & Penalty | 56,07,997                 | CESTAT   | 2007-08                  |
|                                 | 16,091                    | Commissioner (Appeal)  | 2007-08                  |
|                                 | 23,53,824                 | CESTAT   | 2001-02                  |
|                                 | 2,10,579                  | CESTAT   | 1998-99                  |
|                                 | 35,000                    | Commissioner (Appeal)  | 2009-10                  |
|                                 | 50,03,165                 | High Court   | 2005-06                  |
|                                 | 1,20,99,486               | High Court   | 2005-06                  |
|                                 | 55,306                    | Commissioner (Appeals)                                       | 2008-09                  |
|                                 | 121,276                   | Commissioner (Appeals)                                       | 2010-11                  |
|                                 | 10,181,463                | CESTAT   | 2006-11                  |
| <b>The Bombay Stamp Act</b>     | 5,01,18,535               | The Hon'ble Chief Controlling Revenue Authority, Gandhinagar | 2011-12                  |

# Annexure to the Auditors' Report

- (x) As the Company is registered for a period less than 5 years, the requirement of the Order of reporting on accumulated losses and cash losses is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company does not have any Debentures outstanding as at the year end.
- (xx) The Company has not raised any money during the year by public issue.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K.S.Aiyar & Co;**  
Chartered Accountants  
FRN: 100186W

**Raghuvir M.Aiyar**  
Partner  
Membership No.38128

Mumbai  
Date: 2nd May, 2013



# Balance Sheet

₹ in lacs

| Particulars   | Note No | As at 31st March, 2013 |           | As at 31st March, 2012 |           |
|---|---------|------------------------|-----------|------------------------|-----------|
| I. EQUITY AND LIABILITIES   |         |                        |           |                        |           |
| (1) Shareholder's Funds   |         |                        |           |                        |           |
| (a) Share Capital   | A       | 3,770.32               |           | 3,770.32               |           |
| (b) Reserves and Surplus  | B       | 42,206.06              |           | 32,315.92              |           |
|   |         |                        | 45,976.38 |                        | 36,086.24 |
| (2) Non-Current Liabilities   |         |                        |           |                        |           |
| (a) Long-Term Borrowings  | C       | 7,053.47               |           | 9,485.67               |           |
| (b) Deferred Tax Liabilities (Net)  | D       | 1,389.69               |           | 952.90                 |           |
| (c) Other Long Term Liabilities   | E       | 1,276.07               |           | 1,229.07               |           |
| (d) Long Term Provisions  | F       | 606.06                 | 10,325.29 | 539.04                 | 12,206.69 |
| (3) Current Liabilities   |         |                        |           |                        |           |
| (a) Short-Term Borrowings   | G       | 7,011.45               |           | 13,843.49              |           |
| (b) Trade Payables  | H       | 23,424.56              |           | 18,192.75              |           |
| (c) Other Current Liabilities   | I       | 6,925.29               |           | 15,160.44              |           |
| (d) Short-Term Provisions   | J       | 6,205.50               | 43,566.80 | 3,566.34               | 50,763.02 |
| Total   |         |                        | 99,868.47 |                        | 99,055.94 |
| II. ASSETS  |         |                        |           |                        |           |
| (1) Non-current assets  |         |                        |           |                        |           |
| (a) Fixed Assets  |         |                        |           |                        |           |
| (i) Tangible Assets   | K       | 34,422.15              |           | 26,781.86              |           |
| (ii) Capital Work-in-Progress   |         | 3,226.18               |           | 5,823.97               |           |
| (b) Non-Current Investments   | L       | 335.42                 |           | 335.42                 |           |
| (c) Long Term Loans And Advances  | M       | 3,587.88               | 41,571.63 | 3,499.13               | 36,440.38 |
| (2) Current assets  |         |                        |           |                        |           |
| (a) Inventories   | N       | 26,683.33              |           | 25,874.15              |           |
| (b) Trade Receivables   | O       | 23,238.30              |           | 18,683.28              |           |
| (c) Cash and Bank Balances  | P       | 424.97                 |           | 2,573.39               |           |
| (d) Short-Term Loans And Advances   | Q       | 7,950.24               | 58,296.84 | 15,484.75              | 62,615.57 |
| Total   |         |                        | 99,868.47 |                        | 99,055.94 |
| Significant Accounting Policies and other explanatory notes and information | Y       |                        |           |                        |           |

Note : The notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For **K.S.AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**  
Chairman &  
Managing Director

**PARESH SARAIYA**  
Director

**PRANAV AMIN**  
Director & President  
– International Business

**MILIN MEHTA**  
Director

**K.G. RAMANATHAN**  
Director

**R.K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Statement of Profit and Loss

₹ in lacs

| Particulars  | Note No  | For the Year ended on<br>31st March, 2013 |                    | For the Year ended on<br>31st March, 2012 |                    |
|--|----------|---|--------------------|---|--------------------|
| <b>I. Revenue From Operations</b>  | <b>R</b> | <b>1,50,138.83</b>                        |                    | <b>1,37,984.43</b>                        |                    |
| Less : Excise Duty   |          | 875.00                                    | 1,49,263.83        | 554.00                                    | 1,37,430.43        |
| <b>II. Other Income</b>  | <b>S</b> |   | <b>393.20</b>      |   | <b>142.07</b>      |
| <b>III Total Revenue (I +II)</b>   |          |   | <b>1,49,657.03</b> |   | <b>1,37,572.50</b> |
| <b>IV. Expenses:</b>   |          |   |                    |   |                    |
| Cost of Materials Consumed   | <b>T</b> |   | <b>47,029.77</b>   |   | <b>52,823.76</b>   |
| Purchase of Finished Goods   |          |   | <b>16,559.05</b>   |   | <b>16,779.29</b>   |
| Changes in Inventories of Finished Goods and Work in Process                       | <b>T</b> |   | <b>2,134.01</b>    |   | <b>(6,443.98)</b>  |
| Employee Benefit Expenses  | <b>U</b> |   | <b>19,378.97</b>   |   | <b>16,845.82</b>   |
| Research and Development Expenses  | <b>V</b> |   | <b>7,363.28</b>    |   | <b>5,858.22</b>    |
| Other Expenses   | <b>W</b> |   | <b>32,422.27</b>   |   | <b>30,708.35</b>   |
| <b>Total Expenses</b>  |          |   | <b>1,24,887.35</b> |   | <b>1,16,571.45</b> |
| <b>V. Profit Before Interest, Depreciation and Tax</b>                             |          |   | <b>24,769.68</b>   |   | <b>21,001.05</b>   |
| Finance Costs  | <b>X</b> |   | <b>1,457.43</b>    |   | <b>2,621.34</b>    |
| Depreciation   |          |   | <b>3,496.46</b>    |   | <b>3,364.58</b>    |
| <b>VI. Profit Before Tax</b>   |          |   | <b>19,815.79</b>   |   | <b>15,015.13</b>   |
| <b>VII. Tax Expense</b>  |          |   |                    |   |                    |
| Current Tax  |          |   | <b>3,975.00</b>    |   | <b>3,000.00</b>    |
| Deferred Tax   |          |   | <b>96.43</b>       |   | <b>(38.38)</b>     |
| <b>VIII. Profit for the Year</b>   |          |   | <b>15,744.36</b>   |   | <b>12,053.51</b>   |
| <b>IX. Earning Per Equity Share (FV ₹ 2/- Per Share)</b>                           |          |   |                    |   |                    |
| Basic & Diluted (In ₹)   |          |   | <b>8.35</b>        |   | <b>6.39</b>        |
| <b>Significant Accounting Policies and Other Explanatory Notes and Information</b> | <b>Y</b> |   |                    |   |                    |

Note :The notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date

For **K.S.AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**  
Chairman &  
Managing Director

**PARESH SARAIYA**  
Director

**PRANAV AMIN**  
Director & President  
– International Business

**MILIN MEHTA**  
Director

**K.G. RAMANATHAN**  
Director

**R.K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Cash Flow Statement

₹ in lacs

| Particulars  | Year ended on<br>31st March, 2013 | Year ended on<br>31st March, 2012 |
|--|-----------------------------------|-----------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>                            |                                   |                                   |
| Net Profit Before Tax  | 19,815.79                         | 15,015.13                         |
| Add:   |                                   |                                   |
| 1 Depreciation   | 3,496.46                          | 3,364.58                          |
| 2 Interest Charged   | 2,398.20                          | 3,754.84                          |
| 3 Unrealised Foreign Exchange Loss / (Gain)                              | 793.32                            | 770.44                            |
| 4 General Reserve Utilised for Expenses as Per the Scheme of Arrangement | -                                 | 67.06                             |
| 5 (Gain)/Loss on Sale of Fixed Assets                                    | 3.39                              | (0.53)                            |
| Less:  |                                   |                                   |
| 1 Interest Income  | 940.77                            | 1,133.50                          |
| 2 Dividend Income  | 22.70                             | 0.35                              |
| 3 Expenses on Account of Scheme of Arrangement debited to Reserves       | -                                 | 67.06                             |
| Operating Profit before Change in Working Capital                        | 25,543.69                         | 21,770.61                         |
| Working Capital Changes:   |                                   |                                   |
| Add / (Less):  |                                   |                                   |
| 1 (Increase) / Decrease in Inventories                                   | (809.18)                          | (3,950.96)                        |
| 2 (Increase) / Decrease in Trade Receivables                             | (4,814.46)                        | 1,788.80                          |
| 3 (Increase) / Decrease in Short-Term Loans and Advances                 | 6,596.68                          | (6,248.43)                        |
| 4 (Increase) / Decrease in Long-Term Loans and Advances                  | (88.75)                           | (2,844.66)                        |
| 5 Increase / (Decrease) in Trade Payables                                | 5,114.07                          | 4,980.57                          |
| 6 Increase / (Decrease) in Other Current Liabilities                     | (456.25)                          | (18.54)                           |
| 7 Increase / (Decrease) in Short Term Provisions                         | 108.32                            | 182.97                            |
| 8 Increase / (Decrease) in Long Term Provisions                          | 67.02                             | 28.88                             |
| Cash Generated from Operations   | 31,261.14                         | 15,689.25                         |
| Add / (Less):  |                                   |                                   |
| Direct Taxes Paid (Net of Refunds)                                       | (3,829.56)                        | (3,147.44)                        |
| Net Cash Inflow from Operating Activities (A)                            | 27,431.58                         | 12,541.81                         |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>                            |                                   |                                   |
| Add:   |                                   |                                   |
| 1 Proceeds from Sale of Fixed Assets                                     | 54.97                             | 4.55                              |
| 2 Increase in Restrictive Bank Balances                                  | -                                 | 26.49                             |
| 3 Interest Received  | 1,817.51                          | 455.27                            |
| 4 Dividend Received  | 22.70                             | 0.35                              |
|  | 1,895.18                          | 486.67                            |
| Less:  |                                   |                                   |
| 1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress     | 8,597.33                          | 6,125.63                          |
|  | 8,597.33                          | 6,125.63                          |
| Net Cash Inflow from Investing Activities (B)                            | (6,702.15)                        | (5,638.96)                        |

# Cash Flow Statement (Contd.)

₹ in lacs

| Particulars   | Year ended on<br>31st March, 2013 |                 | Year ended on<br>31st March, 2012 |                 |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
| <b>C CASH FLOW FROM FINANCIAL ACTIVITIES:</b>                             |                                   |                 |                                   |                 |
| <b>Add:</b>   |                                   |                 |                                   |                 |
| 1 Proceeds from Long-Term Borrowings                                      | -                                 |                 | 6,628.21                          |                 |
| 2 Increase in Other Long Term Liabilities                                 | 47.00                             | 47.00           | 44.90                             | 6,673.11        |
| <b>Less:</b>  |                                   |                 |                                   |                 |
| 1 Repayment of Long-Term Borrowings                                       | 10,177.02                         |                 | 4,462.07                          |                 |
| 2 Repayment of Short-Term Borrowings                                      | 6,832.04                          |                 | 784.19                            |                 |
| 3 Dividends Paid (including Distribution Tax)                             | 3,036.23                          |                 | 2,164.49                          |                 |
| 4 Interest and Other Finance Costs  | 2,879.56                          | 22,924.85       | 3,720.61                          | 11,131.37       |
| <b>Net Cash Inflow from Financing Activities (C)</b>                      | <b>(22,877.85)</b>                |                 | <b>(4,458.26)</b>                 |                 |
| <b>II. Net (Decrease)/Increase in Cash and Cash Equivalents</b>           | <b>(2,148.42)</b>                 |                 | <b>2,444.59</b>                   |                 |
| <b>III. Add: Cash and Cash Equivalents at the Beginning of the Period</b> | <b>2,546.90</b>                   |                 | <b>128.80</b>                     |                 |
| <b>Add: Other Bank Balances</b>   | <b>26.49</b>                      | <b>2,573.39</b> | <b>-</b>                          | <b>128.80</b>   |
| <b>IV. Cash and Cash Equivalents at the End of the Period</b>             | <b>367.34</b>                     |                 | <b>2,546.90</b>                   |                 |
| <b>Other Bank Balances</b>  | <b>57.63</b>                      | <b>424.97</b>   | <b>26.49</b>                      | <b>2,573.39</b> |

As per our report of even date

For **K.S.AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**  
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**PARESH SARAIYA**  
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**MILIN MEHTA**  
Director

**K.G. RAMANATHAN**  
Director

**R.K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Notes to Balance Sheet

## A Share Capital :

₹ in lacs

| As at 31st March  | 2013     | 2012     |
|---|----------|----------|
| (a) Authorised  |          |          |
| 20,00,00,000 Equity shares of ₹ 2/- each  | 4,000.00 | 4,000.00 |
|   | 4,000.00 | 4,000.00 |
| (b) Shares issued, subscribed and fully paid :  |          |          |
| 18,85,15,914 Equity shares of ₹ 2/- each  | 3,770.32 | 3,770.32 |
| Out of above 13,35,15,914 equity shares of ₹ 2/- each were issued to the share holders of Alembic Limited as per the Scheme of Arrangement and without payment being received in cash |          |          |
|   | 3,770.32 | 3,770.32 |

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period ;

|                                      | 31st March 2013 |                | 31st March 2012 |                |
|--------------------------------------|-----------------|----------------|-----------------|----------------|
|                                      | Numbers         | Amount in lacs | Numbers         | Amount in lacs |
| At the beginning of the period       | 18,85,15,914    | 3,770.32       | 5,50,00,000     | 1,100.00       |
| Issued during the period             | -               | -              | 13,35,15,914    | 2,670.32       |
| Outstanding at the end of the period | 18,85,15,914    | 3,770.32       | 18,85,15,914    | 3,770.32       |

(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital;

The company is having only one class of shares i.e Equity carrying a nominal value of ₹ 2/- per share

Every holder of the equity share of the Company is entitled to one vote per share held

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder

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

During the year ended 31st March, 2013 an amount of ₹ 2.50 of dividend per equity share was proposed for the equity shareholders ( PY ₹ 1.40 per equity share)

(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;

|                               | 31st March 2013 |        | 31st March 2012 |        |
|-------------------------------|-----------------|--------|-----------------|--------|
|                               | Numbers         | % held | Numbers         | % held |
| 1 Alembic Limited             | 5,50,00,000     | 29.18% | 5,50,00,000     | 29.18% |
| 2 Shreno Limited              | 1,83,68,780     | 9.74%  | 1,83,68,780     | 9.74%  |
| 3 Sierra Investments Limited  | 1,71,67,670     | 9.11%  | 1,71,67,670     | 9.11%  |
| 4 Whitefield Chemtech Limited | 1,82,85,230     | 9.70%  | 1,82,85,230     | 9.70%  |
| 5 Nirayu Private Limited      | 1,62,13,755     | 8.60%  | 1,62,13,755     | 8.60%  |

# Notes to Balance Sheet

## B Reserves and Surplus :

₹ in lacs

| As at 31st March  | 2013      | 2012      |
|---|-----------|-----------|
| (a) Capital Reserve ;   |           |           |
| Balance as per the last financial statements  | 30.00     | 30.00     |
| (b) Debenture Redemption Reserve;   |           |           |
| Balance as per the last financial statements  | 3,125.00  | 2,333.40  |
| Less : Transferred to General Reserve   | 3,125.00  |           |
| Add : Transferred from Statement of Profit and Loss   | -         | 791.60    |
| (c) General Reserve   |           |           |
| Balance as per the last financial statements  | 23,798.35 | 19,319.21 |
| Less : Utilised against provision for expenses on account of Scheme of Arrangement  | -         | 67.04     |
| Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court | 340.36    | 453.82    |
| Add : Transfer from Debenture redemption reserve  | 3,125.00  |           |
| Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss   | 8,000.00  | 5,000.00  |
| (d) Surplus / (deficit) in the statement of profit and loss   |           |           |
| Balance as per last financial statements  | 5,362.57  | 2,168.03  |
| Profit for the year   | 15,744.36 | 12,053.51 |
| Appropriations  |           |           |
| Less: Transfer to Debenture redemption reserve  | -         | 791.60    |
| Proposed final equity dividend amount per share ₹ 2.50 (PY : ₹ 1.40)  | 4,712.90  | 2,639.22  |
| Tax on proposed equity dividend   | 800.96    | 428.15    |
| Transfer to General Reserve   | 8,000.00  | 5,000.00  |
| Total Appropriations  | 13,513.86 | 8,858.97  |
| Net Surplus in the statement of profit and loss   | 7,593.07  | 5,362.57  |
| Total Reserves and Surplus  | 42,206.06 | 32,315.92 |

## C Long-Term Borrowings :

| As at 31st March  | Non-Current |      | Current Maturities |          |
|---|-------------|------|--------------------|----------|
|   | 2013        | 2012 | 2013               | 2012     |
| (a) Non Convertible Debentures (Secured)  |             |      |                    |          |
| ₹ NIL (PY ₹ 5000 lacs)  | -           | -    | -                  | 5,000.00 |
| 9.25% Coupon of ₹1 lac each   |             |      |                    |          |
| Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders |             |      |                    |          |
| Redeemable equally in July-12 and Sept-12 and redeemed  |             |      |                    |          |
| ₹ NIL (PY ₹ 2500 lacs)  | -           | -    | -                  | 2,500.00 |
| 10.80% Coupon of ₹1 lac each  |             |      |                    |          |
| Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders |             |      |                    |          |
| Redeemable in June-12 and redeemed  |             |      |                    |          |

# Notes to Balance Sheet

## C Long-Term Borrowings (Contd.) :

₹ in lacs

| As at 31st March  | Non-Current |          | Current Maturities |             |
|---|-------------|----------|--------------------|-------------|
|   | 2013        | 2012     | 2013               | 2012        |
| <b>(b) Term loans (Secured)</b>   |             |          |                    |             |
| Foreign Currency loan from Banks - @ Coupon of LIBOR plus 1.50% p.a. plus proportionate front end fees Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in 15 equal quarterly installments of USD 1 MN starting from May-13 | 5,970.80    | 7,632.00 | 2,171.20           | -           |
| Foreign Currency loan from Banks - @ varying rate of interest Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in Apr-12 USD 1.67 MN and balance in June-12 and redeemed  | -           | -        | -                  | 1,624.27    |
| <b>(c) Deposits (Unsecured)</b>   |             |          |                    |             |
| Deposits from Shareholders  | 419.30      | 159.30   | 210.20             | 174.50      |
| Deposits from Public  | 663.37      | 1,691.52 | 2,229.99           | 2,641.30    |
| - @ interest rate varying from 9% to 11% and maturity period is 12 / 24 / 36 months   |             |          |                    |             |
| <b>(d) Others (Unsecured)</b>   | -           | 2.85     | 2.85               | 2.85        |
| Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from Oct-2004. Interest rate 3%  |             |          |                    |             |
|   | 7,053.47    | 9,485.67 | 4,614.24           | 11,942.92   |
| The above amount includes amount disclosed under the head Other Current Liabilities (Note I)  | -           | -        | (4,614.24)         | (11,942.92) |
|   | 7,053.47    | 9,485.67 | -                  | -           |

## D Deferred Tax Liabilities (Net) :

| As at 31st March                         | 2013     | 2012     |
|--|----------|----------|
| <b>Deferred Tax Assets</b>               |          |          |
| Provision for Doubtful debts             | 175.83   | 172.59   |
| Preliminary Expense and Demerger Expense | 32.76    | 46.97    |
| Intangible Asset                         | 1,021.09 | 1,361.45 |
| Others                                   | 426.21   | 367.59   |
|  | 1,655.89 | 1,948.60 |
| <b>Deferred Tax Liabilities</b>          |          |          |
| Depreciation                             | 3,045.58 | 2,901.50 |
|  | 1,389.69 | 952.90   |



# Notes to Balance Sheet

## E Other Long Term Liabilities :

₹ in lacs

| As at 31st March | 2013            | 2012            |
|------------------|-----------------|-----------------|
| Trade Deposits   | 1,276.07        | 1,229.07        |
|                  | <b>1,276.07</b> | <b>1,229.07</b> |

## F Long Term Provisions :

| As at 31st March   | Long Term     |               | Short Term    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2013          | 2012          | 2013          | 2012          |
| (a) Provision for employee benefits                            |               |               |               |               |
| Provision for gratuity   | -             | -             | 304.48        | 250.68        |
| Provision for Leave benefits                                   | 606.06        | 539.04        | 302.81        | 248.29        |
|  | <b>606.06</b> | <b>539.04</b> | <b>607.29</b> | <b>498.97</b> |
| (b) Others   |               |               |               |               |
| Proposed equity dividend                                       | -             | -             | 4,712.90      | 2,639.22      |
| Provision of tax on Proposed equity dividend                   | -             | -             | 800.96        | 428.15        |
|  | -             | -             | 5,513.86      | 3,067.37      |
| Amount disclosed under the head Short term provisions (Note J) |               |               | (6,121.15)    | (3,566.34)    |
|  | <b>606.06</b> | <b>539.04</b> | <b>-</b>      | <b>-</b>      |

## G Short-Term Borrowings :

| As at 31st March   | 2013            | 2012             |
|--|-----------------|------------------|
| (a) From Banks   |                 |                  |
| i) Working Capital facilities (Secured)  | 1,040.65        | 2,357.44         |
| Secured against first hypothecation on<br>Stocks and Book Debts ranking pari passu<br>- @ varying Coupon repayable on demand |                 |                  |
| ii) Others (Unsecured)   | 5,970.80        | 8,986.05         |
| - @ varying Coupon repayable within 180 days with an option of<br>roll over  |                 |                  |
| (b) Commercial Paper (Unsecured)   | -               | 2,500.00         |
| - @ Coupon of 10.20% repayable within 90 days  |                 |                  |
|  | <b>7,011.45</b> | <b>13,843.49</b> |

## H Trade Payable :

| As at 31st March                   | 2013             | 2012             |
|------------------------------------|------------------|------------------|
| Due to Micro and Small Enterprises | 55.65            | 54.31            |
| Other Trade Payables               | 23,368.91        | 18,138.44        |
|                                    | <b>23,424.56</b> | <b>18,192.75</b> |

# Notes to Balance Sheet

## I Other Current Liabilities :

₹ in lacs

| As at 31st March   | 2013            | 2012             |
|--|-----------------|------------------|
| (a) Current maturities of long-term debt (Note C)                    | 4,614.24        | 11,942.92        |
| (b) Interest accrued but not due on borrowings                       | 193.69          | 675.52           |
| (c) Unpaid dividends   | 57.63           | 26.49            |
| (d) Unpaid / Unclaimed matured deposits and interest accrued thereon |                 |                  |
| Unclaimed matured Deposits   | 48.03           | 36.05            |
| Interest accrued thereon   | 2.13            | 1.66             |
| (e) Other payables / liabilities                                     |                 |                  |
| Statutory dues   | 748.42          | 765.31           |
| Others   | 1,261.15        | 1,712.49         |
|  | <b>6,925.29</b> | <b>15,160.44</b> |

## J Short-Term Provisions :

| As at 31st March                                  | 2013            | 2012            |
|---|-----------------|-----------------|
| (a) Provision for employee benefits. (Note F)     | 607.29          | 498.97          |
| (b) Others .                                      |                 |                 |
| Proposed equity dividend and Tax thereon (Note F) | 5,513.86        | 3,067.37        |
| Provision for Income Tax                          | 8,778.50        |                 |
| Less : Income Tax paid                            | (8,694.15)      |                 |
|   | <b>84.35</b>    | <b>-</b>        |
|   | <b>6,205.50</b> | <b>3,566.34</b> |

## K Tangible Assets :

| DESCRIPTION           | GROSS BLOCK         |                  |               | DEPRECIATION        |                     |               |                    | NET BLOCK           |                     |                     |
|-----------------------|---------------------|------------------|---------------|---------------------|---------------------|---------------|--------------------|---------------------|---------------------|---------------------|
|                       | As on<br>01/04/2012 | Addition         | Deductions    | As on<br>31/03/2013 | As on<br>01/04/2012 | Deductions    | During the<br>Year | As on<br>31/03/2013 | As on<br>31/03/2013 | As on<br>31/03/2012 |
| Free Hold Land        | 192.44              | -                | -             | 192.44              | -                   | -             | -                  | -                   | 192.44              | 192.44              |
| Lease Hold Land       | 1,634.78            | -                | -             | 1,634.78            | 63.26               | -             | 17.21              | 80.47               | 1,554.31            | 1,571.52            |
| Buildings             | 9,730.56            | 4,915.53         | -             | 14,646.09           | 1,786.40            | -             | 348.62             | 2,135.02            | 12,511.07           | 7,944.16            |
| Employees<br>Quarters | 28.30               | -                | -             | 28.30               | 6.59                | -             | -                  | 6.59                | 21.71               | 21.71               |
| Plant & Equipments    | 24,076.74           | 5,697.25         | 200.64        | 29,573.35           | 12,606.52           | 150.67        | 2,291.98           | 14,747.83           | 14,825.52           | 11,470.22           |
| R&D Equipments        | 7,240.58            | 264.38           | -             | 7,504.96            | 4,136.83            | -             | 569.67             | 4,706.50            | 2,798.46            | 3,103.75            |
| Furniture & Fixtures  | 596.89              | 95.10            | -             | 691.99              | 257.76              | -             | 36.72              | 294.48              | 397.51              | 339.13              |
| Vehicles              | 2,384.98            | 105.18           | 37.74         | 2,452.42            | 524.21              | 29.35         | 156.87             | 651.73              | 1,800.69            | 1,860.77            |
| Office Equipments     | 404.12              | 117.68           | -             | 521.80              | 125.96              | -             | 75.40              | 201.36              | 320.44              | 278.16              |
| <b>TOTAL</b>          | <b>46,289.39</b>    | <b>11,195.12</b> | <b>238.38</b> | <b>57,246.13</b>    | <b>19,507.53</b>    | <b>180.02</b> | <b>3,496.47</b>    | <b>22,823.98</b>    | <b>34,422.15</b>    | <b>26,781.86</b>    |
| Previous Year         | 43,352.09           | 2,951.92         | 14.62         | 46,289.39           | 16,153.55           | 10.60         | 3,364.58           | 19,507.53           | 26,781.86           |                     |

Notes:

1. Sales proceeds are deducted from gross cost where cost is unascertainable
2. No Depreciation has been claimed on assets to the extent of Cenvat claimed

# Notes to Balance Sheet

## L Non-Current Investments :

₹ in lacs

| As at 31st March   | 2013          | 2012          |
|--|---------------|---------------|
| <b>Trade Investments :</b>   |               |               |
| <b>Unquoted equity instruments</b>   |               |               |
| <b>Investment in wholly owned subsidiary</b>   |               |               |
| 1,00,000 (PY: 1,00,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA   | 33.62         | 33.62         |
| <b>Others</b>  |               |               |
| 10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹20 each fully paid up in Incozen Therapeutics Pvt. Ltd. towards seed funding for Contract Research | 300.00        | 300.00        |
| <b>Non - Trade Investments :</b>   |               |               |
| <b>Unquoted equity instruments</b>   |               |               |
| 18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.  | 1.80          | 1.80          |
|  | <b>335.42</b> | <b>335.42</b> |

## M Long-Term Loans And Advances (Unsecured, considered good) :

| As at 31st March      | 2013            | 2012            |
|-----------------------|-----------------|-----------------|
| (a) Capital Advances  | 625.42          | 395.26          |
| (b) Security Deposits | 2,962.46        | 3,103.87        |
|                       | <b>3,587.88</b> | <b>3,499.13</b> |

## N Inventories (Refer Note Y (e) of Accounting Policies for Basis of Valuation) :

| As at 31st March                                | 2013             | 2012             |
|---|------------------|------------------|
| <b>(a) Raw materials</b>                        |                  |                  |
| - API, Chemicals and Intermediates              | 5,127.14         | 2,474.10         |
| - Excipients                                    | 3,032.87         | 2,993.40         |
| - Solvents & Catalyst                           | 609.06           | 492.79           |
|   | <b>8,769.07</b>  | <b>5,960.29</b>  |
| <b>(b) Packing materials</b>                    | <b>1,669.10</b>  | <b>1,509.03</b>  |
| <b>(c) Work-in-process</b>                      | <b>1,448.48</b>  | <b>994.08</b>    |
| <b>(d) Finished goods</b>                       |                  |                  |
| - API, Chemicals and Intermediates              | 7,422.15         | 9,992.97         |
| - Formulations - Tablets and Capsules           | 1,043.35         | 1,587.71         |
| - Formulations - Injectables                    | 425.42           | 591.32           |
| - Formulations - Oral Preparation and Ointments | 587.05           | 807.64           |
| - Others  | 2,799.11         | 1,352.43         |
|   | <b>12,277.08</b> | <b>14,332.07</b> |
| <b>(e) Traded goods</b>                         |                  |                  |
| - Formulations - Tablets and Capsules           | 1,153.71         | 1,567.40         |
| - Formulations - Injectables                    | 362.56           | 360.95           |
| - Formulations - Oral Preparation and Ointments | 748.72           | 870.06           |
|   | <b>2,264.99</b>  | <b>2,798.41</b>  |
| <b>(f) Stores and spares</b>                    | <b>254.61</b>    | <b>280.26</b>    |
|   | <b>26,683.33</b> | <b>25,874.15</b> |

# Notes to Balance Sheet

## **O Trade Receivables** (Unsecured) :

₹ in lacs

| As at 31st March                      | 2013      | 2012      |
|---------------------------------------|-----------|-----------|
| (a) Over Six months from the due date |           |           |
| Considered good                       | 901.66    | 122.74    |
| Considered doubtful                   | 541.94    | 531.96    |
| Less : Provision for doubtful debts   | 541.94    | 531.96    |
| (b) Others Considered good;           | 22,336.64 | 18,560.55 |
|                                       | 23,238.30 | 18,683.28 |

## **P Cash and Bank Balances** :

| As at 31st March  | 2013   | 2012     |
|---|--------|----------|
| (a) Cash and cash equivalents   |        |          |
| (i) Bank deposits with less than 3 months maturity from the origin date | 5.15   | 2,304.60 |
| (ii) Balances with banks  | 338.34 | 213.25   |
| (iii) Cash on hand  | 23.85  | 29.05    |
| (b) Other Bank Balances   |        |          |
| Unpaid Dividend Account   | 57.63  | 26.49    |
|   | 424.97 | 2,573.39 |

## **Q Short-Term Loans and Advances** (Unsecured, considered good) :

| As at 31st March                            | 2013     | 2012       |
|---|----------|------------|
| (a) Loans and advances to related parties;  |          |            |
| Inter Corporate Deposits                    | -        | 6,300.00   |
| (b) Others                                  |          |            |
| (i) Advance against Expenses - Employees    | 430.02   | 290.05     |
| (ii) Advance recoverable in cash or in kind | 7,520.22 | 8,833.60   |
| (iii) Income Tax paid                       |          | 4,864.09   |
| Less : Provision for Income Tax             | -        | (4,803.00) |
|   | 7,950.24 | 15,484.75  |

# Notes to Statement of Profit and Loss

## **R** Revenue From Operations :

₹ in lacs

| For the year ended 31st March                 | 2013               | 2012               |
|---|--------------------|--------------------|
| <b>a) Sale of products</b>                    |                    |                    |
| - Domestic                                    | 1,00,877.42        | 87,717.89          |
| - Exports                                     | 46,641.53          | 47,501.68          |
|   | <b>1,47,518.95</b> | <b>1,35,219.57</b> |
| Export Incentives                             | 789.27             | 1,298.85           |
| Royalty                                       | 1,521.68           | 1,160.44           |
| <b>b) Other Operating Revenues</b>            |                    |                    |
| - Others                                      | 308.93             | 305.57             |
|   | <b>1,50,138.83</b> | <b>1,37,984.43</b> |
| <b>Sale of Products - Broad head wise</b>     |                    |                    |
| Bulk Drugs, Chemicals and Intermediates       | 32,286.04          | 28,235.57          |
| Formulations - Tablets and Capsules           | 77,090.99          | 72,288.02          |
| Formulations - Injectables                    | 11,055.23          | 11,393.63          |
| Formulations - Oral Preparation and Ointments | 27,086.69          | 23,302.35          |
|   | <b>1,47,518.95</b> | <b>1,35,219.57</b> |

## **S** Other Income :

| For the year ended 31st March | 2013          | 2012          |
|-------------------------------|---------------|---------------|
| Dividend                      | 22.70         | 0.35          |
| Insurance Claims              | 370.50        | 98.00         |
| Rent                          | -             | 43.72         |
|                               | <b>393.20</b> | <b>142.07</b> |
|                               | <b>393.20</b> | <b>142.07</b> |

# Notes to Statement of Profit and Loss

## T Cost of Material Consumed :

₹ in lacs

| For the year ended 31st March                                      | 2013      | 2012       |
|--|-----------|------------|
| Inventory at the beginning of the year                             | 7,469.32  | 9,768.62   |
| Add : Purchases  | 49,998.62 | 50,524.46  |
|  | 57,467.94 | 60,293.08  |
| Less : Inventory at the end of the year                            | 10,438.17 | 7,469.32   |
|  | 47,029.77 | 52,823.76  |
| <b>Details of Material Consumed</b>                                |           |            |
| Bulk Drug and Drug intermediates                                   | 26,092.43 | 24,366.90  |
| Excipients   | 7,052.23  | 9,202.41   |
| Solvents & Catalyst  | 5,260.90  | 5,802.39   |
| Packing Material   | 7,213.90  | 7,561.89   |
| Others   | 1,410.31  | 5,890.17   |
|  | 47,029.77 | 52,823.76  |
| <b>Changes in inventories of Finished Goods, Work in process :</b> |           |            |
| Inventory at the end of the year                                   |           |            |
| Work in Process  | 1,448.48  | 994.08     |
| Finished Goods   | 14,542.07 | 17,130.48  |
|  | 15,990.55 | 18,124.56  |
| Inventory at the beginning of the year                             |           |            |
| Work in Process  | 994.08    | 934.20     |
| Finished Goods   | 17,130.48 | 10,746.38  |
|  | 18,124.56 | 11,680.58  |
|  | 2,134.01  | (6,443.98) |

## U Employee Benefits Expenses :

| For the year ended 31st March                           | 2013      | 2012      |
|---|-----------|-----------|
| Salaries and Wages                                      | 18,168.23 | 15,617.14 |
| Contribution / Provisions for Provident and other funds | 854.89    | 903.64    |
| Staff welfare expense                                   | 355.85    | 325.04    |
|   | 19,378.97 | 16,845.82 |

## V Research & Development Expenses :

| For the year ended 31st March                           | 2013     | 2012     |
|---|----------|----------|
| Material Consumption                                    | 1,416.08 | 874.95   |
| Employees' Cost   |          |          |
| Salaries and Wages                                      | 2,238.00 | 2,098.15 |
| Contribution / Provisions for Provident and other funds | 91.94    | 85.65    |
|   | 2,329.94 | 2,183.80 |
| Utilities   |          |          |
| Power   | 345.69   | 203.62   |
| Others  | 87.50    | 145.66   |
|   | 433.19   | 349.28   |
| Bio-Study Expense & Filing Fees                         | 781.78   | 969.88   |
| Others  | 2,402.29 | 1,480.31 |
|   | 7,363.28 | 5,858.22 |

# Notes to Statement of Profit and Loss

## **W** Other Expenses :

₹ in lacs

| For the year ended 31st March   | 2013      | 2012      |
|---|-----------|-----------|
| Consumption of Stores, Spares, Laboratory Material and Analytical Expense | 1,738.52  | 1,989.33  |
| Power and Fuel  | 2,665.51  | 2,957.42  |
| Manufacturing and Labour Charges  | 1,794.05  | 1,976.97  |
| Repairs and Maintenance   |           |           |
| Machinery   | 509.88    | 518.95    |
| Buildings   | 241.73    | 190.07    |
| Others  | 266.37    | 286.87    |
| Freight and Forwarding Charges  | 2,128.11  | 2,172.59  |
| Marketing and Publicity Expense and Selling Commission                    | 13,350.22 | 10,820.75 |
| Excise Duty   | 100.49    | 508.84    |
| Rent  | 314.71    | 187.16    |
| Rates and Taxes   | 497.94    | 472.25    |
| Insurance   | 218.59    | 205.35    |
| Travelling Expense  | 5,888.19  | 5,179.98  |
| Communication Expenses  | 1,055.21  | 973.56    |
| Legal & Professional Fees   | 687.08    | 923.34    |
| Payment to Auditor  | 57.32     | 50.07     |
| Exchange Difference (net)   | 224.12    | 300.34    |
| Bad Debts written off   | 40.02     | 355.83    |
| Less : Bad Debts Provision Utilised                                       | 40.02     | 355.83    |
| Provision for Doubtful Debts  | 50.00     | 306.02    |
| Miscellaneous Expenses  | 634.23    | 688.47    |
|   | 32,422.27 | 30,708.35 |

## **X** Finance Costs :

| For the year ended 31st March | 2013     | 2012     |
|-------------------------------|----------|----------|
| Interest Expense              | 2,398.20 | 3,754.84 |
| Less : Interest Income        | 940.77   | 1,133.50 |
|                               | 1,457.43 | 2,621.34 |





# Notes to Balance Sheet

## **Y** I. Significant Accounting Policies :

**a) Basis of Accounting**

The Financial Statements are prepared as per historical cost convention and on accrual basis and are in conformity with mandatory Accounting Standards and relevant provisions of the Companies Act, 1956.

**b) Fixed Assets**

Certain Fixed Assets have been recorded at a value transferred as per the Scheme of Arrangement. Other Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price net of Cenvat, Service Tax and Value Added Tax and any attributable cost of bringing the assets to its working condition for its intended use.

Borrowing Cost directly attributable to acquisition / construction of fixed asset which necessarily take a substantial period of time to get ready for their intended use are capitalised.

**c) Depreciation / Amortisation**

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956

Leasehold Land is amortised over the period of Lease.

**d) Investments**

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair value. Long Term Investments are stated at cost less provision, if any, for decline other than temporary in their value.

Investment in Subsidiary company are stated at a value transferred as per the Scheme of Arrangement

**e) Inventories**

All Inventories are valued at lower of cost and net realisable value.

Raw Materials, Stores and Spares & Packing Material are valued at lower of cost determined on weighted average basis and net realisable value.

Work in process is valued at lower of cost and net realisable value.

Finished Goods is valued at lower of cost including excise payable thereon and net realisable value.

Traded Goods is valued at lower of Purchase price and net realisable value.

Slow moving Raw Materials, Stores & Spares are valued at estimated net realisable value.

**f) Revenue from Operations**

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the dispatch of goods. Sales are inclusive of excise duty, but net of sales return, Service Tax & Value Added Tax & CST.

Export sales are recognised on the date of bill of lading / Airway bill.

Income from operations includes revenue earned, as per the terms agreed with the customers, from development of products and assignment of patent rights.

**g) R & D Expenses**

All revenue expenses related to R & D including expenses in relation to development of product/ processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) are charged to the Statement of Profit & Loss in the year in which it is incurred.

# Notes to Balance Sheet

## **Y** I. Significant Accounting Policies : (Contd.)

### **h) Foreign Exchange Transactions**

Foreign Currency transactions are initially recorded at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are converted at year end exchange rates.

The difference in conversion of monetary assets & liabilities and realised gains & losses on foreign exchange transaction are recognised in the Statement of Profit and Loss.

In respect of forward cover contracts for future probable transactions, the mark to market loss as at the year end is charged to Statement of Profit and Loss.

### **i) Employee benefits**

#### **Defined Contribution plan**

Contribution to pension fund, Superannuation payable as per superannuation scheme is provided by payment to superannuation trust fund, administered by the HDFC Standard Life Insurance and ICICI Prudential Life Insurance Co. Ltd., ESIC and labour welfare fund are recognised as an expense in the statement of profit and loss.

#### **Defined Benefit plan**

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

The gratuity liability, actuarially valued, is funded through the scheme administered by the Life Insurance Corporation of India (LIC) and HDFC Standard Life Insurance and the amounts paid / provided under the scheme are charged to statement of profit and loss.

Accumulated leave liability (other than sick leave) as at the year end is provided as per actuarial valuation. Accumulated sick leave is provided for at actuals in the statement of profit and loss.

### **j) Taxes on Income**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law). Deferred Tax asset & liabilities are recognised as per Accounting Standard -22 on accounting for Taxes on Income, issued pursuant to the Companies (Accounting Standards) Rules 2006 by the Central Government.

### **k) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

### **l) Measurement of EBITDA**

The Company has elected to present earning before interest, tax, depreciation and amortisation ( EBITDA) as a separate line item on the face of the statement of the profit and loss.

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information

₹ in lacs

|     |   | As at 31st March, |                 |
|-----|---|-------------------|-----------------|
|     |   | 2013              | 2012            |
| I   | Estimated amount of contracts net of advances remaining to be executed on capital accounts  | 1,197.58          | 1,675.64        |
| II  | Contingent liabilities not provided for:  |                   |                 |
|     | i) Letter of credit, Guarantees and counter guarantees  | 1,921.70          | 1,334.25        |
|     | ii) Liabilities Disputed in appeals   |                   |                 |
|     | - Excise duty   | 759.83            | 745.22          |
|     | - Sales Tax   | 383.93            | 324.52          |
|     | - Income Tax  | 4.58              | -               |
|     | - Stamp Duty  | 501.19            | 501.19          |
|     | iii) Claims against the company not acknowledged as debt  | 342.64            | 356.64          |
|     | iv) Non fulfilment of export obligation against advance licence   | 23.73             | 145.00          |
|     | v) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import. | 34.93             | 34.93           |
|     |   | 31.03.2013        | 31.03.2012      |
| III | Defined benefit plans / compensated absences - As per actuarial valuation   | Gratuity Funded   | Gratuity Funded |
|     | Expense recognised in the Statement of Profit & Loss  |                   |                 |
|     | Current Service Cost  | 174.60            | 161.46          |
|     | Interest Cost   | 83.01             | 75.24           |
|     | Employer Contributions  | -                 | -               |
|     | Expected return on plan assets  | (76.74)           | (66.94)         |
|     | Net Acturial (Gains) / Losses   | 46.03             | (90.62)         |
|     | Past Service Cost   | -                 | -               |
|     | Settlement Cost   | -                 | -               |
|     | Total expense   | 226.90            | 79.14           |
|     | Net Asset / (Liability) recognised  |                   |                 |
|     | Present value of Defined Benefit Obligation as at March 31, 2013  | 1,224.41          | 1,036.11        |
|     | Fair value of plan assets as at March 31, 2013  | 996.83            | 785.43          |
|     | Funded status [Surplus / (Deficit)]   | (227.58)          | (250.68)        |
|     | Net asset / (liability) as at March 31, 2013  | (227.58)          | (250.68)        |
|     | Change in Obligation  |                   |                 |
|     | Present value of Defined Benefit Obligation at the beginning of the year  | 1,036.11          | 940.54          |
|     | Current Service Cost  | 174.60            | 161.46          |
|     | Interest Cost   | 83.01             | 75.24           |
|     | Settlement Cost   | -                 | -               |
|     | Past Service Cost   | -                 | -               |
|     | Employer Contributions  | -                 | -               |
|     | Acturial (Gains) / Losses   | 49.71             | (90.62)         |
|     | Benefits Payments   | (119.01)          | (50.51)         |
|     | Present value of Defined Benefit Obligation at the end of the year  | 1,224.41          | 1,036.11        |

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

₹ in lacs

|  | 31.03.2013       | 31.03.2012       |
|--|------------------|------------------|
|  | Gratuity Funded  | Gratuity Funded  |
| <b>Change in Assets</b>  |                  |                  |
| Plan assets at the beginning of the year                             | 785.43           | 769.00           |
| Employer Contributions   | 250.00           | -                |
| Assets acquired in amalgamation in previous year                     | -                | -                |
| Settlements  | -                | -                |
| Expected return on plan assets                                       | 76.74            | 66.94            |
| Funds to be transfer as per the Scheme of Arrangement                | -                | -                |
| Actual benefits paid   | (119.01)         | (50.51)          |
| Acturial (Gains) / Losses  | 3.68             | -                |
| Plan assets at the end of the year                                   | 996.83           | 785.43           |
| <b>Acturial Assumptions:</b>   |                  |                  |
| Discount Rate  | 8.20%            | 8.50%            |
| Expected rate of return on plan assets                               | 9.00%            | 9.00%            |
| Mortality pre retirement   | *LIC Rates       | *LIC Rates       |
| Mortality post retirement  | NA               | NA               |
| Turnover rate  | 5% to 1%         | 5% to 1%         |
| Medical premium inflation  | NA               | NA               |
| Rate of escalation in salary (p.a.)                                  | 4.75%            | 4.75%            |
| * LIC ( 1994-96) Published table of rates.                           |                  |                  |
|  | 31.03.2013       | 31.03.2012       |
|  | Leave Encashment | Leave Encashment |
| <b>Expense recognised in the Statement of Profit &amp; Loss</b>      |                  |                  |
| Current Service Cost   | 112.24           | 105.84           |
| Interest Cost  | 38.87            | 44.59            |
| Employer Contributions   | -                | -                |
| Expected return on plan assets                                       | -                | -                |
| Net Acturial (Gains) / Losses  | 165.94           | 41.00            |
| Past Service Cost  | -                | -                |
| Settlement Cost  | -                | -                |
| Total expense  | 317.05           | 191.43           |
| <b>Net Asset / (Liability) recognised in the Balance Sheet</b>       |                  |                  |
| Present value of Defined Benefit Obligation as at March 31, 2013     | 650.87           | 580.81           |
| Fair value of plan assets as at March 31, 2013                       | -                | -                |
| Funded status [Surplus / (Deficit)]                                  | (650.87)         | (580.81)         |
| Net asset / (liability) as at March 31, 2013                         | (650.87)         | (580.81)         |
| <b>Change in Obligation</b>  |                  |                  |
| Present value of Defined Benefit Obligation at beginning of the year | 580.81           | 557.35           |
| Current Service Cost   | 112.24           | 105.84           |
| Interest Cost  | 38.87            | 44.59            |
| Settlement Cost  | -                | -                |
| Past Service Cost  | -                | -                |
| Employer Contributions   | -                | -                |

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

|  | 31.03.2013       | 31.03.2012       |
|--|------------------|------------------|
|  | Leave Encashment | Leave Encashment |
| Acturial (Gains) / Losses  | 165.94           | 41.00            |
| Benefits Payments  | (247.00)         | (167.97)         |
| Present value of Defined Benefit Obligation at the end of the year | 650.87           | 580.81           |

|    |  |  | in lacs           |            |
|----|--|--|-------------------|------------|
|    |  |  | As at 31st March, |            |
|    |  |  | 31.03.2013        | 31.03.2012 |
| IV | a)The Company enters into Currency Swaps to hedge against fluctuation in changes in exchange rate and interest rates outstanding |  |                   |            |
|    | No. of Contracts   |  | NIL               | 1          |
|    | Notional Principal   |  | NIL               | USD 8.33   |
|    | b) The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are as follows:      |  |                   |            |
|    | 1. Amount receivable in foreign currency on account of the following   |  |                   |            |
|    | - Export of Goods and Services   |  | USD 212.57        | USD 180.60 |
|    |  |  | EUR 28.32         | EUR 23.04  |
|    |  |  | GBP 0.68          | GBP 9.62   |
|    |  |  | AUD 0.25          | AUD -      |
|    | - Advance to Suppliers   |  | USD 9.91          | USD 33.04  |
|    |  |  | EUR 1.96          | EUR 1.79   |
|    |  |  | GBP 0.24          | GBP 0.16   |
|    |  |  | CHF 0.03          | CHF 0.10   |
|    | 2. Amount payable in foreign currency on account of the following  |  |                   |            |
|    | - Purchase of Goods and Services   |  | USD 70.06         | USD 58.91  |
|    |  |  | EUR 1.38          | EUR 2.28   |
|    |  |  | GBP 0.03          | GBP 0.08   |
|    |  |  | CHF 0.01          | CHF -      |
|    |  |  | JPY -             | JPY 0.12   |
|    | - Advance from Customers   |  | USD 4.36          | USD 5.91   |
|    |  |  | EUR 0.42          | EUR 0.67   |
|    |  |  | GBP 0.05          | GBP -      |
|    | - Loans payable  |  | USD 260.00        | USD 253.36 |

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

₹ in lacs

|  | As at 31st March, |       |
|--|-------------------|-------|
|  | 2013              | 2012  |
| V Based on information / documents available with the Company, Sundry Creditors include:   |                   |       |
| a) Amounts due to Micro, Small & Medium Enterprises (Total Amount)   | 55.65             | 54.31 |
| b) Amount overdue on account of principal and / or interest  | 37.84             | 37.67 |
| c) Amount outstanding together with interest for more than 45 days   | 26.97             | 30.46 |
| However, the credit terms extended by the party are more than 45 days and the company makes payment on due date and hence no interest provision is made.   |                   |       |
| As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable  |                   |       |
| (a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year  | 55.65             | 54.31 |
| (ii) The interest due on above   | 0.97              | 0.49  |
| Total of (i) and (ii) above  | 56.62             | 54.80 |
| (b) Amount of interest paid by the buyer in terms of section 18 of the Act   | -                 | -     |
| (c) The amounts of payment made to the supplier beyond the due date  | -                 | -     |
| (d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act. | -                 | -     |

### VI Segment Reporting

Primary Segment

The Company has identified "Pharmaceuticals" as the only primary reportable segment.

In view of the inter-woven/inter-mixed nature of business and manufacturing facility, other secondary segmental information is not ascertainable.

### VII Disclosures in respect of Related Parties pursuant to Accounting standard - AS 18 - issued by the Institute of Chartered Accountants Of India pursuant to Companies (Accounting Standards) Rules 2006 are as follows

List of Related Parties with whom the Company has entered into transactions during the year:

a) Controlling Companies: There is no controlling Company

b) Subsidiary and Fellow Subsidiary:

- 1 Alembic Global Holding SA (Subsidiary of Alembic Pharmaceuticals Limited)
- 2 Alembic Pharmaceuticals Australia Pty Ltd (Subsidiary of Alembic Global Holding SA.)
- 3 Alembic Pharmaceuticals Europe Ltd (Subsidiary of Alembic Global Holding SA.)
- 4 Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA.)
- 5 Alembic Pharmaceuticals Inc. (Subsidiary of Alembic Global Holding SA.)

c) Associate Companies:

- |                                 |                                  |
|---------------------------------|----------------------------------|
| 1 Alembic Ltd.                  | 6 Paushak Ltd.                   |
| 2 Whitefield Chemtech Pvt. Ltd. | 7 Sierra Investments Ltd.        |
| 3 Nirayu Pvt. Ltd.              | 8 Viramya Packlight Ltd          |
| 4 Quick Flight Ltd.             | 9 Incozen Therapeutics Pvt. Ltd. |
| 5 Shreno Ltd.                   | 10 Rhizen Pharmaceuticals SA     |

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

|    |   |   |
|----|---|---|
| d) | Key Management personnel                |   |
| 1  | Shri C .R. Amin                         | Chairman and Managing Director                    |
| 2  | Shri R. K. Baheti                       | Director, President - Finance & Company Secretary |
| 3  | Shri Pranav Amin                        | Director, President-International Business        |
| 4  | Shri Shaunak Amin                       | President - Formulations                          |
| e) | Relatives of Key Management Personnel : |   |
| 1  | Smt. Malika Amin                        |   |
| 2  | Shri Udit Amin                          |   |
| 3  | Ms.Yera Amin                            |   |
| 4  | Ms. Jyoti Patel                         |   |
| 5  | Ms. Ninochaka Kothari                   |   |
| 6  | Ms. Shreya Mukherjee                    |   |

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business

|                                   | ₹ in lacs  |            |                          |                          |
|-----------------------------------|------------|------------|--------------------------|--------------------------|
|                                   | Associates | Associates | Key Management Personnel | Key Management Personnel |
| For the year ended on 31st March, | 2013       | 2012       | 2013                     | 2012                     |
| i) Purchase of Goods/DEPB         |            |            |                          |                          |
| -Individually more than 10%       | 9,416.98   | 6,704.98   | -                        | -                        |
| -Others                           | 1,446.91   | 325.47     | -                        | -                        |
| ii) Sale of Goods/DEPB            |            |            |                          |                          |
| -Individually more than 10%       | 387.03     | 334.37     | -                        | -                        |
| -Others                           | 11.63      | 43.95      | -                        | -                        |
| iii) Purchase of Fixed Assets     |            |            |                          |                          |
| -Individually more than 10%       | -          | 1,282.10   | -                        | -                        |
| -Others                           | -          | 1.11       | -                        | -                        |
| iv) Rendering of services         |            |            |                          |                          |
| -Individually more than 10%       | 270.51     | 276.63     | -                        | -                        |
| -Others                           | 0.85       | 0.01       | -                        | -                        |
| v) Receiving of services          |            |            |                          |                          |
| -Individually more than 10%       | 1,239.85   | 716.71     | -                        | -                        |
| -Others                           | 85.96      | 64.54      | -                        | -                        |
| vi) Rent Paid                     |            |            |                          |                          |
| -Individually more than 10%       | 120.95     | 68.21      | -                        | -                        |
| -Others                           | 7.50       | 7.06       | -                        | -                        |
| vii) Deposit Given                |            |            |                          |                          |
| -Individually more than 10%       | -          | 2,749.67   | -                        | -                        |
| -Others                           | -          | -          | -                        | -                        |
| viii) Interest Received           |            |            |                          |                          |
| -Individually more than 10%       | 875.76     | 944.83     | -                        | -                        |
| -Others                           | -          | 2.76       | -                        | -                        |
| ix) Dividend Paid                 |            |            |                          |                          |
| -Individually more than 10%       | 1,750.50   | 1,250.35   | 91.96                    | 75.75                    |
| -Others                           | 0.02       | 0.02       | -                        | -                        |



# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

₹ in lacs

|  | Associates | Associates | Key Management Personnel | Key Management Personnel |
|--|------------|------------|--------------------------|--------------------------|
| x) Loans Given                             |            |            |                          |                          |
| -Individually more than 10%                | 14,800.00  | 10,193.00  | -                        | -                        |
| -Others                                    | -          | 700.00     | -                        | -                        |
| xi) Managerial Remuneration                |            |            |                          |                          |
| Salary                                     | -          | -          | 751.76                   | 632.78                   |
| Provident Fund and others                  | -          | -          | 52.56                    | 51.04                    |
| Superannuation                             | -          | -          | 2.99                     | 45.55                    |
| Commission                                 | -          | -          | 741.34                   | 540.13                   |
| xii) Outstanding balance as at 31st March, | 2013       | 2012       | 2013                     | 2012                     |
| - Advances                                 | 543.25     | 373.70     | -                        | -                        |
| - Creditors                                | 281.78     | 364.53     | -                        | -                        |
| - Loans Given                              | -          | 6,300.00   | -                        | -                        |
| - Deposit Given                            | 2,749.67   | 2,749.67   | -                        | -                        |
| - Investment                               | 300.00     | 300.00     | -                        | -                        |
| Relatives of Key Managerial Personnel      |            |            |                          |                          |
| For the year ended on 31st March,          |            |            | 2013                     | 2012                     |
| Dividend Paid                              |            |            | 91.58                    | 56.37                    |
| Salary Paid                                |            |            | 88.31                    | 83.00                    |

### VIII Listing Agreement clause 32 disclosure

Disclosures as required under clause 32 of listing agreement have not been given as there are no such transactions with any such party / Employee.

| IX Earning Per Share (EPS)  | 2013         | 2012         |
|---|--------------|--------------|
| For the year ended on 31st March,   |              |              |
| a) Profit after tax but before Non -Recurring Items available for equity shareholders.                    | 15,744.36    | 12,053.51    |
| b) Profit after Tax available for equity shareholders   | 15,744.36    | 12,053.51    |
| c) Weighted Average number of equity shares   | 18,85,15,914 | 18,85,15,914 |
| d) Basic and Diluted Earnings per share before Non-Recurring Items.<br>(Face value per share ₹ 2/- each ) | 8.35         | 6.39         |
| e) Basic and Diluted Earnings per share after Non-Recurring Items.<br>(Face value per share ₹ 2/- each )  | 8.35         | 6.39         |

| X Auditors Fees and Expenses include remuneration to: | 2013  | 2012  |
|---|-------|-------|
| For the year ended on 31st March,                     |       |       |
| a) Statutory Auditors:-                               |       |       |
| As Auditors   | 25.00 | 21.00 |
| In Other Capacity:-                                   |       |       |
| (i) Other Services                                    |       |       |
| a. Limited Review                                     | 19.50 | 19.50 |
| b. Others   | 6.50  | 4.82  |
| (ii) Reimbursement of expenses                        | 3.07  | 1.50  |
| b) Cost Auditors :-                                   |       |       |
| As Cost Auditors                                      | 1.25  | 1.25  |

# Notes to Balance Sheet

## Y II. Other Explanatory Notes and Information(Contd.)

| ₹ in lacs   |             |             |
|---|-------------|-------------|
|   | 2013        | 2012        |
| c) Tax Auditor :  |             |             |
| Tax Audit Fee   | 2.00        | 2.00        |
|   | 57.32       | 50.07       |
| <b>XI Income in Foreign Currency For the Year ended on 31st March,</b>  | <b>2013</b> | <b>2012</b> |
| - Export (FOB basis )   | 46,501.58   | 46,795.60   |
| - Royalty   | 1,521.68    | 1,160.44    |
|   | 48,023.26   | 47,956.04   |
| <b>XII Expenditure in foreign currency For the Year ended on 31st March,</b>  | <b>2013</b> | <b>2012</b> |
| - Raw Materials ( CIF basis)  | 15,541.82   | 18,631.48   |
| - Packing Material ,Components and Spare parts ( CIF basis )  | 908.97      | 218.03      |
| - Professional and Consultancy Fees   | 364.40      | 338.32      |
| - Interest  | 215.68      | 54.60       |
| - Others  | 4,958.85    | 3,502.28    |
|   | 21,989.72   | 22,744.71   |
| <b>XIII Break up of Imported /Indigenous Material For the Year ended on 31st March,</b>   | <b>2013</b> | <b>2012</b> |
| (a) Value of imported raw materials, spares parts and components consumed   | 14,593.67   | 13,831.59   |
| (b) Value of indigenous raw materials, spare parts and components consumed  | 33,544.32   | 40,208.89   |
| (c) Percentage of above to total consumption:   |             |             |
| (i) Imported raw materials, spare parts and components consumed   | 30%         | 26%         |
| (ii) Indigenous raw materials, spare parts and components consumed  | 70%         | 74%         |
| <b>XIV</b> The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year. |             |             |

As per our report of even date

For **K.S.AIYAR & CO.**

Chartered Accountants

Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**

Partner

Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**

Chairman &

Managing Director

**PARESH SARAIYA**

Director

**PRANAV AMIN**

Director & President

– International Business

**MILIN MEHTA**

Director

**K.G. RAMANATHAN**

Director

**R.K. BAHETI**

Director, President -

Finance & Company

Secretary

Vadodara : 2nd May, 2013

# Statement pursuant to Section 212 of the Companies Act, 1956

₹ in lacs

| Name of the Subsidiary |   | ALEMBIC GLOBAL HOLDING SA |
|------------------------|---|---------------------------|
| 1                      | Accounting year of the Subsidiary ended on  | 31st March, 2013          |
| 2                      | Share of the Subsidiary held by the Company on above date.  |                           |
|                        | (a) Number  | 1,00,000                  |
|                        | (b) Extent of holding   | 100%                      |
| 3                      | Net aggregate amount of profit of the subsidiary for above accounting period, of the subsidiary so far as they concern the members of company:                              |                           |
|                        | (a) dealt with in account of the Company for the year ended on 31st March, 2013   | -                         |
|                        | (b) not dealt with in account of the Company for the year ended on 31st March, 2013   | 781.11                    |
| 4                      | Net aggregate amount of profit of the subsidiary for previous financial year of the subsidiary since it becomes a Subsidiary so far as they concern the members of company: |                           |
|                        | (a) dealt with in account of the Company for the year ended on 31st March, 2012   | -                         |
|                        | (b) not dealt with in account of the Company for the year ended on 31st March, 2012   | 959.75                    |

**CHIRAYU R. AMIN**

Chairman &  
Managing Director

**PARESH SARAIYA**

Director

**PRANAV AMIN**

Director & President  
– International Business

**MILIN MEHTA**

Director

**K.G. RAMANATHAN**

Director

**R.K. BAHETI**

Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Information on the Financials of the Subsidiary Company

For the year ended on 31st March

₹ in lacs

| Name of the Subsidiary Company          | Alembic Global Holding SA |          |
|---|---------------------------|----------|
|   | 2013                      | 2012     |
| Capital                                 | 56.96                     | 56.38    |
| Reserves                                | 4,294.55                  | 3,390.85 |
| Total Liabilities                       | 596.06                    | 2,721.78 |
| Total Assets                            | 4,919.09                  | 6,140.82 |
| Investment (Other than in subsidiaries) | 28.48                     | 28.19    |
| Turnover (Net)                          | 2,770.86                  | 9,110.31 |
| Profit / (Loss) before tax              | 819.63                    | 1,083.11 |
| Provision for Tax                       | 38.52                     | 123.36   |
| Profit / (Loss) after tax               | 781.11                    | 959.75   |
| Proposed Dividend                       | -                         | -        |

## Note

Any Shareholder interested in obtaining particulars of Subsidiary, may obtain by writing to the Company Secretary of the Company

# Independent Auditor's Report

## To the Board of Directors of Alembic Pharmaceuticals Limited

We have audited the accompanying consolidated financial statements of Alembic Pharmaceuticals Limited ("the Company") wherein are included unaudited consolidated financial statements of its 100% subsidiary i.e. Alembic Global Holding SA, Switzerland. These Financial statements comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on what is noted as 'Other Matter' below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

The standalone Financial Statements of Alembic Global Holding SA (AGH), 100 % Subsidiary of the Company, duly audited by another auditor along with their report thereon was furnished to us.

We are informed that during the year, AGH has set up 4 Step down subsidiaries which are yet to be operational. The consolidated financial statements of AGH are unaudited as they are not required to be audited under local laws.

These consolidated financial statements include total assets (net) of ₹ 1,40,77,301.16 as at March 31, 2013, total revenues of ₹ 34,40,718.00 and net cash inflows amounting to ₹ 1,06,42,613.16 for the year then ended of the said 4 Step down Subsidiaries that are unaudited.

Our opinion is not qualified in respect of this matter:

For K.S.Aiyar & Co;  
Chartered Accountants  
FRN: 100186W

Raghuvir M.Aiyar  
Partner  
M. No. 38128

Mumbai  
Date: 2nd May, 2013

# Consolidated Balance Sheet

₹ in lacs

| Particulars   | Note No | As at 31st March, 2013 |           | As at 31st March, 2012 |           |
|---|---------|------------------------|-----------|------------------------|-----------|
| I. EQUITY AND LIABILITIES   |         |                        |           |                        |           |
| (1) Shareholder's Funds   |         |                        |           |                        |           |
| (a) Share Capital   | A       | 3,770.32               |           | 3,770.32               |           |
| (b) Reserves and Surplus  | B       | 45,854.35              |           | 35,183.09              |           |
| (c) Foreign Currency Translation Reserve                                    |         | 669.60                 | 50,294.27 | 546.43                 | 39,499.84 |
| (2) Non-Current Liabilities   |         |                        |           |                        |           |
| (a) Long-Term Borrowings  | C       | 7,053.47               |           | 9,485.67               |           |
| (b) Deferred Tax Liabilities (Net)  | D       | 1,389.69               |           | 952.90                 |           |
| (c) Other Long-Term Liabilities   | E       | 1,276.07               |           | 1,229.07               |           |
| (d) Long-Term Provisions  | F       | 606.06                 | 10,325.29 | 539.04                 | 12,206.69 |
| (3) Current Liabilities   |         |                        |           |                        |           |
| (a) Short-Term Borrowings   | G       | 7,011.45               |           | 13,843.49              |           |
| (b) Trade Payables  | H       | 23,996.43              |           | 20,914.53              |           |
| (c) Other Current Liabilities   | I       | 6,925.29               |           | 15,160.44              |           |
| (d) Short-Term Provisions   | J       | 6,229.69               | 44,162.86 | 3,566.34               | 53,484.80 |
| Total   |         | 1,04,782.42            |           | 1,05,191.33            |           |
| II.Assets   |         |                        |           |                        |           |
| (1) Non-current assets  |         |                        |           |                        |           |
| (a) Fixed Assets  |         |                        |           |                        |           |
| (i) Tangible Assets   | K       | 34,422.15              |           | 26,782.19              |           |
| (ii) Capital Work-in-Progress   |         | 3,226.18               |           | 5,823.97               |           |
| (b) Non-Current Investments   | L       | 330.28                 |           | 329.99                 |           |
| (c) Long Term Loans And Advances  | M       | 3,587.88               | 41,566.49 | 3,499.13               | 36,435.28 |
| (2) Current assets  |         |                        |           |                        |           |
| (a) Inventories   | N       | 26,683.33              |           | 25,874.15              |           |
| (b) Trade Receivables   | O       | 23,287.08              |           | 19,933.11              |           |
| (c) Cash and Bank Balances  | P       | 1,610.60               |           | 4,708.97               |           |
| (d) Short-Term Loans and Advances   | Q       | 11,634.92              | 63,215.93 | 18,239.82              | 68,756.05 |
| Total   |         | 1,04,782.42            |           | 1,05,191.33            |           |
| Significant Accounting Policies and other explanatory notes and information | Y       |                        |           |                        |           |

Note : The notes referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date

For **K.S.AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R. AMIN**  
Chairman &  
Managing Director

**PARESH SARAIYA**  
Director

**PRANAV AMIN**  
Director & President  
– International Business

**MILIN MEHTA**  
Director

**K.G. RAMANATHAN**  
Director

**R.K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Consolidated Statement of Profit and Loss

₹ in lacs

| Particulars  | Note No  | For the Year ended on<br>31st March, 2013 |                    | For the Year ended on<br>31st March, 2012 |                    |
|--|----------|---|--------------------|---|--------------------|
| <b>I. Revenue from Operations</b>  | <b>R</b> | <b>1,52,909.69</b>                        |                    | <b>1,47,094.74</b>                        |                    |
| Less : Excise Duty   |          | 875.00                                    | 1,52,034.69        | 554.00                                    | 1,46,540.74        |
| <b>II. Other Income</b>  | <b>S</b> |   | <b>393.20</b>      |   | <b>142.07</b>      |
| <b>III. Total Revenue (I +II)</b>  |          |   | <b>1,52,427.89</b> |   | <b>1,46,682.81</b> |
| <b>IV. Expenses:</b>   |          |   |                    |   |                    |
| Cost of Materials Consumed   | <b>T</b> |   | <b>47,029.77</b>   |   | <b>52,823.76</b>   |
| Purchase of Finished Goods   |          |   | <b>18,905.90</b>   |   | <b>24,412.24</b>   |
| Changes in Inventories of Finished Goods and Work in Process                       | <b>T</b> |   | <b>2,134.01</b>    |   | <b>(6,443.98)</b>  |
| Employee Benefit Expenses  | <b>U</b> |   | <b>19,378.97</b>   |   | <b>16,845.82</b>   |
| Research and Development Expenses  | <b>V</b> |   | <b>7,363.28</b>    |   | <b>5,858.22</b>    |
| Other Expenses   | <b>W</b> |   | <b>32,026.25</b>   |   | <b>31,102.19</b>   |
| <b>Total Expenses</b>  |          |   | <b>1,26,838.19</b> |   | <b>1,24,598.25</b> |
| <b>V. Profit before Interest, Depreciation and Tax</b>                             |          |   | <b>25,589.71</b>   |   | <b>22,084.56</b>   |
| Finance Costs  | <b>X</b> |   | <b>1,457.43</b>    |   | <b>2,621.34</b>    |
| Depreciation   |          |   | <b>3,496.86</b>    |   | <b>3,364.98</b>    |
| <b>VI. Profit before Tax</b>   |          |   | <b>20,635.42</b>   |   | <b>16,098.24</b>   |
| <b>VII. Tax Expense</b>  |          |   |                    |   |                    |
| Current Tax  |          |   | <b>4,013.52</b>    |   | <b>3,123.36</b>    |
| Deferred Tax   |          |   | <b>96.43</b>       |   | <b>(38.38)</b>     |
| <b>VIII. Profit for the Year</b>   |          |   | <b>16,525.47</b>   |   | <b>13,013.26</b>   |
| <b>IX. Earning Per Equity Share (FV ₹ 2/- Per Share)</b>                           |          |   |                    |   |                    |
| Basic & Diluted (In ₹)   |          |   | <b>8.77</b>        |   | <b>6.90</b>        |
| <b>Significant Accounting Policies and Other Explanatory Notes and Information</b> | <b>Y</b> |   |                    |   |                    |

Note :The notes referred to above form an integral part of the Consolidated Statement of Profit and Loss

As per our report of even date

For **K.S.AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**  
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**MILIN MEHTA**  
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Director

**R.K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Consolidated Cash Flow Statement

₹ in lacs

| Particulars  | Year ended on<br>31st March, 2013 | Year ended on<br>31st March, 2012 |
|--|-----------------------------------|-----------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>                            |                                   |                                   |
| Net Profit Before Tax  | 20,635.42                         | 16,098.24                         |
| Add:   |                                   |                                   |
| 1 Depreciation   | 3,496.86                          | 3,364.98                          |
| 2 Interest Charged   | 2,398.20                          | 3,754.84                          |
| 3 Unrealised Foreign Exchange Loss / (Gain)                              | 272.02                            | 1,125.94                          |
| 4 Foreign Currency Translation Reserve                                   | 122.82                            | 397.53                            |
| 5 General Reserve Utilised for Expenses as per The Scheme of Arrangement | -                                 | 67.06                             |
| 6 (Gain)/Loss on Sale of Fixed Assets                                    | 3.39                              | (0.53)                            |
| Less:  |                                   |                                   |
| 1 Interest Income  | 940.77                            | 1,133.50                          |
| 2 Dividend Income  | 22.70                             | 0.35                              |
| 3 Expenses on Account of Scheme of Arrangement debited to Reserves       | -                                 | 67.06                             |
| Operating Profit Before Change in Working Capital                        | 25,965.24                         | 23,607.15                         |
| Working Capital Changes:   |                                   |                                   |
| Add / (Less):  |                                   |                                   |
| 1 (Increase) / Decrease in Inventories                                   | (809.18)                          | (3,950.96)                        |
| 2 (Increase) / Decrease in Trade Receivables                             | (3,613.41)                        | 538.97                            |
| 3 (Increase) / Decrease in Short-Term Loans and Advances                 | 5,692.72                          | (6,715.41)                        |
| 4 (Increase) / Decrease in Long-Term Loans and Advances                  | (88.75)                           | (2,844.66)                        |
| 5 Increase / (Decrease) in Trade Payables                                | 3,485.46                          | 6,619.64                          |
| 6 Increase / (Decrease) in Other Current Liabilities                     | (456.25)                          | (18.54)                           |
| 7 Increase / (Decrease) in Short Term Provisions                         | 108.32                            | 182.97                            |
| 8 Increase / (Decrease) in Long Term Provisions                          | 67.02                             | 28.88                             |
| Cash Generated from Operations   | 30,351.17                         | 17,448.06                         |
| Add / (Less):  |                                   |                                   |
| Direct Taxes Paid (Net of Refunds)                                       | (3,869.54)                        | (3,270.80)                        |
| Net Cash Inflow from Operating Activities (A)                            | 26,481.63                         | 14,177.26                         |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>                            |                                   |                                   |
| Add:   |                                   |                                   |
| 1 Proceeds from Sale of Fixed Assets                                     | 54.97                             | 4.55                              |
| 2 Increase in Restrictive Bank Balances                                  | -                                 | 26.49                             |
| 3 Interest Received  | 1,817.51                          | 455.27                            |
| 4 Dividend Received  | 22.70                             | 0.35                              |
|  | 1,895.18                          | 486.67                            |
| Less:  |                                   |                                   |
| 1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress     | 8,597.33                          | 6,125.63                          |
|  | 8,597.33                          | 6,125.63                          |
| Net Cash Inflow from Investing Activities (B)                            | (6,702.15)                        | (5,638.96)                        |



# Consolidated Cash Flow Statement (Contd.)

₹ in lacs

| Particulars   | Year ended on<br>31st March, 2013 |                 | Year ended on<br>31st March, 2012 |                 |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
| <b>C CASH FLOW FROM FINANCIAL ACTIVITIES:</b>                             |                                   |                 |                                   |                 |
| <b>Add:</b>   |                                   |                 |                                   |                 |
| 1 Proceeds from Long-Term Borrowings                                      | -                                 |                 | 6,628.21                          |                 |
| 2 Increase in Other Long Term Liabilities                                 | 47.00                             | 47.00           | 44.90                             | 6,673.11        |
| <b>Less:</b>  |                                   |                 |                                   |                 |
| 1 Repayment of Long-Term Borrowings                                       | 10,177.02                         |                 | 4,462.07                          |                 |
| 2 Repayment of Short-Term Borrowings                                      | 6,832.04                          |                 | 784.19                            |                 |
| 3 Dividends Paid (Including Distribution Tax)                             | 3,036.23                          |                 | 2,164.49                          |                 |
| 4 Interest and Other Finance Costs  | 2,879.56                          | 22,924.85       | 3,720.61                          | 11,131.36       |
| <b>Net Cash Inflow from Financing Activities (C)</b>                      | <b>(22,877.85)</b>                |                 | <b>(4,458.25)</b>                 |                 |
| <b>II. Net (Decrease)/Increase in Cash and Cash Equivalents</b>           | <b>(3,098.37)</b>                 |                 | <b>4,080.04</b>                   |                 |
| <b>III. Add: Cash and Cash Equivalents at the Beginning of the Period</b> | <b>4,682.48</b>                   |                 | <b>628.93</b>                     |                 |
| <b>Add: Other Bank Balances</b>   | <b>26.49</b>                      | <b>4,708.97</b> | <b>-</b>                          | <b>628.93</b>   |
| <b>IV. Cash and Cash Equivalents at the End of the Period</b>             | <b>1,552.97</b>                   |                 | <b>4,682.48</b>                   |                 |
| <b>Other Bank Balances</b>  | <b>57.63</b>                      | <b>1,610.60</b> | <b>26.49</b>                      | <b>4,708.97</b> |

As per our report of even date

For **K. S. AIYAR & CO.**  
Chartered Accountants  
Firm Registration No. 100186W

**RAGHUVIR M. AIYAR**  
Partner  
Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R. AMIN**  
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Director

**R. K. BAHETI**  
Director, President -  
Finance & Company  
Secretary  
Vadodara : 2nd May, 2013

# Consolidated Notes to Balance Sheet

## A Share Capital :

₹ in lacs

| As at 31st March  | 2013     | 2012     |
|---|----------|----------|
| (a) Shares authorised   |          |          |
| 20,00,00,000 Equity shares of ₹ 2/- each  | 4,000.00 | 4,000.00 |
|   | 4,000.00 | 4,000.00 |
| (b) Shares issued, subscribed and fully paid :  |          |          |
| 18,85,15,914 Equity shares of ₹ 2/- each  | 3,770.32 | 3,770.32 |
| Out of above 13,35,15,914 equity shares of ₹ 2/- each were issued to the share holders of Alembic Limited as per the Scheme of Arrangement and without payment being received in cash |          |          |
|   | 3,770.32 | 3,770.32 |

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period ;

|                                      | 31st March 2013 |                | 31st March 2012 |                |
|--------------------------------------|-----------------|----------------|-----------------|----------------|
|                                      | Numbers         | Amount in lacs | Numbers         | Amount in lacs |
| At the beginning of the period       | 18,85,15,914    | 3,770.32       | 5,50,00,000     | 1,100.00       |
| Issued during the period             | -               | -              | 13,35,15,914    | 2,670.32       |
| Outstanding at the end of the period | 18,85,15,914    | 3,770.32       | 18,85,15,914    | 3,770.32       |

(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital;

The company is having only one class of shares i.e Equity carrying a nominal value of ₹ 2/- per share

Every holder of the equity share of the Company is entitled to one vote per share held

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder

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

During the year ended 31st March, 2013 an amount of ₹ 2.50 of dividend per equity share was proposed for the equity shareholders ( PY ₹ 1.40 per equity share)

(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;

|                               | 31st March 2013 |        | 31st March 2012 |        |
|-------------------------------|-----------------|--------|-----------------|--------|
|                               | Numbers         | % held | Numbers         | % held |
| 1 Alembic Limited             | 5,50,00,000     | 29.18% | 5,50,00,000     | 29.18% |
| 2 Shreno Limited              | 1,83,68,780     | 9.74%  | 1,83,68,780     | 9.74%  |
| 3 Sierra Investments Limited  | 1,71,67,670     | 9.11%  | 1,71,67,670     | 9.11%  |
| 4 Whitefield Chemtech Limited | 1,82,85,230     | 9.70%  | 1,82,85,230     | 9.70%  |
| 5 Nirayu Private Limited      | 1,62,13,755     | 8.60%  | 1,62,13,755     | 8.60%  |

# Consolidated Notes to Balance Sheet

## B Reserves and Surplus :

₹ in lacs

| As at 31st March  | 2013      | 2012      |
|---|-----------|-----------|
| <b>(a) Capital Reserve ;</b>  |           |           |
| Balance as per the last financial statements  | 30.00     | 30.00     |
| <b>(b) Debenture Redemption Reserve;</b>  |           |           |
| Balance as per the last financial statements  | 3,125.00  | 2,333.40  |
| Less : Transferred to General Reserve   | 3,125.00  | -         |
| Add : Transferred from Statement of Profit and Loss   | -         | 791.60    |
|   |           | 3,125.00  |
| <b>(c) General Reserve</b>  |           |           |
| Balance as per the last financial statements  | 23,798.35 | 19,319.21 |
| Less : Utilised against provision for expenses on account of Scheme of Arrangement  | -         | 67.04     |
| Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court | 340.36    | 453.82    |
| Add : Transfer from Debenture redemption reserve  | 3,125.00  |           |
| Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss   | 8,000.00  | 5,000.00  |
|   | 34,582.99 | 23,798.35 |
| <b>(d) Surplus / (deficit) in the statement of profit and loss</b>  |           |           |
| Balance as per last financial statements  | 8,229.74  | 4,075.45  |
| Profit for the year   | 16,525.47 | 13,013.26 |
| <b>Appropriations</b>   |           |           |
| Less: Transfer to Debenture redemption reserve  | -         | 791.60    |
| Proposed final equity dividend amount per share ₹ 2.50 (PY : ₹ 1.40)  | 4,712.90  | 2,639.22  |
| Tax on proposed equity dividend   | 800.96    | 428.15    |
| Transfer to General Reserve   | 8,000.00  | 5,000.00  |
| <b>Total Appropriations</b>   | 13,513.86 | 8,858.97  |
| <b>Net Surplus in the statement of profit and loss</b>  | 11,241.36 | 8,229.74  |
| <b>Total Reserves and Surplus</b>   | 45,854.35 | 35,183.09 |

## C Long-Term Borrowings :

| As at 31st March  | Non-Current |      | Current Maturities |          |
|---|-------------|------|--------------------|----------|
|   | 2013        | 2012 | 2013               | 2012     |
| <b>(a) Non Convertible Debentures (Secured)</b>   |             |      |                    |          |
| ₹ NIL (PY ₹ 5000 lacs)  | -           | -    | -                  | 5,000.00 |
| 9.25% Coupon of ₹ 1 lac each  |             |      |                    |          |
| Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders |             |      |                    |          |
| Redeemable equally in July-12 and Sept-12 and redeemed  |             |      |                    |          |
| ₹ NIL (PY ₹ 2500 lacs)  | -           | -    | -                  | 2,500.00 |
| 10.80% Coupon of ₹ 1 lac each   |             |      |                    |          |
| Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders |             |      |                    |          |
| Redeemable in June-12 and redeemed  |             |      |                    |          |

# Consolidated Notes to Balance Sheet

## C Long-Term Borrowings (Contd.) :

₹ in lacs

| As at 31st March  | Non-Current |          | Current Maturities |             |
|---|-------------|----------|--------------------|-------------|
|   | 2013        | 2012     | 2013               | 2012        |
| <b>(b) Term loans (Secured)</b>   |             |          |                    |             |
| Foreign Currency loan from Banks - @ Coupon of LIBOR plus 1.50% p.a. plus proportionate front end fees Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in 15 equal quarterly installments of USD 1 MN starting from May-13 | 5,970.80    | 7,632.00 | 2,171.20           | -           |
| Foreign Currency loan from Banks - @ varying rate of interest Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in Apr-12 USD 1.67 MN and balance in June-12 and redeemed  | -           | -        | -                  | 1,624.27    |
| <b>(c) Deposits (Unsecured)</b>   |             |          |                    |             |
| Deposits from Shareholders  | 419.30      | 159.30   | 210.20             | 174.50      |
| Deposits from Public  | 663.37      | 1,691.52 | 2,229.99           | 2,641.30    |
| - @ interest rate varying from 9% to 11% and maturity period is 12 / 24 / 36 months   |             |          |                    |             |
| <b>(d) Others (Unsecured)</b>   | -           | 2.85     | 2.85               | 2.85        |
| Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from October 2004. Interest rate 3%  |             |          |                    |             |
|   | 7,053.47    | 9,485.67 | 4,614.24           | 11,942.92   |
| The above amount includes amount disclosed under the head Other Current Liabilities (Note I)  | -           | -        | (4,614.24)         | (11,942.92) |
|   | 7,053.47    | 9,485.67 | -                  | -           |

## D Deferred Tax Liabilities (Net) :

| As at 31st March                         | 2013     | 2012     |
|--|----------|----------|
| <b>Deferred Tax Assets</b>               |          |          |
| Provision for Doubtful debts             | 175.83   | 172.59   |
| Preliminary Expense and Demerger Expense | 32.76    | 46.97    |
| Intangible Asset                         | 1,021.09 | 1,361.45 |
| Others                                   | 426.21   | 367.59   |
|  | 1,655.89 | 1,948.60 |
| <b>Deferred Tax Liabilities</b>          |          |          |
| Depreciation                             | 3,045.58 | 2,901.50 |
|  | 1,389.69 | 952.90   |

# Consolidated Notes to Balance Sheet

## E Other Long Term Liabilities :

₹ in lacs

| As at 31st March | 2013     | 2012     |
|------------------|----------|----------|
| Trade Deposits   | 1,276.07 | 1,229.07 |
|                  | 1,276.07 | 1,229.07 |

## F Long Term Provisions :

| As at 31st March   | Long Term |        | Short Term |            |
|--|-----------|--------|------------|------------|
|  | 2013      | 2012   | 2013       | 2012       |
| (a) Provision for employee benefits.                           |           |        |            |            |
| Provision for gratuity   | -         | -      | 304.48     | 250.68     |
| Provision for Leave benefits                                   | 606.06    | 539.04 | 302.81     | 248.29     |
|  | 606.06    | 539.04 | 607.29     | 498.97     |
| (b) Others   |           |        |            |            |
| Proposed equity dividend                                       | -         | -      | 4,712.90   | 2,639.22   |
| Provision of tax on Proposed equity dividend                   | -         | -      | 800.96     | 428.15     |
|  | -         | -      | 5,513.86   | 3,067.37   |
| Amount disclosed under the head Short term provisions (Note J) |           |        | (6,121.15) | (3,566.34) |
|  | 606.06    | 539.04 | -          | -          |

## G Short-Term Borrowings :

| As at 31st March   | 2013     | 2012      |
|--|----------|-----------|
| (a) From Banks   |          |           |
| i) Working Capital facilities (Secured)                        | 1,040.65 | 2,357.44  |
| Secured against first hypothecation on                         |          |           |
| Stocks and Book Debts ranking pari passu                       |          |           |
| - @ varying Coupon repayable on demand                         |          |           |
| ii) Others (Unsecured)   | 5,970.80 | 8,986.05  |
| - @ varying Coupon repayable within 180 days with an option of |          |           |
| roll over  |          |           |
| (b) Commercial Paper (Unsecured)                               | -        | 2,500.00  |
| - @ Coupon of 10.20% repayable within 90 days                  |          |           |
|  | 7,011.45 | 13,843.49 |

## H Trade Payable :

| As at 31st March                   | 2013      | 2012      |
|------------------------------------|-----------|-----------|
| Due to Micro and Small Enterprises | 55.65     | 54.31     |
| Other Trade Payables               | 23,940.78 | 20,860.22 |
|                                    | 23,996.43 | 20,914.53 |

# Consolidated Notes to Balance Sheet

## I Other Current Liabilities :

₹ in lacs

| As at 31st March   | 2013            | 2012             |
|--|-----------------|------------------|
| (a) Current maturities of long-term debt (Note C)                    | 4,614.24        | 11,942.92        |
| (b) Interest accrued but not due on borrowings                       | 193.69          | 675.52           |
| (c) Unpaid dividends   | 57.63           | 26.49            |
| (d) Unpaid / Unclaimed matured deposits and interest accrued thereon |                 |                  |
| Unclaimed matured Deposits   | 48.03           | 36.05            |
| Interest accrued thereon   | 2.13            | 1.66             |
| (e) Other payables / liabilities;                                    |                 |                  |
| Statutory dues   | 748.42          | 765.31           |
| Others   | 1,261.15        | 1,712.49         |
|  | <b>6,925.29</b> | <b>15,160.44</b> |

## J Short-Term Provisions :

| As at 31st March                                  | 2013            | 2012            |
|---|-----------------|-----------------|
| (a) Provision for employee benefits. (Note F)     | 607.29          | 498.97          |
| (b) Others .                                      |                 |                 |
| Proposed equity dividend and Tax thereon (Note F) | 5,513.86        | 3,067.37        |
| Provision for Income Tax                          | 8,802.69        |                 |
| Less : Income Tax paid                            | (8,694.15)      |                 |
|   | <b>108.54</b>   | <b>-</b>        |
|   | <b>6,229.69</b> | <b>3,566.34</b> |

## K Tangible Assets :

| DESCRIPTION           | GROSS BLOCK         |                  |               | DEPRECIATION        |                     |               |                    | NET BLOCK           |                     |                     |
|-----------------------|---------------------|------------------|---------------|---------------------|---------------------|---------------|--------------------|---------------------|---------------------|---------------------|
|                       | As on<br>01/04/2012 | Addition         | Deductions    | As on<br>31/03/2013 | As on<br>01/04/2012 | Deductions    | During the<br>Year | As on<br>31/03/2013 | As on<br>31/03/2013 | As on<br>31/03/2012 |
| Free Hold Land        | 192.44              | -                | -             | 192.44              | -                   | -             | -                  | -                   | 192.44              | 192.44              |
| Lease Hold Land       | 1,634.78            | -                | -             | 1,634.78            | 63.26               | -             | 17.21              | 80.47               | 1,554.31            | 1,571.52            |
| Buildings             | 9,730.56            | 4,915.53         | -             | 14,646.09           | 1,786.40            | -             | 348.62             | 2,135.02            | 12,511.07           | 7,944.16            |
| Employees Quarters    | 28.30               | -                | -             | 28.30               | 6.59                | -             | -                  | 6.59                | 21.71               | 21.71               |
| Plant & Equipments    | 24,076.74           | 5,697.25         | 200.64        | 29,573.35           | 12,606.52           | 150.67        | 2,291.98           | 14,747.83           | 14,825.52           | 11,470.22           |
| R&D Equipments        | 7,240.58            | 264.38           | -             | 7,504.96            | 4,136.83            | -             | 569.67             | 4,706.50            | 2,798.46            | 3,103.75            |
| Furniture & Fixtures  | 596.89              | 95.10            | -             | 691.99              | 257.76              | -             | 36.72              | 294.48              | 397.51              | 339.13              |
| Vehicles              | 2,384.98            | 105.18           | 37.74         | 2,452.42            | 524.21              | 29.35         | 156.87             | 651.73              | 1,800.69            | 1,860.77            |
| Office Equipments     | 404.12              | 117.68           | -             | 521.80              | 125.96              | -             | 75.40              | 201.36              | 320.44              | 278.16              |
| Pre-operative Expense | 1.71                | -                | -             | 1.71                | 1.38                | -             | 0.33               | 1.71                | -                   | 0.33                |
| <b>TOTAL</b>          | <b>46,291.10</b>    | <b>11,195.12</b> | <b>238.38</b> | <b>57,247.84</b>    | <b>19,508.91</b>    | <b>180.02</b> | <b>3,496.80</b>    | <b>22,825.69</b>    | <b>34,422.15</b>    | <b>26,782.19</b>    |
| Previous Year         | 43,353.80           | 2,951.92         | 14.62         | 46,291.10           | 16,154.53           | 10.60         | 3,364.98           | 19,508.91           | 26,782.19           |                     |

Notes:

1. Sales proceeds are deducted from gross cost where cost is unascertainable
2. No Depreciation has been claimed on assets to the extent of Cenvat claimed

# Consolidated Notes to Balance Sheet

## **L** Non-Current Investments :

₹ in lacs

| As at 31st March  | 2013   | 2012   |
|---|--------|--------|
| <b>Trade Investments :</b>  |        |        |
| <b>Unquoted equity instruments</b>  |        |        |
| <b>Others</b>   |        |        |
| 1,000,000 (PY: 1,000,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd. towards seed funding for Contract Research | 300.00 | 300.00 |
| 50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA for development activities in area of drug discovery and clinical development  | 28.48  | 28.19  |
| <b>Non-Trade Investments :</b>  |        |        |
| <b>Unquoted equity instruments</b>  |        |        |
| 18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.   | 1.80   | 1.80   |
|   | 330.28 | 329.99 |

## **M** Long-Term Loans and Advances (Unsecured, Considered Good) :

| As at 31st March      | 2013     | 2012     |
|-----------------------|----------|----------|
| (a) Capital Advances  | 625.42   | 395.26   |
| (b) Security Deposits | 2,962.46 | 3,103.87 |
|                       | 3,587.88 | 3,499.13 |

## **N** Inventories (Refer Note Y (e) of Accounting Policies for Basis of Valuation) :

| As at 31st March                                | 2013      | 2012      |
|---|-----------|-----------|
| <b>(a) Raw materials</b>                        |           |           |
| - API, Chemicals and Intermediates              | 5,127.14  | 2,474.10  |
| - Excipients                                    | 3,032.87  | 2,993.40  |
| - Solvents & Catalyst                           | 609.06    | 492.79    |
|   | 8,769.07  | 5,960.29  |
| <b>(b) Packing materials</b>                    | 1,669.10  | 1,509.03  |
| <b>(c) Work-in-process</b>                      | 1,448.48  | 994.08    |
| <b>(d) Finished goods</b>                       |           |           |
| - API, Chemicals and Intermediates              | 7,422.15  | 9,992.97  |
| - Formulations - Tablets and Capsules           | 1,043.35  | 1,587.71  |
| - Formulations - Injectables                    | 425.42    | 591.32    |
| - Formulations - Oral Preparation and Ointments | 587.05    | 807.64    |
| - Others  | 2,799.11  | 1,352.43  |
|   | 12,277.08 | 14,332.07 |
| <b>(e) Traded goods</b>                         |           |           |
| - Formulations - Tablets and Capsules           | 1,153.71  | 1,567.40  |
| - Formulations - Injectables                    | 362.56    | 360.95    |
| - Formulations - Oral Preparation and Ointments | 748.72    | 870.06    |
|   | 2,264.99  | 2,798.41  |
| <b>(f) Stores and spares</b>                    | 254.61    | 280.26    |
|   | 26,683.33 | 25,874.15 |

# Consolidated Notes to Balance Sheet

## **O Trade Receivables** (Unsecured) :

₹ in lacs

| As at 31st March                      | 2013      | 2012      |
|---------------------------------------|-----------|-----------|
| (a) Over Six months from the due date |           |           |
| Considered good                       | 901.66    | 122.74    |
| Considered doubtful                   | 541.94    | 531.96    |
| Less : Provision for doubtful debts   | 541.94    | 531.96    |
| (b) Others Considered good;           | 22,385.42 | 19,810.37 |
|                                       | 23,287.08 | 19,933.11 |

## **P Cash and Bank Balances** :

| As at 31st March  | 2013     | 2012     |
|---|----------|----------|
| (a) Cash and cash equivalents   |          |          |
| (i) Bank deposits with less than 3 months maturity from the origin date | 5.15     | 2,304.60 |
| (ii) Balances with banks  | 1,523.97 | 2,348.83 |
| (iii) Cash on hand  | 23.85    | 29.05    |
| (b) Other Bank Balances   |          |          |
| Unpaid Dividend Account   | 57.63    | 26.49    |
|   | 1,610.60 | 4,708.97 |

## **Q Short-Term Loans and Advances** (Unsecured, considered good) :

| As at 31st March                            | 2013      | 2012       |
|---|-----------|------------|
| (a) Loans and advances to related parties;  |           |            |
| Inter Corporate Deposits                    | -         | 6,300.00   |
| (b) Others                                  |           |            |
| (i) Advance against Expenses - Employees    | 430.02    | 290.05     |
| (ii) Advance recoverable in cash or in kind | 11,204.90 | 11,614.32  |
| (iii) Income Tax paid                       |           | 4,864.09   |
| Less : Provision for Income Tax             | -         | (4,828.65) |
|   | 11,634.92 | 18,239.82  |



# Consolidated Notes to Statement of Profit and Loss

## R Revenue from Operations :

₹ in lacs

| For the year ended 31st March                 | 2013               | 2012               |
|---|--------------------|--------------------|
| <b>a) Sale of products</b>                    |                    |                    |
| - Domestic                                    | 1,00,877.42        | 87,717.89          |
| - Exports                                     | 49,412.39          | 56,611.99          |
|   | <b>1,50,289.81</b> | <b>1,44,329.88</b> |
| Export Incentives                             | 789.27             | 1,298.85           |
| Royalty                                       | 1,521.68           | 1,160.44           |
| <b>b) Other Operating Revenues</b>            |                    |                    |
| - Others                                      | 308.93             | 305.57             |
|   | <b>1,52,909.69</b> | <b>1,47,094.74</b> |
| <b>Sale of Products - Broad head wise</b>     |                    |                    |
| Bulk Drugs, Chemicals and Intermediates       | 35,056.90          | 37,345.88          |
| Formulations - Tablets and Capsules           | 77,090.99          | 72,288.02          |
| Formulations - Injectables                    | 11,055.23          | 11,393.63          |
| Formulations - Oral Preparation and Ointments | 27,086.69          | 23,302.35          |
|   | <b>1,50,289.81</b> | <b>1,44,329.88</b> |

## S Other Income :

| For the year ended 31st March | 2013          | 2012          |
|-------------------------------|---------------|---------------|
| Dividend                      | 22.70         | 0.35          |
| Insurance Claims              | 370.50        | 98.00         |
| Rent                          | -             | 43.72         |
|                               | <b>393.20</b> | <b>142.07</b> |
|                               | <b>393.20</b> | <b>142.07</b> |

# Consolidated Notes to Statement of Profit and Loss

## T Cost of Material Consumed :

|  | ₹ in lacs |            |
|--|-----------|------------|
| For the year ended 31st March                                      | 2013      | 2012       |
| Inventory at the beginning of the year                             | 7,469.32  | 9,768.62   |
| Add : Purchases  | 49,998.62 | 50,524.46  |
|  | 57,467.94 | 60,293.08  |
| Less : Inventory at the end of the year                            | 10,438.17 | 7,469.32   |
|  | 47,029.77 | 52,823.76  |
| <b>Details of Material Consumed</b>                                |           |            |
| API Drug and Drug intermediates                                    | 26,092.43 | 24,366.90  |
| Excipients   | 7,052.23  | 9,202.41   |
| Solvents & Catalyst  | 5,260.90  | 5,802.39   |
| Packing Material   | 7,213.90  | 7,561.89   |
| Others   | 1,410.31  | 5,890.17   |
|  | 47,029.77 | 52,823.76  |
| <b>Changes in inventories of Finished Goods, Work in process :</b> |           |            |
| Inventory at the end of the year                                   |           |            |
| Work in Process  | 1,448.48  | 994.08     |
| Finished Goods   | 14,542.07 | 17,130.48  |
|  | 15,990.55 | 18,124.56  |
| Inventory at the beginning of the year                             |           |            |
| Work in Process  | 994.08    | 934.20     |
| Finished Goods   | 17,130.48 | 10,746.38  |
|  | 18,124.56 | 11,680.58  |
|  | 2,134.01  | (6,443.98) |

## U Employee Benefits Expense :

| For the year ended 31st March                           | 2013      | 2012      |
|---|-----------|-----------|
| Salaries and Wages                                      | 18,168.23 | 15,617.14 |
| Contribution / Provisions for Provident and other funds | 854.89    | 903.64    |
| Staff welfare expense                                   | 355.85    | 325.04    |
|   | 19,378.97 | 16,845.82 |

## V Research & Development Expenses :

| For the year ended 31st March                           | 2013     | 2012     |
|---|----------|----------|
| Material Consumption                                    | 1,416.08 | 874.95   |
| Employees' Cost   |          |          |
| Salaries and Wages                                      | 2,238.00 | 2,098.15 |
| Contribution / Provisions for Provident and other funds | 91.94    | 85.65    |
|   | 2,329.94 | 2,183.80 |
| Utilities   |          |          |
| Power   | 345.69   | 203.62   |
| Others  | 87.50    | 145.66   |
|   | 433.19   | 349.28   |
| Bio-Study Expense & Filing Fees                         | 781.78   | 969.88   |
| Others  | 2,402.29 | 1,480.31 |
|   | 7,363.28 | 5,858.22 |

# Consolidated Notes to Statement of Profit and Loss

## **W** Other Expenses :

₹ in lacs

| For the year ended 31st March   | 2013      | 2012      |
|---|-----------|-----------|
| Consumption of Stores, spares, Laboratory Material and Analytical Expense | 1,798.79  | 1,989.33  |
| Power and Fuel  | 2,665.51  | 2,957.42  |
| Manufacturing and Labour Charges  | 1,794.05  | 1,976.97  |
| Repairs and Maintenance   |           |           |
| Machinery   | 509.88    | 518.95    |
| Buildings   | 241.73    | 190.07    |
| Others  | 266.96    | 287.45    |
| Freight and Forwarding Charges  | 2,128.11  | 2,172.59  |
| Marketing and Publicity Expense and Selling Commission                    | 13,357.09 | 10,820.75 |
| Excise Duty   | 100.49    | 508.84    |
| Rent  | 335.96    | 206.03    |
| Rates and Taxes   | 497.94    | 472.38    |
| Insurance   | 220.78    | 207.39    |
| Travelling Expense  | 5,888.19  | 5,179.98  |
| Communication Expenses  | 1,058.35  | 973.56    |
| Legal & Professional Fees   | 714.08    | 935.75    |
| Payment to Auditor  | 58.17     | 51.69     |
| Exchange Difference (net)   | (297.18)  | 655.84    |
| Bad Debts written off   | 40.02     | 355.83    |
| Less : Bad Debts Provision Utilised                                       | 40.02     | 355.83    |
| Provision for Doubtful Debts  | 50.00     | 306.02    |
| Miscellaneous Expenses  | 637.37    | 691.20    |
|   | 32,026.25 | 31,102.19 |

## **X** Finance Costs :

| For the year ended 31st March | 2013     | 2012     |
|-------------------------------|----------|----------|
| Interest Expense              | 2,398.20 | 3,754.84 |
| Less : Interest Income        | 940.77   | 1,133.50 |
|                               | 1,457.43 | 2,621.34 |

# Y NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

## 1. BASIS OF PREPARATION :

The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard 21 (AS) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

## 2. PRINCIPLES OF CONSOLIDATION :

A) The CFS comprise the financial statement of Alembic Pharmaceuticals Limited (The Holding Company) and its Subsidiary. The Financial Statements of both companies are in line with generally accepted accounting principles in India.

B) Inter company transactions have been eliminated on consolidation.

## 3. COMPANIES INCLUDE IN CONSOLIDATION :

| SUBSIDIARY                | COUNTRY OF INCORPORATION | PROPORTION OF OWNERSHIP INTEREST AS ON 31st March, 2013 |
|---------------------------|--------------------------|---|
| Alembic Global Holding SA | Switzerland              | 100%  |

## 4. ACCOUNTING POLICIES:

The accounting policies of the Holding company and that of its subsidiary are similar and as per generally accepted accounting principles in India.

## 5. TRANSLATION OF ACCOUNTS:

In Consolidated Accounts, the Accounts of subsidiary company have been translated into INR considering as non-integral operations of the company as prescribed under AS-11 "foreign currency transaction"

## 6. EPS:

|   | ₹ in lacs                   |
|---|-----------------------------|
|   | Year ended 31st March, 2013 |
| Profit after tax but before Non Recurring Items available for equity shareholders                       | 16,525.47                   |
| Profit after tax available for equity shareholders  | 16,525.47                   |
| Weighted average numbers of equity shares   | 18,85,15,914                |
| Basic and diluted Earnings per share before Non – Recurring Items<br>( Face Value per share ₹ 2/- each) | 8.77                        |
| Basic and diluted Earnings per share after Non – Recurring Items<br>( Face Value per share ₹ 2/- each)  | 8.77                        |

As per our report of even date

For **K.S.AIYAR & CO.**

Chartered Accountants

Firm Registration No. 100186W

**RAGHUVIR M.AIYAR**

Partner

Membership No 38128

Mumbai : 2nd May, 2013

**CHIRAYU R.AMIN**

Chairman &

Managing Director

**PARESH SARAIYA**

Director

**PRANAV AMIN**

Director & President

– International Business

**MILIN MEHTA**

Director

**K.G. RAMANATHAN**

Director

**R.K. BAHETI**

Director, President -

Finance & Company

Secretary

Vadodara : 2nd May, 2013

# Corporate Information

## Board of Directors

**Mr. Chirayu R. Amin**

*Chairman & Managing Director*

**Mr. K.G. Ramanathan**

*Director*

**Mr. Paresh Saraiya**

*Director*

**Mr. Pranav N. Parikh**

*Director*

**Mr. Milin Mehta**

*Director*

**Mr. Pranav Amin**

*Director & President-International Business*

**Mr. Shaunak Amin**

*Director & President-Branded Formulations Business  
(w.e.f. 2nd May, 2013)*

**Mr. R. K. Baheti**

*Director & President-Finance & Company Secretary*

## Regd. Office

Alembic Road, Vadodara-390003

Tel: (0265) 2280550, 2280880

Fax: (0265) 2282506

Email: [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in)

## Manufacturing Facilities

Panelav, Tal. Halol,

Dist. Panchmahal-389350. Gujarat

Plot No.2 I, 22, EPIP-Phase I

Jharmajri, Baddi, Tehsil-Nalagarh

Dist. Solan, Himachal Pradesh

Village Karakhadi, Taluka Padra

District Vadodara, Gujarat.

## Statutory Auditors

K.S. Aiyar & Co.

Chartered Accountants

Laxmi Estate No. F-07/08

Shakti Mills Lane

Off Dr. E. Moses Road

Mahalaxmi, Mumbai-400 011

## Bankers

AXIS Bank Limited

Bank of Baroda

HDFC Bank Limited

IDBI Bank Limited

Standard Chartered Bank

The Royal Bank of Scotland N.V

## Registrar of Transfer Agents

Link Intime India Pvt. Limited

B-102 & 103, Shangrila Complex,

First Floor, Opp. HDFC Bank,

Near Radhakrishna Char Rasta,

Akota, Vadodara-390020

Tel: (0265) 2356573, 2356794

Fax: (0265) 2356791

Email: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)



“DESTINY IS NO MATTER OF CHANCE.  
IT IS A MATTER OF CHOICE. IT IS NOT A THING  
TO BE WAITED FOR, IT IS A THING TO  
BE ACHIEVED”.

- William Jennings Bryan







# NOTICE

Notice is hereby given that the 3rd Annual General Meeting of the Members of Alembic Pharmaceuticals Limited will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003, on **Wednesday, the 7th August, 2013 at 4.00 p.m.** to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit & Loss and Cash Flow Statement of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Paresh Saraiya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Milin Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s K. S. Aiyar & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS

To transact the following business as special business:

6. **To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** Mr. Shaunak Amin, who was appointed as an Additional Director of the Company w.e.f. 2nd May, 2013 and who vacates his office at this Annual General Meeting be and is hereby appointed as the Director of the Company liable to retire by rotation."

7. **To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

**Revision in Remuneration payable to Mr. Pranav Amin, Director & President – International Business:**

"**RESOLVED THAT** subject to the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) approval of the members of the Company be and is hereby accorded to revision in remuneration payable to Mr. Pranav Amin as Director & President-International Business of the Company w.e.f. 1st April, 2013 for the remaining period of his appointment upto 31st March, 2016, as recommended by the Board of Directors at its meeting held on 2nd May, 2013 and set out hereunder with liberty and authority to the Board of Directors to alter and vary such remuneration from time to time within permissible limits of the Companies Act, 1956, or any amendment thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Mr. Pranav Amin.

### Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC

of ₹4.00 Crores per annum or such higher amount as may be decided by the Board of Directors of the Company, from time to time.

### Perquisites and Allowances:

- a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
- b) Leave Travel Concession for self and family as per rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Free Telephone Facility at the residence as per rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company.

Privilege Leave accumulated and not availed of during this tenure as Director & President-International Business may be allowed to be encashed as per rules of the Company.

- h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, the Company shall pay in respect of such financial year, the remuneration paid for immediately preceding financial year as minimum remuneration by way of salary, allowances, perquisites and other benefits, subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof and necessary approvals, if any.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

8. **To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

"**RESOLVED THAT** pursuant to provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the approval of the shareholders be and is hereby accorded to the appointment of Mr. Shaunak Amin as Director & President – Branded Formulations Business of the Company for a period of 5 years effective from 2nd May, 2013 on remuneration and on such terms and conditions as set out hereinafter with liberty and authority to the Board of Directors to alter and vary the terms and conditions of said appointment from time to time subject to the provisions of the Companies Act, 1956 or any amendment thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Mr. Shaunak Amin.

Terms and Conditions of Appointment:

1. **Term of Appointment :** 5 years from 2nd May, 2013 to 1st May, 2018.

# NOTICE

## 2. Remuneration :

Subject to the ceiling prescribed under the provisions of Companies Act, 1956 (including any statutory modification or re-enactment thereof), the following shall be the remuneration payable to Mr. Shaunak Amin as Director & President – Branded Formulations Business:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹4.00 Crores per annum or such higher amount as may be decided by the Board of Directors of the Company, from time to time.

### Perquisites and Allowances:

- a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
- b) Leave Travel Concession for self and family as per rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Free Telephone Facility at the residence as per rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company.

Privilege Leave accumulated and not availed of during this tenure as Director & President-Branded Formulations Business may be allowed to be encashed as per rules of the Company.

- h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time.

## 3. Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year, the remuneration paid for immediately preceding financial year shall be paid as minimum remuneration by way of salary, allowances, perquisites and other benefits, subject to the provisions of the Companies Act, 1956 and necessary approvals, if any.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year, the Company shall pay in respect of such financial year, the remuneration paid for immediately preceding financial year as minimum remuneration by way of salary, allowances, perquisites and other benefits, subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof and necessary approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

## NOTES:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from Wednesday, the 31st July, 2013 to Wednesday, the 7th August, 2013, (both days inclusive), for the purpose of payment of dividend.
4. The dividend when sanctioned will be made payable on or after Monday, 12th August, 2013, to those members whose names appear on the Register of Members of the Company on 7th August, 2013 in case of Physical shares and to those members as per the beneficiary position given by NSDL and CDSL. Members are requested to notify promptly any change in their registered address.
5. All the work related to share registry in terms of both - physical and electronic – are being conducted by Company's R & T Agents – M/s. Link-Intime India Pvt. Limited, B-102 & 103, Shangrila Complex, First Floor; Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara 390020 Tel:(0265) 2356573, 2356794 Fax:(0265) 2356791 Email: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address in future.
6. The Equity Shares of the Company are compulsorily traded in dematerialized (demat) mode as mandated by the SEBI. Therefore, those members who hold shares in physical mode are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic mode) at the earliest.
7. The Ministry of Corporate Affairs has vide its Circulars No. 17/2011 dated 21st April, 2011 and No. 18/2011 dated 29th April, 2011 has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies by way of service of notice/documents including Annual Report by e-mail to its members. To support this green initiative of the Government, members holding shares in electronic mode are requested to register their e-mail address with their Depository Participants. Members holding shares in physical mode may submit their e-mail address to the R&T Agents of the Company.

**Registered Office:**

Alembic Road,  
Vadodara - 390 003  
Date: 2nd May, 2013

By Order of the Board,

**R. K. Baheti**  
Director-Finance & Company Secretary

# NOTICE

## **Explanatory Statement as required under Section 173 of the Companies Act, 1956**

### **Item No. 6**

The Board has appointed Mr. Shaunak Amin as Additional Director w.e.f. 2nd May, 2013 who will vacate his office as Director at the ensuing Annual General Meeting. The Company has received notice from a member along with deposits of ₹ 500/- proposing the candidature of Mr. Shaunak Amin to be appointed as Director; liable to retire by rotation at ensuing Annual General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Shaunak Amin himself and Mr. Pranav Amin and Mr. Chirayu Amin being relatives of Mr. Shaunak Amin.

### **Item No. 7**

The Board of Directors of the Company at its meeting held on 2nd May, 2013 has, on the basis of recommendation of Remuneration Committee, approved, subject to approval of shareholders in General Meeting, revision in remuneration payable Mr. Pranav Amin, Director & President – International Business of the Company.

The present remuneration of Mr. Pranav Amin, Director & President – International Business is effective from 1st April, 2011. The Company has made fast progress since then and has shown healthy growth in terms of Revenues from ₹ 1,165 Crores in 2010-11 to ₹ 1,492.62 Crores in 2012-13 as well as in terms of profits from ₹ 81.50 Crores to ₹ 157.45 Crores during the same period.

The share of International Business in the Revenues and in the profits of the Company has also increased considerably and the International Business possesses good potential for future growth.

Considering the significant progress made by the Company during the tenure of Mr. Pranav Amin as Director & President – International Business and considering the Industry benchmarks for the remuneration of similar positions, the Board has approved the revision in remuneration to Mr. Pranav Amin, Director & President – International Business.

The proposed remuneration is within overall limits of remuneration payable as per Companies Act, 1956.

This may be treated as an abstract of terms and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Pranav Amin himself and Mr. Shaunak Amin and Mr. Chirayu Amin being relatives of Mr. Pranav Amin.

### **Item No. 8.**

The Board of Directors at its meeting held on 2nd May, 2013, on the basis of recommendation of Remuneration Committee, approved appointment of Mr. Shaunak Amin as Director & President – Branded Formulations Business of the Company w.e.f. 2nd May, 2013.

Mr. Shaunak Amin has been working for the Branded Formulations business of the Company (prior to demerger in Alembic Limited) since 2005 when he was appointed as Chief Business Development Officer; he was promoted as President Formulations on 30th September, 2009. On 31st March, 2011, when he was transferred to the Company due to demerger of Pharmaceutical undertaking of Alembic Limited. He has been President-Formulations of the Company since then. The Company's branded formulations business has grown considerably during his tenure as President Formulations. The Branded Formulations unit of the Company employs more than 3000 employees headed by Mr. Shaunak Amin.

Mr. Shaunak Amin has graduated from University of Massachusetts, USA with Economics as his special. He has varied work experience with renowned Multinationals including Merrill Lynch, Hong Kong and Shanghai Banking Corporation etc. His extensive experience in Sales and Marketing has benefited the Company immensely in achieving the new heights in sales. He has vast experience of a decade. He holds directorships AGI Developers Limited, Gujarat Flying Club (Section 25 Company) and Incozen Therapeutics Pvt. Ltd. He holds 1006980 Equity Shares of the Company.

This may be treated as an abstract of terms and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Shaunak Amin himself and Mr. Pranav Amin and Mr. Chirayu Amin being relatives of Mr. Shaunak Amin.

**Registered Office:**

By Order of the Board,

Alembic Road,  
Vadodara - 390 003

Date: 2nd May, 2013

**R. K. Baheti**

Director-Finance & Company Secretary



**A T T E N D A N C E   S L I P**

**To be handed over at the entrance of the Meeting Hall**

| For Physical Holding | For Electronic Form (Demat) NSDL / CDSL | No. of Shares Held |
|----------------------|---|--------------------|
| LF No.               | DPID                                    | CLIENT ID          |
|                      |   |                    |

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 on Wednesday, the 7th August, 2013 at 4.00 p.m.

NAME OF THE MEMBER / JOINT MEMBER / JOINT MEMBER(S) (IN BLOCK CAPITALS):

- Notes:
1. Shareholder / Proxy-holder must bring the Attendance Slip to the meeting and hand it over duly signed at the entrance of the meeting hall.
  2. Joint Shareholders may obtain additional Attendance Slip/s by prior intimation to Office.
  3. Please strike off whichever is not applicable.

SIGNATURE OF THE MEMBER/  
JOINT MEMBER(S) / PROXY



**P R O X Y   F O R M**

| For Physical Holding | For Electronic Form (Demat) NSDL / CDSL | No. of Shares Held |
|----------------------|---|--------------------|
| LF No.               | DPID                                    | CLIENT ID          |
|                      |   |                    |

I/We \_\_\_\_\_  
of \_\_\_\_\_

being Member (s) of ALEMBIC PHARMACEUTICALS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
of failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy  
to attend and vote for me / us and on my / our behalf at the ANNUAL GENERAL MEETING of the Company to be  
held on Wednesday, the 7th August, 2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2013.

- Notes:
1. Proxy form must reach the Company's Registered office not less than 48 hours before the Meeting.
  2. The form should be signed across the stamp as per specimen signature registered with the Company
  3. Please strike off whichever is not applicable.

I Rupee  
Revenue  
Stamp