

Date: 5<sup>th</sup> August, 2016

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Ltd  
'Exchange Plaza,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051

Dear Sir/Madam,

**Sub: Submission of Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2016**

In accordance with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2016.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

**For Alembic Pharmaceuticals Limited**

*A. K. Desai*

**Ajay Kumar Desai  
Vice-President - Finance &  
Company Secretary**

Encl.: A/a.

**ALEMBIC PHARMACEUTICALS LIMITED**

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CIN: L24230GJ2010PLC061123

# Gearing for the future

Alembic Pharmaceuticals Limited | Annual Report 2015-16

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FY2015-16  
represented a  
milestone in  
our existence.

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We added revenues of over

₹10bn

on the back of our International  
Formulation business.

Our EBIDTA margin stood at

32%

– the highest in our history.

---

Our International Formulation  
business neared the

₹15bn-mark

in terms of revenues, is larger than our  
domestic business and within only  
nine years of our first ANDA filing.

Our EBIDTA and Net Profit  
grew by more than

2x

over the previous year.

The question  
that most of our  
stakeholders  
may ask has got  
to do with our  
cash allocation  
strategy.

**What** will we do with the surplus cash on our books?

**How** will we reinvest?

**What** will we develop and bring to markets?

**How** will our robust fundamentals enhance business sustainability?





# We have given these questions considerable attention.

**We** are deploying these gains towards augmenting our research capabilities and expanding our product development pipeline.

**We** are channeling our cash flows across different dosage forms to shrink filing timelines.

**We** are creating capacities that can address prospective demand (as and when our products receive regulatory approval) as well as fill gaps in our current manufacturing infrastructure – in the oncology (oral solids and injectables), general injectables and dermatology areas.

**The** bottomline is that we intend to extend this upside into enduring shareholder value.



# Reinvesting in research

**At Alembic,** we recognise that research is the single potent factor that enables sustainable advantage. In line with our conviction, we made a conscious decision to strengthen our R&D capability during the year under review.

**We** fully operationalised our R&D centre of excellence at Alexandria Knowledge Park, Hyderabad.

**We** increased our internal R&D team strength from 400 to 500.

**We** invested aggressively in expanding the breadth of our development programmes for multi dosage formulations; the number of research projects under various stages of development quadrupled to 240 in 2015-16.

**We** forged strategic alliances to build a differentiated product portfolio in the non-oral dosage formulations segment, in order to reduce development timelines and enhance value.

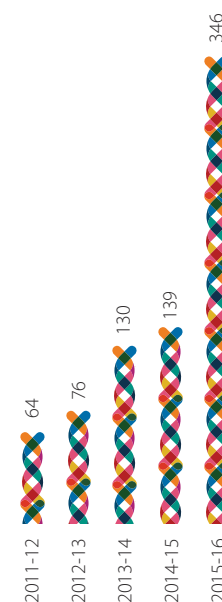
**We** invested in dedicated pilot plants for API and formulations development, shrinking the product development cycle.

**We** invested in cutting-edge technologies, facilitating the development of complex products.

**We** invested in a capacity expansion at our bio-equivalence unit by 50%, reinforcing product development.

These initiatives are expected to enhance product registration filings and widen our product basket in the key markets of our presence.

**R&D investment**  
(₹ in crore)



## 240

Number of R&D projects, 2015-16

## 60

Number of R&D projects, 2014-15

## 76

Cumulative ANDA filings, 2015-16

## 81

Cumulative DMF filings, 2015-16

## Creating the enabling infrastructure

**At Alembic,** we recognise that the ability to put a larger number of successful products in the marketplace needs to be complemented with a corresponding growth in manufacturing capacities.

**Consequently,** we invested extensively in greenfield and brownfield capacities to accelerate launches, a critical competitive requirement in a challenging global landscape.

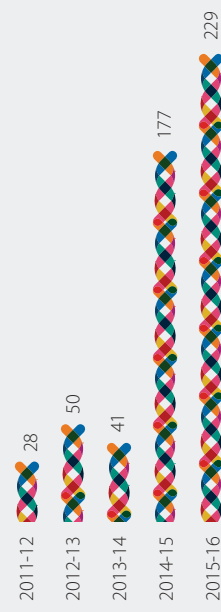
**We** are creating capacities that can fill gaps in our current manufacturing infrastructure – in the oncology (oral solids and injectables), general injectables and dermatology areas.

**We** are investing in building oncology API facilities.

**We** strengthened our API submission batch capacities by creating dedicated blocks.

The commercialisation of these capacities in a phased manner will optimise our product mix and plug portfolio gaps, strengthening revenues. Simultaneously the Company is actively acquiring talent to man these projects.

Investment in fixed assets (₹ in crore)



**₹1,000 cr**

Planned investment (addition) in fixed assets over the next 24-30 months





## Creating the front-end

**At Alembic**, our growth aspirations can only be addressed by extending our presence into large and complex marketplaces that provide profitable opportunities. As a means to this end, we have focused on creating a presence in the US, the world's largest pharmaceuticals marketplace.

During the year, we established a front-end marketing in the US by opening an office in Bridgewater, New Jersey. We recruited a team comprising talented marketing and sales professionals to start our US operations. This marked the beginning of Alembic's journey in marketing products under its own label. We expect this will allow us to look at the US market more strategically and enable us to capitalise on emerging opportunities. We are happy to report that we have successfully launched 11 products under our own label in the US.

The commencement of full-fledged operations at the New Jersey office in 2016-17 is expected to contribute to business growth and profitability over the near-term.



Products successfully  
launched under our own  
label in the US



## Corporate snapshot

Alembic Pharmaceuticals Limited is a pharmaceutical company with a young organisational spirit and rich operational experience spanning over the decades.

The Company is one of India's fastest growing pharmaceutical companies comprising five manufacturing facilities and two well-equipped R&D centres (Vadodara and Hyderabad).

Spearheaded by Chairman Mr. Chirayu Amin, the Company's integrated operations comprise the manufacture of International Formulation, Branded Formulation and APIs.

The Company enjoys a visible domestic presence and is now growing its US footprint. Its portfolio comprises a number of brands that figure among India's top-300 healthcare brands.



**Mission:** Improve healthcare through innovation, commitment and trust.

**74%**  
Promoters' holding

**13%**  
Institutional holding

**₹11,000+ cr**  
Market capitalisation

**8,000+**  
Team size

\* As on March 31, 2016

# This is what we achieved in 2015-16

₹3,145 cr

Revenues

₹1,006 cr

EBIDTA

₹719 cr

Net Profit

₹792 cr

Net cash from operations

₹38.16

Earnings per share

₹84.91

Book value per share

32%

EBIDTA margin

45.31%

Return on net worth

51.83%

Return on capital employed

10.9%

R&D investments (opex and capex) as a percentage of topline

₹229 cr

Investment in fixed assets

0.00x

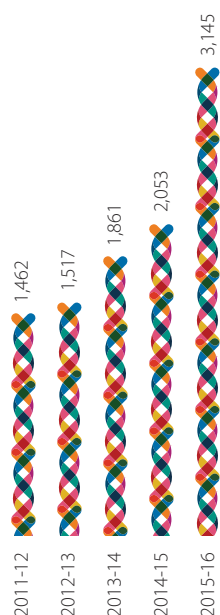
Net Debt-equity ratio



Financial progression

# Responsive investments.

## Revenue (₹ in crore)



### Revenue growth

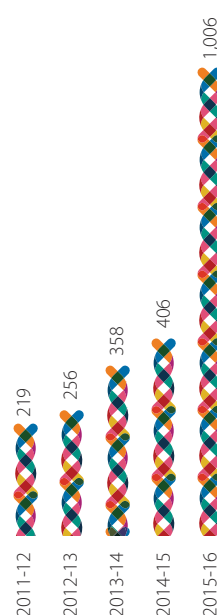
# 53%

Over 2014-15

# 21%

CAGR over 4 years

## EBIDTA (₹ in crore)



### EBIDTA growth

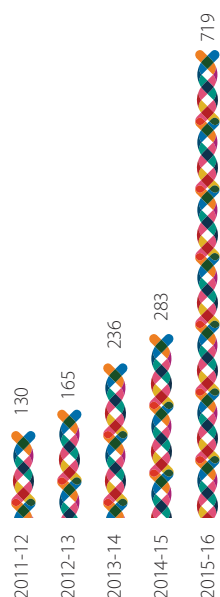
# 150%

Over 2014-15

# 46%

CAGR over 4 years

## Net profit (₹ in crore)



### Net profit growth

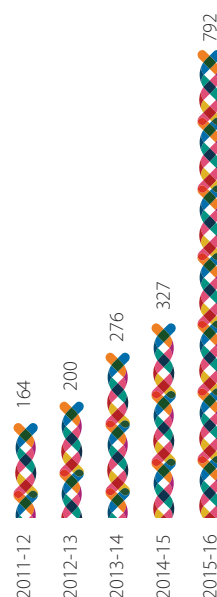
# 154%

Over 2014-15

# 53%

CAGR over 4 years

## Cash profit (₹ in crore)



### Cash profit growth

# 142%

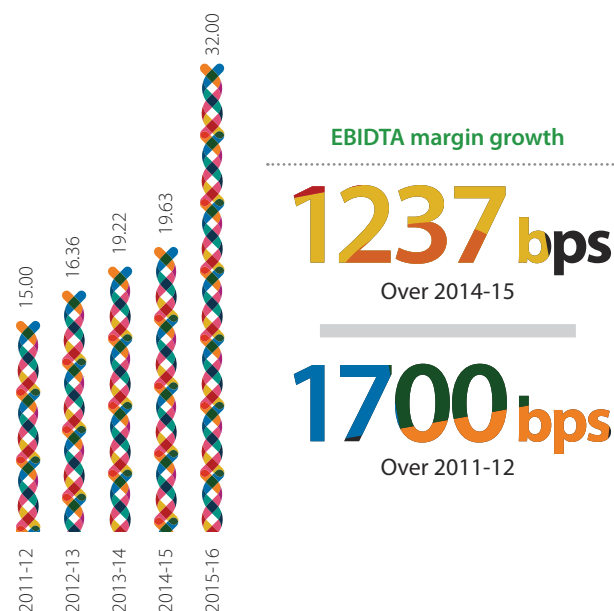
Over 2014-15

# 48%

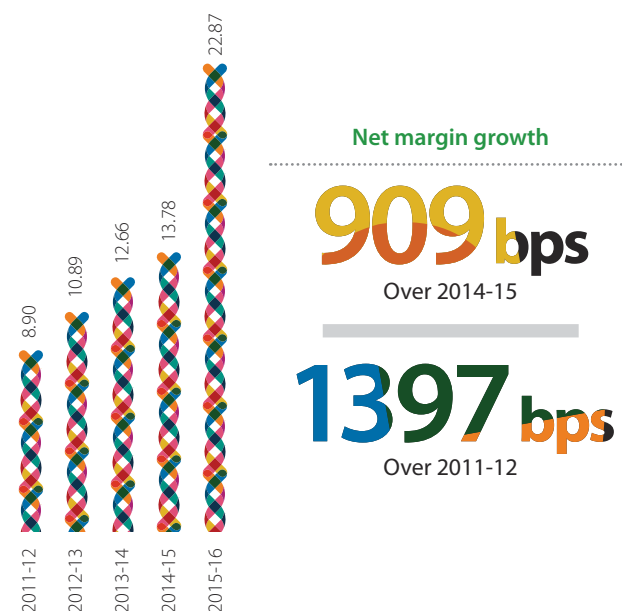
CAGR over 4 years

# Consistent progress.

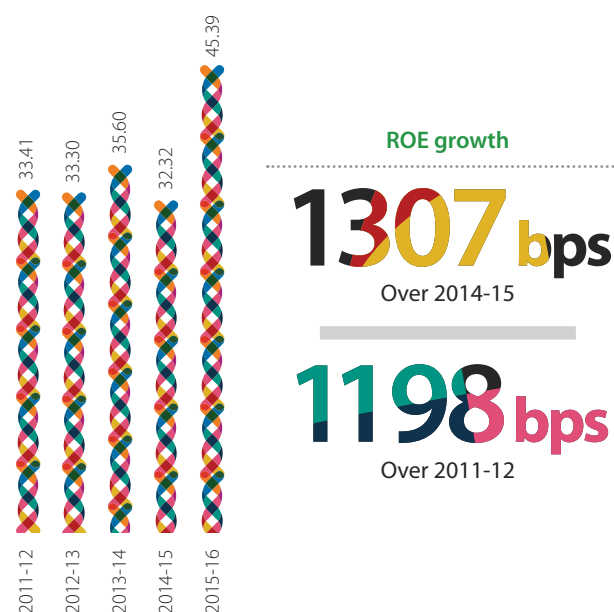
EBIDTA margin (%)



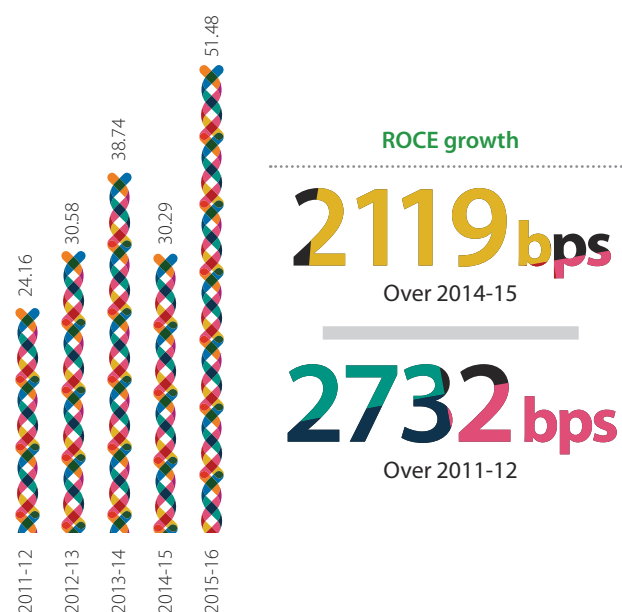
Net profit margin (%)



ROE (%)



ROCE (%)



## Chairman's overview

“Alembic is attractively placed to deliver robust and sustainable growth due to its proactive investments in research and business.”

*Dear shareholders,*

**A**fter five decades of focusing on the domestic market, Alembic Pharmaceuticals Limited expressed its intent to market products in regulated markets across the globe in 2007.

As it happens with most companies intending to make this leap, the first few years were spent in building capabilities.

Over the past three years, Alembic put this intent into action via a number of decisive initiatives across people, products, plants and processes. Alembic is building new capabilities and investing in R&D projects with better risk-return profiles. Our US marketing engine is expected to improve our consumer engagement capabilities and create greater value.

Alembic has selected to go the extra mile even in its domestic business. The Company has realigned processes, enhanced productivity, strengthened fiscal discipline and reduced its excessive dependence on the acute drugs segment by foraying into the faster-growing niche lifestyle drugs segment. The result of these initiatives is that Alembic's large domestic business has outpaced the overall market growth.

I am pleased to state that these initiatives translated into a robust performance

during 2015-16, marked by record revenues and profits being earned.

Since the shareholders would be keen to know what lies in store, I will provide an overview across four key areas.

**Research:** Alembic employs 500 research professionals across its Vadodara and Hyderabad facilities. In 2015-16, Alembic invested ₹346 crore – 11% of the annual revenues – in research, which is among the ten largest made by an Indian pharmaceutical company. I believe that this investment will broaden our pipeline, fortify customer relationships and consolidate our US presence.

**Manufacturing:** There are a number of opportunities for Alembic to address in the international markets. Alembic's objective is to grow in verticals where it does not currently have a presence (dermatology, injectables and oncology). This will require large investments from the Company over the next five years and, once complete, will translate into significant growth. Alembic is favourably placed on account of its low gearing, making it possible for it to mobilise external funds at low costs and strengthen sustainability.

**Branded Formulation:** Alembic will continue to grow its domestic branded business through its 17 divisions. We are

well poised to capitalise on the sweeping transformations taking place across the country – higher disposable incomes, increasing healthcare awareness and a growing willingness to spend on quality medical interventions.

**International Formulation:** Fiscal 2015-16 was a pivotal year for the International Formulation business, marked by the opening of the US marketing office. This will enable Alembic to reach out to customers directly and spread the Alembic brand in the US. We received licences from the US regulatory authorities of the states where we intend to establish our presence. We recruited a experienced team of marketing and sales professionals to roll out our US operations.

Alembic is attempting to plug unmet demand-supply gaps trying to capitalise available opportunities.

This combination of initiatives across research, manufacturing, domestic and international spaces has placed Alembic attractively to deliver robust and sustainable growth in the years ahead.

**Chirayu Amin**  
Chairman & CEO



## Operational overview

“The journey forward promises to be exciting as new products, geographies, verticals and projects start contributing to growth.”



**Mr. Raj Kumar Baheti**, Chief Financial Officer, provides an insight into the medium-term prospects of Alembic

**Q** The 2015-16 fiscal was an important year for Alembic. What reasons would you ascribe to the substantial improvement in performance?

The year under review proved exceptional as our numbers significantly outperformed our projections. Revenues, EBITDA and Net Profit grew by 53%, 150% and 154%, respectively over 2014-15.

To a large extent, this outperformance is attributed to the 'Day One' launch of the generic version of Abilify (Aripiprazole) in the US through our marketing partner. Even as there were 15 filers for this product, only four (Alembic included) could participate in the first wave of the launch, which made all the difference. In retrospect, this historic performance was a fitting reward for a team that was able to make this timely product development a reality.

It would be pertinent for shareholders to ask how the core business performed, i.e. excluding the performance of Abilify.

Alembic's international business registered healthy growth even if you appraise our performance without Aripiprazole. The Branded Formulation vertical grew by 12% over the previous year despite a sharp decline in Althrocin revenues, our large antibiotic brand. This conclusively showcases that Alembic grew its business substantially even if one chooses to overlook the Aripiprazole performance.

**Q** What are the implications of Aripiprazole's success for Alembic?

It has strengthened the confidence of our R&D team and will eventually lead our generic pipeline to grow and accelerate business investments. I would like to state here that our planned R&D and capex programmes are not

dependant on the performance of one product and Alembic as an organisation possesses the resources to undertake future-facing programmes.

### Q How did the Branded Formulation segment perform in 2015-16?

Overall, Alembic reported a stable performance in the Branded Formulation business. The speciality division sustained 20%-plus growth, outperforming peer products in the areas of our presence. The acute drugs segment registered single-digit growth with a price moderation in Althrocin, denting our topline and margins.

### Q Alembic's R&D expenses increased significantly.

R&D is the most important driver for Alembic. This is the entry point for our US business: a strong portfolio and pipeline are considered indispensable to establish a meaningful presence in the US. In response to this overarching requirement, we adopted a three-pronged approach: increase the number of projects, evolve our focus from oral solid dosages to injectables, oncology and derma products, and increase R&D throughput. Consequently, our R&D investment jumped from ₹140 crore in 2014-15 to ₹346 crore (capex and opex) in 2015-16 and will increase further during the next few years.

### Q Does Alembic possess the infrastructure to manage growth across its existing product basket?

The Company possesses requisite capacities for its existing product range. When it comes to facilities for injectables, oncology and derma products, we are investing in additional facilities warranting ₹1,000 crore in investments over the next two years, the largest such quantum in the Company's existence.

### Q Considering that you will need to invest an average ₹500 crore annually for the next two years in asset creation, will Alembic's Balance Sheet be able to shoulder this responsibility?

It gives me pleasure to report that Alembic has emerged debt-free (net cash ₹318 crore) on the back of focused multi-year deleveraging initiatives. This will make it possible to mobilise adequate external funds required to implement our capex plans.

### Q How is the Alembic Branded Formulation segment likely to perform?

We are building scale in our Branded Formulation business by widening the

product basket, optimising our product mix in line with market dynamics, realigning goals of market representatives and building new capacities (Sikkim plant commissioned in 2015-16).

### Q What is your message to the Alembic stakeholder?

We are not unduly concerned by likely dip in revenues and margins in immediate future in order to ensure sustainable growth in medium to long term.

The journey promises to be more exciting, marked by new products, new geographies, new verticals and new projects contributing to robust growth and profitability.

## Alembic. Always transforming.

2011-12

₹186 cr

Net Debt

0.99x

Debt-equity ratio

7.09x

Interest cover

24.16%

ROCE

2015-16

₹318 cr

Net Cash

0.00x

Net Debt-equity ratio

255.45x

Interest cover

51.48%

ROCE

# The Pharmaceutical Industry

## Economic overview

**Global economy:** In 2015, global economic activity remained subdued as GDP grew at a modest 3.1% in 2015 against 3.4% in 2014. Growth in emerging market and developing economies—while still accounting for over 70% of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Overall growth in China is evolving broadly as envisaged, but with a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity.

Global GDP growth is projected at 3.4% in 2016 and 3.6% in 2017. Growth in advanced economies is projected to rise by 0.2 percentage point in 2016 to 2.1% and hold steady in 2017. Growth in emerging market and developing economies is projected to increase from 4% in 2015 to 4.3% and 4.7% in 2016 and 2017, respectively (*Source: IMF*).

**Indian economy:** India's GDP growth stood at 7.6% in 2015-16 against 7.2% in 2014-15 catalysed by a superior performance of the manufacturing sector (9.5% growth in 2015-16 against 5.5% in 2014-15).

The growth in the manufacturing sector was driven by a significant fall in inputs costs following a collapse in global commodity prices. The RBI policies helped contain demand pressures, created a buffer against external shocks and kept a check on the volatility of the rupee and inflation. India continues to be the bright spot in an otherwise slowing global economy. It forecasts India's GDP growth at 7.5% in FY17 supported by stronger domestic demand (*Source: IMF*).

## The pharmaceutical industry

**Global overview:** Over the past ten years, there has been an unprecedented expansion of access to healthcare globally—ranging from hundreds of millions of people in low and middle-income countries getting access via government programmes. Moreover, rising incomes and a reduction in the uninsured population in the US is expected to result in a significant increase in the volume of medicines consumed.

**Medicine use in 2020:** The volume of medicines consumed globally is expected to reach 4.5 trillion



The volume of medicines consumed globally is expected to reach 4.5 trillion doses by 2020

doses by 2020 (up by 24% from 2015). Pharming markets will account for two-thirds of the medicine volumes consumed globally, comprising mostly generic medicines. Developed markets will continue to account for the majority of medicine spending due to higher prices per unit.

As the world's population tops 7.6 billion in 2020, per capita usage of medicine will reach about 1.6 Standard Units (SUs) per person per day. Most developed countries have usage above 2 SUs per person per day and much of the increase till 2020 will be driven by China, India, Brazil and Indonesia where substantial increases have already been seen in average medicine volume usages.

(Source: *Global Medicines Use in 2020*, by IMS Institute)

### The Indian pharmaceutical space

The pharmaceutical market for India constitutes domestic (IPM - Indian Pharma Market) and exports markets. The IPM witnessed a healthy double digit growth over 2000-2015 driven by improving affordability, better health awareness, higher penetration of healthcare facilities and worsening lifestyles.

The IPM is significantly fragmented with the top-10 players accounting for a ~40%

share of the market and top-25 companies accounting for a ~70% share of the market. The IPM comprises over 5,000 pharma companies, 22,000 stockists/distributors and over 600,000 retailers.

The IPM is largely a branded generic market wherein drugs are sold by brand names. Acute therapy drugs account for a ~70% share of this segment. Acute drugs are those medications, which are prescribed by doctors for only three to six weeks. Large global markets comparatively are more chronic in nature with ~60% contribution.

The IPM has over the years largely been driven by a growth in volumes (60%+contribution) whereas new launches have contributed the balance (~30%). The price sensitive nature of IPM as well as high competition has restricted instances of price increases.

### Looking ahead

As per Pharmexcil (Pharmaceuticals Export Promotion Council of India), the domestic and export segments are expected to grow at >16% CAGR over 2013-20.

### Growth drivers

**Low per capita spend:** India's spend on drugs is among the lowest among the top-15 pharma markets. The per capita spend has been around US\$60-64 per annum (between 2010 and 2014) as per World

Bank. As per capita incomes continue to grow led by economic growth, the per capita spend on drugs is set to increase.

**Changing ailment profile:** Though the IPM is currently skewed towards acute segment, the shift towards chronic has been swift. The chronic segment is expected to register more than 16% growth compared to single digit growth in the acute segment over the coming years.

**Increasing insurance coverage:** In India, the spending of drugs is largely out of pocket, which accounts for around 90% of payments. In the Planning Commission's Twelve Five Year Plan draft, the vision laid out for India's healthcare sector is one that is revolving around universal health coverage. This would be achieved primarily through extensive insurance coverage, rising from 10% currently to 90%, partly through government hospitals or government payments.

**Higher penetration:** Around two-thirds of India's population lives in rural areas but contribute < 20% to IPM sales. Moreover, the split of hospitals and doctors between rural and urban is skewed in favour of the latter. With the Central Government's intention to offer universal health coverage, there is an immense opportunity for the IPM segment to expand.

# International Formulation

## 45

**Products** (Across USA, Australia, Canada, Europe, the Middle East, South Africa)

## ₹1,462 cr

Revenue

## 48%

Revenue growth  
(4-year CAGR)

## 69%

Revenue growth from  
the North America  
(4-year CAGR)

The International Formulation segment has emerged as the Company's fastest-growing business segment primarily on account of the Company's success in establishing a meaningful presence in the US, the world's largest pharmaceutical market. This has positioned the segment as the Company's flagship division, contributing 46% to the Company's topline in 2015-16.

The Company also enjoys a presence in key regulated markets (Europe, Australia, Canada and South Africa) through a partnership model.

### 2015-16 in retrospect

#### Performance

- Revenues from International Formulation increased by 146% from ₹593 crore in 2014-15 to ₹1,462 crore in 2015-16.

- Revenue growth was aided by the 'Day One' launch of Aripiprazole.

#### Front-end marketing in the US

- Invested in an a front-end office in Bridgewater, New Jersey.
- Recruited key personnel for the US office with a cumulative experience of 100+ person-years.
- Obtained home state licenses and 29 operating licenses across key states in the US.
- Partnered a formidable third party logistics player (FDA-licensed and cGMP-compliant) for efficient supply chain management.
- Entered into agreements with large customer groups in the US.
- Launched 11 products under the Alembic label.



We have a robust and growing product pipeline for the US markets. We have 47 approved ANDAs. We have 29 ANDAs pending approval.



“With a front-end marketing set-up in place, we have transformed into a fully-integrated Indian pharmaceutical company operating in the US.”

Mr. Pranav Amin, Managing Director

strengthening our quality management capabilities to fulfill regulatory requirements. Besides, our presence in Australia and Europe is expected to benefit from our growing US visibility.

**From a marketing perspective:** We have successfully launched 11 products under our own label in the US. Besides, we intend to transfer several products currently under third-party marketing contracts to our own label, boosting our margins.

**From an R&D perspective:** More than 80% of our R&D resources will be allocated towards developing products for the US market.

The result is that we have a robust and growing product pipeline for the US markets. We have 47 approved ANDAs. We have 29 ANDAs pending approval. We will increase the number of ANDAs filed to around 15 in 2016-17 and then ramp it further to 20 plus in 2017-18 (eight in 2015-16).

Our joint venture in Algeria has made decent progress during 2015-16. The manufacturing area was increased to accommodate new machines. We strengthened our quality commitment by adding sophisticated QA/QC equipment. Our facility was successfully audited and cleared by the Ministry of Health (MOH), Algeria. The unit has successfully delivered products for making stability batches. The Company has also initiated submitting dossiers to the MOH for product registrations. As a result, we expect commercial operations to begin in 2016-17.

We are confident that with the building blocks for our business in place, revenues and profits will grow sustainably in the years to come.

*Dear shareholders,*

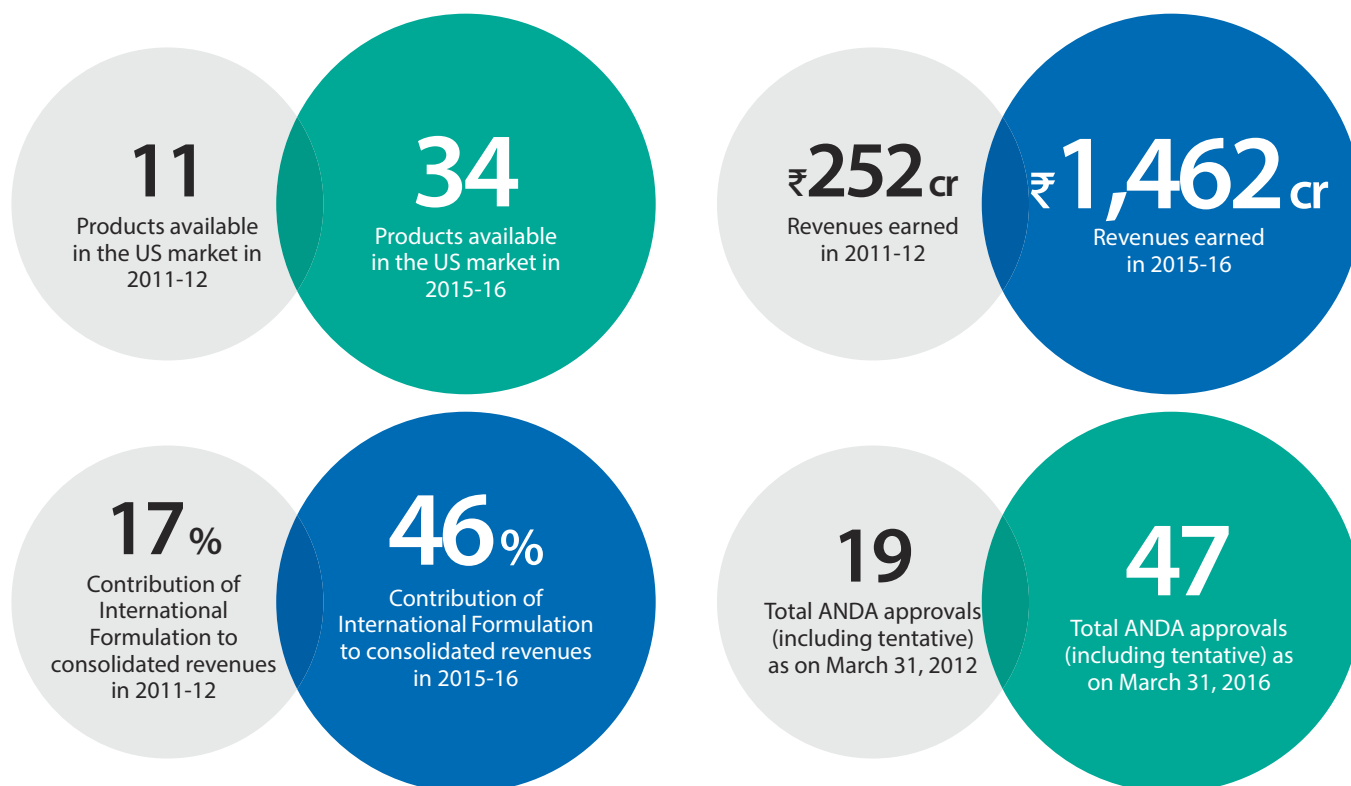
Fiscal 2015-16 was a pivotal year for our International Formulation business, marked by the commencement of our US marketing office, which will enable us to reach customers directly and establish the Alembic brand in the US.

**From a supply-chain perspective:** We expect to evolve from ‘make-to-order’ to ‘make-to-stock’. This will require us to augment our abilities in line with forecasted demand.

**From a quality perspective:** We are making significant investments in process and systemic automation with the objective to strengthen our compliance with global regulatory standards.

**From a regulatory perspective:** While our formulation facility was successfully audited by the USFDA, we have not grown complacent. We are making sizeable investments in IT infrastructure around data integrity, management and security. We are proactively

## Progress in five years



## Product filings across the globe

	THE US	EUROPE	AUSTRALIA	SOUTH AFRICA	LATAM	CANADA
Cumulative filings	76	19	14	16	10	19
Cumulative approvals	47*	15	13	2	1	15
Product launches	34	11	9	2	1	11

\* including five tentative approvals

# API

2

USFDA-approved  
manufacturing plants

90

Number of APIs  
manufactured

₹516 cr

Revenue

81

Cumulative  
DMF filings

The API division is critical to Alembic's success in the formulation segment. Although it accounts for a relatively small share of Alembic's revenues, the API division plays a key role in securing first-to-file opportunities. In-house API manufacture also makes it possible to formulate niche products that find global acceptability. The Company possesses the necessary expertise in manufacturing products involving complex chemistry, lengthy processes and difficult-to-handle molecules.

The Company's API units at Panelav and Kharkhadi are USFDA-approved. The recent years have witnessed the Company make sizeable investments in building state-of-the-art API blocks.

## 2015-16 in retrospect

### Performance

Revenues from APIs grew by 41% from ₹367 crore in 2014-15 to ₹516 crore in 2015-16. Additionally Company transferred APIs worth ₹166 crore for captive use representing 26% of our production.

### Filings

Filed nine DMFs, increasing the cumulative DMF filing to 81 as on March 31, 2016

### Efficiencies

- Debottlenecked capacities and line-balanced the equipment which improved productivity
- Institutionalised superior process control systems which improved yields

## Progress in five years

60

Number of APIs  
manufactured in  
2011-12

90

Number of APIs  
manufactured in  
2015-16

11%

APIs consumed  
in-house for  
manufacturing  
formulations in  
2011-12

26%

APIs consumed  
in-house for  
manufacturing  
formulations in  
2015-16

₹373 cr

Revenues from API  
sales in 2011-12

₹516 cr

Revenues from API  
sales in 2015-16

54

DMF as on  
March 31, 2012

81

DMF as on  
March 31, 2016

# Branded Formulation

## 170

Domestic product basket

## 5,000+

Marketing team

## 1.73%

Share in India's formulations market  
(Source: ORG March, 2016)

## ₹1,104 cr

Domestic Branded Formulation revenues

## 13.73%

Revenue growth  
(4-year CAGR)

Alembic's Branded Formulation business contributed about 35% to the Company's topline during 2015-16.

Once a dominant player in the acute products segment (anti-infective, analgesic and cough and cold therapies), Alembic, over the years, has shifted its focus to chronic therapeutic segments. This strategic change has yielded rich dividends – the divisional growth outperformed the industry average.

In the speciality segment, the Company maintains a strong focus on high-growth therapies, namely cardiology, diabetes, gynaecology, gastrointestinal, orthopaedic, dermatology and ophthalmology.

## 2015-16 in retrospect

### Performance

- Revenue from domestic Branded Formulation increased 13% from ₹981 crore in 2014-15 to ₹1,104 crore in 2015-16
- Revenue from the specialty and acute segments grew by 20% and 4%, respectively

### Products

- The Company launched 44 products across SKUs in the domestic market, a majority being specialty products addressing chronic diseases

### People

- Intensified training of Medical Representatives through an institutionalised training calendar
- On-boarded an experienced executive as the SBU head for timely strategisation, execution and business management

### Investment

Commenced operations of the greenfield facility in Sikkim

### Challenges

- Downward revision of the price of Althrocine, a key brand in the antibiotic segment
- Regressive policies on price fixation and FDCs.

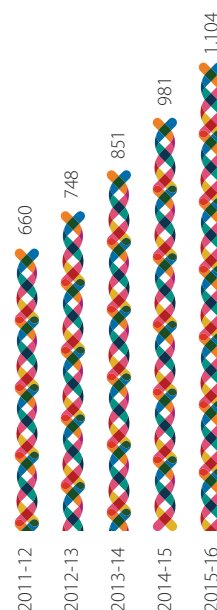
### Growing forward

Alembic plans to launch around 25 product SKUs in the current year, a majority of which will address chronic complications. This is expected to increase the share of chronic therapies in the overall revenue basket.

## Prominent brands

Azithral | Althrocine | Rekool | Zeet | Roxid | Wikoryl | Tellzy | Ulgel | Gestofit

Branded Formulation revenue (₹ crore)





“Having created a robust foundation, we expect to build on in the coming years.”

Mr. Shaunak Amin, Managing Director

Dear shareholders,

In the recent past, Alembic progressively strengthened its expertise in the realm of speciality therapies, adjusted its product mix in response to market opportunities, realigned goals for marketing representatives (cumulative monthly targets to brand-wise sales targets) and balanced products between marketing divisions.

These initiatives translated into our industry outperformance.

We are now building a stronger business through the following initiatives:

- Strengthening the knowledge base of our medical representatives (through an institutionalised training calendar) to facilitate intellectual engagements with the medical fraternity
- Added scientific inputs to our customers.
- Reinforcing systemic and process automation
- Growing our speciality therapeutic product basket across the segments of our presence.

It is our conviction that the seamless execution of these strategies will accelerate our growth over the foreseeable future.

## Progress in five years

₹270 cr

Revenue from  
speciality therapies  
in 2011-12

₹600 cr

Revenue from  
speciality therapies  
in 2015-16

21

Rank in the Indian  
formulations market  
in 2011-12

(Source: ORG March 2012)

19

Rank in the Indian  
formulations market  
in 2015-16

(Source: ORG March 2016)

## Alembic outperforming in speciality segments

Therapy	MARCH MAT 2016				MARCH MAT 2015			
	Therapy growth (ORG)	Market share growth (ORG)	Alembic growth (ORG)	Alembic growth (PRIM)	Therapy growth (ORG)	Market share growth (ORG)	Alembic growth (ORG)	Alembic growth (PRIM)
Cardiology	14	2.04	32	36	13	1.77	32	31
Anti-diabetic	20	1.64	38	34	20	1.43	29	27
Gynaecology	14	2.68	32	25	13	2.31	27	28
Gastrology	15	2.18	2	6	15	2.45	12	17
Dermatology	17	0.48	30	-5	20	0.43	42	52
Orthopaedic	11	0.94	2	17	14	1.03	4	13
Ophthalmology	14	1.17	-6	0	22	1.43	0	-12
Nephrology/Urology	18	2.02	13	13	17	2.10	17	30
Anti-infective	6	3.36	-1	2	10	3.63	4	4
Cough and cold	8	5.16	4	8	11	5.36	22	20
<b>Total</b>	<b>14</b>	<b>1.73</b>	<b>11</b>	<b>13</b>	<b>14</b>	<b>1.76</b>	<b>15</b>	<b>15</b>

(Source: ORG March 2016)



Alembic plans to launch around 25 product SKUs in the current year, a majority of which will address chronic complications.

# Analysis of financial statements

Fiscal 2015-16 was a year when the Company continued to strengthen its financials and live up to its commitment to grow shareholder value.

## Statement of Profit and Loss

It was a year of profitable growth where growth in business and profits was accompanied by an improvement in operating and net margins. The Company recorded its highest EBITDA margin (32%) in history.

**Net revenue from operations:** Revenue increased by 53 % from ₹2,053 crore in 2014-15 to ₹3,145 crore in 2015-16. This increase was largely due to robust growth in the International Formulation business catalysed by the Day One launch of generic version of Abilify (Aripiprazole) in the US through our marketing partner. The domestic formulation and the API businesses also made important contribution to the overall growth.

**Operating expenses:** In keeping with

the increased business scale, operating expenses (materials, employee and R&D) increased by 31% over the previous year from ₹1,143 crore in 2014-15 to ₹1,498 crore in 2015-16. Interestingly the Company's outsourcing of finished goods declined in favour of in-house manufacturing which facilitated in improving operating margins.

Employee costs increased as the Company increased its team strength to manage expanding business operations. The R&D expenses jumped 152.47 % from ₹122 crore in 2014-15 to ₹307 crore in 2015-16. This increase was largely due to:

- Increase in number of R&D projects to 240 in 2015-16.
- Full operationalisation of the Hyderabad R&D facility.

**Finance cost:** The net interest liability increased marginally from ₹1.78 crore in 2014-15 to ₹3.68 crore in 2015-16 even as the Company's long-term debt became Nil and short-term debt declined substantially.

**Margins:** Increased business volumes, focus on value-addition and streamlined business operations contributed to improved earnings – EBITDA increased from ₹403 crore in 2014-15 to ₹1,006 crore in 2015-16; net profit grew from ₹283 crore in 2014-15 to ₹719 crore in 2015-16. EBITDA margin improved from 19.63% in 2014-15 to 32% in 2015-16 while net margin jumped from 13.78% to 22.87% over the same period.

## Balance Sheet

Healthy business growth improved Balance Sheet health and size. The capital employed in the business increased from ₹1,177 crore as on March 31, 2015 to ₹1,824 crore as on March 31, 2016 – the increased funds being deployed in growing the Company's Gross Block and meeting additional working capital requirement.

**Networth:** The ₹716 crore increase in networth was primarily due to a significant jump in the year-end reserves and surplus balance (consequent to ploughback of

business surplus). The Book Value per share improved from ₹46.93 as on March 31, 2015 to ₹84.91 as on March 31, 2016.

**Non-current liabilities:** The balance stood at ₹91 crore as on March 31, 2016 against ₹72 crore as on March 31, 2015. While long-



The Return on Capital Employed improved from 30.29 % in 2014-15 to 51.48% in 2015-16.

term debt was completely repaid, long-term provision increased.

**Current liabilities:** The balance increased by 12.18% from ₹684 crore as on March 31, 2015 to ₹767 crore as on March 31, 2016, primarily due to an increase in trade payables even as short-term borrowings declined by 39.68% over the previous year balance. The increase in trade-payables facilitated a reduced reliance on external funds for managing working capital.

**Non-current assets:** The balance increased from ₹750 crore as on March

31, 2015 to ₹953 crore as on March 31, 2016. This increase was largely due to the Company's tangible assets representing investment in capacity building and capability enhancement across business verticals. Besides, the balance under Work-in-Progress also increased, which represents capital projects under various stages of commissioning.

**Current assets:** The balance stood at ₹891 crore as on March 31, 2015 against ₹1,507 crore as on March 31, 2016. This increase was in line with growing business

operations in India and international markets.

**Returns:** Despite significant investments in capital expenditure (projects which are yet to be commissioned) the Return on Capital Employed improved from 30.29% in 2014-15 to 51.48% in 2015-16. The Return on Networth improved from 31.98 % in 2014-15 to 44.95 % in 2015-16.

## Internal control systems and their efficacy



At Alembic, we maintain a system of well-established policies and procedures for internal control of operations and activities. We continuously strive to integrate the entire organisation from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. The internal audit function is strengthened in consultation with statutory auditors for monitoring statutory and operational issues.

The Company 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 periodic review.

The enterprise-wide risk evaluation and validation process is carried out regularly by the Risk Management Committee and Board of Directors.

To set the tone for the Company to attain effective and efficient internal control and documentation, we have already institutionalised a document management system for core and strategic operations.

Moreover, the Company has obtained ISO 9001 and ISO 14001 certifications and adheres to the standard operating procedures relevant to our manufacturing and operating activities.

## Human resources



**4,900+**

Team size in 2011-12

**8,000+**

Team size in 2015-16

Over the past year, Alembic has adopted various practices aimed at strengthening its human assets. Our robust HR policies, payroll structures and various other HR initiatives have enabled us to facilitate a stronger commitment towards our 8000 + employees.

Our primary focus is on retaining good talent and developing them for leadership roles, in line with our philosophy of 'Stay with Alembic, Grow with Alembic'. With the objective of providing growth opportunities to our employees, we have inculcated the concept of promoting and developing our talent. Currently, we only carry out base-level recruitment as all other promotions and growth take place internally. In 2015-16, in the domestic business alone, we promoted more than 200 employees and shall continue this positive trend to motivate and provide ample opportunities to the right talent.

The HR team has also strengthened an orientation programme for promoted employees by crafting an 'Individual Developmental Plan', following the 70:20:10 principle and emphasising leadership development.

A competency modeling workshop was conducted for our leaders to envision challenges and opportunities in a structured manner. This has helped us to arrive at a competent architecture spanning all levels.

Considering our rapid expansion in the International Business Unit, we recruited several leaders from benchmarked companies, strengthening our capabilities.

## Information technology



Information technology is a strategic enabler at Alembic, and a number of IT initiatives are being pursued to integrate various business processes of the organisation, across different operating locations and geographies. The IT initiatives aim to drive automation of key business processes, research processes, and digitisation of quality processes for improved decision making.

At Alembic, a number of IT initiatives will be taken up to enable employee productivity, the HR systems are being upgraded and moved to a Cloud-based environment. The Company has taken up a number of IT infrastructure-improvement initiatives, creating a robust and secure backbone and enabling the organisation to embark on number of digital initiatives.

The Company is investing in significant upgrades to its IT network, and is in the process of creating a new computer facility for its GMP plants. The new data centre and facilities will comprise of the best-in-class infrastructure, addressing the requirements of quality process automation and research process automation initiatives at Alembic.

The existing ERP is being upgraded to incorporate data analytics capability. With increased digitisation of business processes, the governance, compliance and information security processes are areas of focus. A number of initiatives have been taken up in the area of information security.

# Alembic CSR Foundation

The Alembic Group of Companies established the Alembic CSR Foundation on May 27, 2015. Their aim is to provide societal service in the fields of education, health-care and women empowerment. Projects are selected with a vision to improve quality of life and enhance holistic development in the community.



The Alembic CSR Foundation works extensively in the Panchmahal, Chhota Udepur and Vadodara districts.

## Rural Development Society (RDS)

Established by the late Shri Ramanbhai Amin in 1980, the Society's mission is to create a holistically inclusive and sustainable environment for underprivileged communities. Activities include quality higher education, vocational training programs, adequate health care facilities and community outreach programs. The focus areas are 15 villages of four panchayats of Halol taluka close to the Company's units at Panelav.

Apart from operating and maintaining a school by RDS for 300 children and a free hostel for 200 boys, Alembic's CSR also focused on the following:

### Adoption of schools

The Alembic CSR foundation adopted eight government schools and two ashram shalas in Chhota Udepur.

### Sanitation project

The Alembic CSR foundation believes that community-wide cleanliness is as important as individual cleanliness. The primary cause of poor sanitation (leading

to sickness and death) is the lack of toilet and sanitation facilities which further leads to a lack of safety, privacy, comfort and respect for women and children. The Foundation decided to construct household toilets for 100 households in the Krishnapura and Sardarawas localities of Sindhrot. Now, they are 'open defecation-free' communities.

### Adoption of Fatehsinh Arya Anath Ashram, Karelibaug

The Foundation adopted Fatehsinh Arya Anath Ashram, a shelter-home and orphanage in Vadodara. The aim is to provide children of single parents, orphans and destitute children with infrastructure, facilities and activities that focus on psychological and physical well-being as well as overall development.


### Beggar's Home

The Prevention of Begging Act, 1959 includes provisions for the establishment of rehabilitation institutions for people with disabilities, run-aways, socially unprepared, as well as economically and mentally challenged people.

The Foundation provides infrastructure facilities, a hygienic environment and programmes that inculcate independence and self-confidence for these institutions.

# Addressing business risks

Alembic leveraged its deep domain knowledge to implement strategies that sustain business growth. Some risks that could prove to be detrimental for us are indicated below along with the initiatives that we have taken to mitigate such risks.



A lack of products in pipeline may not allow Alembic to adequately address marketplace demands

**Risk mitigation:** The Company has addressed this risk through increased investments in capabilities and capacities.

- The Company has bolstered its product pipeline by investing aggressively in internal and external projects.
- The Company invested ₹346 crore in R&D (capex and opex) initiatives to strengthen product development. Consequently, the number of R&D projects increased from 60 in 2014-15 to 240 in 2015-16.

- The Company developed capabilities in new verticals (injectables, oncology and dermatology), which are expected to strengthen the global product pipeline.
- The Company expanded its oral solid dosage capacity at its USFDA-approved facility. In addition, the Company is about to set up dedicated manufacturing facilities for its new verticals.



An inability to comply with global norms may adversely affect Alembic's long-term prospects

**Risk mitigation:** Alembic ensures compliance with demanding global regulatory and quality standards consistently via the following measures:

- The Company institutionalised an operational culture of 'no shortcuts' along with a training calendar to keep its team up-to-date with evolving regulatory standards.
- The team improved operating efficiencies through a host of de-bottlenecking, line balancing, process

improvement and machine-product flexibility-enhancing initiatives to improve yields.

- The Company invested in cutting-edge IT solutions (superior data integration, data management and security) to maintain data integrity.
- The Company's facilities were successfully audited thrice during the past 15 months by demanding global regulatory institutions.

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## Statutory section

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# Board of Directors

**Mr. K. G. Ramanathan**  
Independent Director



**Mr. Pranav Parikh**  
Independent Director



**Mr. Paresh Saraiya**  
Independent Director



**Mr. Chirayu Amin**  
Chairman and CEO



**Mr. Shaunak Amin**  
Managing Director



**Mr. Pranav Amin**  
Managing Director



**Mr. Milin Mehta**  
Independent Director



**Mr. Raj Kumar Baheti**  
Chief Financial Officer



**Dr. Archana Hingorani**  
Independent Director



# Board's Report

*Dear members,*

Your Directors have pleasure in presenting their 6th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2016.

## 1. Financial Summary and Highlights

(₹ in lacs)

Standalone Basis		Particulars	Consolidated Basis	
2016	2015	For the year ended 31st March	2016	2015
98,754	40,839	Profit for the year before Interest, Depreciation and Tax	1,01,150	40,526
		Adjusting therefrom:		
237	111	Interest (net)	368	178
7,186	4,441	Depreciation	7,221	4,441
21,517	7,625	Provision for taxation	21,602	7,635
-	-	Share of Profit/(Loss) of Associates	(15)	20
69,814	28,661	Net Profit	71,944	28,292
-	-	Share of Reserves in Joint Venture	(850)	1,496
-	-	Share of Loss in Associates	-	(128)
		Adding thereto:		
25,525	14,805	Balance brought forward from previous year	29,705	17,986
95,339	43,466	The amount available is	1,00,798	47,646
		Appropriating there from:		
-	6,598	Provision for Dividend - Equity Shares	-	6,598
-	1,343	Provision for Corporate Dividend tax	-	1,343
30,000	10,000	Transfer to General Reserve	30,000	10,000
65,339	25,525	Balance carried forward to Balance Sheet	70,798	29,705

## 2. Transfer to Reserves:

An amount of ₹30,000 lacs from the net profit for the financial year under review is proposed to be carried to General Reserves.

## 3. Dividend:

Your Directors recommend Dividend on Equity Shares at ₹4.00 per share (i.e. 200%) of face value ₹2/- per share for the financial year ended on 31st March, 2016 as against ₹3.50 per share (i.e. 175%) for the year ended 31st March, 2015.

## 4. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in this Annual Report. Certain statements in the said report may be forward looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

## 5. Operations and State of affairs of the Company:

The Company's Standalone revenues from operations were ₹2,991.74 crore for the year ended 31st March, 2016 as compared to ₹2,019.00 crore for the previous year.

The Company has made Net Profit of ₹698.14 crore on standalone basis for the year under review as compared to ₹286.61 crore for the previous year.

The Company has registered Consolidated revenues from operations of ₹3,148.71 crore for the year under review as compared to ₹2,056.12 crore for the previous year.

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

Particulars		F.Y. 2015-16	F.Y. 2014-15
Formulations	Branded Domestic	1,10,357	98,084
	Generic & NSA Domestic	9,118	12,274
	International Formulations	1,46,150	59,348
API	Domestic	5,052	6,412
	Exports	47,442	30,655
<b>Total</b>		<b>3,18,119</b>	<b>2,06,773</b>

The Company has made a consolidated profit after tax of ₹719.44 crore for the year under review as compared to ₹282.92 crore for the previous year.

## 6. Subsidiaries, Associates and Joint Ventures:

As required under Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on standalone financial statements and a report on performance and financial position of each of the subsidiaries and associates is included in the financial statements.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.alembic-india.com](http://www.alembic-india.com). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.alembic-india.com](http://www.alembic-india.com). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

## 7. Directors:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Shaunak Amin, Director of the Company, will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The Board at its meeting held on 21st January, 2016, re-appointed Mr. Chirayu Amin, Mr. Pranav Amin and Mr. R. K. Baheti as Executive

Directors for a period of five years, effective from 1st April, 2016, subject to approvals of the members at the Annual General Meeting. Subsequently, on 27th April, 2016, the Board re-designated Mr. Chirayu Amin as Executive Chairman and Chief Executive Officer and both Mr. Pranav Amin and Mr. Shaunak Amin as Managing Directors of the Company.

## 8. Key Managerial Personnel:

Mr. Chirayu Amin, Executive Chairman & Chief Executive Officer (CEO), Mr. Pranav Amin, Managing Director, Mr. Shaunak Amin, Managing Director, Mr. R. K. Baheti, Director - Finance & CFO and Mr. Ajay Kumar Desai, Vice President - Finance & Company Secretary are Key Managerial Personnel of the Company.

## 9. Meetings of the Board:

Four (4) Board Meetings were held during the financial year ended 31st March, 2016. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report.

## 10. Independent Directors:

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as provided in of Section 149(6) of the Companies Act, 2013.

## 11. Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

### The following were the Evaluation Criteria:

#### (a) For Independent Directors:

- ▶ Knowledge and Skills
- ▶ Professional conduct
- ▶ Duties, Role and functions

#### (b) For Executive Directors:

- ▶ Performance as Team Leader/Members
- ▶ Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- ▶ Key set Goals/KRA and achievements
- ▶ Professional Conduct and Integrity
- ▶ Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

## 12. Audit Committee:

The Audit Committee consists of all Independent Directors with Mr. Paresh Saraiya as Chairman and Mr. Milin Mehta, Mr. Pranav Parikh and Dr. Archana Hingorani (w.e.f. 31st July, 2015) as members. The Committee inter alia reviews the Internal Control System, Reports of Internal Auditors and Compliance of various regulations. The Committee also reviews at length the financial statements before they are placed before the Board.

## 13. Vigil Mechanism:

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism or 'Whistle Blower Policy' for directors, employees and other stakeholders to report genuine concerns has been established. The same is also uploaded on the website of the Company.

## 14. Internal Control Systems:

The Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organisation's pace of growth and increasing complexity of operations. The internal auditors team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

## 15. Corporate Social Responsibility:

Corporate Social Responsibility (CSR) is not a new term for Alembic. Alembic Group has been proactively carrying out CSR activities since more than fifty years. Alembic Group has established, nurtured and promoted various Non Profit Organisations focusing on three major areas – Education, Healthcare and Rural Development.

During the year, the Company along with other entities in the group, settled a Trust in the name of Alembic CSR Foundation and obtained requisite statutory approvals for enabling it to carry out CSR activities for the entire group.

In compliance with requirements of Section 135 of the Companies Act, 2013, the Company has laid down a CSR Policy. The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended 31st March, 2016 in the format prescribed under Rule 9 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure A.

## 16. Policy on Nomination and Remuneration:

The contents of Nomination and Remuneration Policy of the Company prepared in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Corporate Governance Report.

## 17. Related Party Transactions:

Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence there is no information to be provided as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

<http://www.alembic-india.com/upload/05APL-RPT%20policy.pdf>

## 18. Corporate Governance:

The Report on Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

The requisite certificate from M/s. Samdani Shah & Associates, Practising Company Secretaries confirming compliance with

the conditions of corporate governance as stipulated under the aforesaid Schedule V is attached to the Report on Corporate Governance.

### 19. Fixed Deposits:

As on 31st March, 2016, there were unclaimed deposits amounting to ₹7.13 lacs from 19 deposit holders which have been transferred to current liabilities. There has been no default in repayment of deposits or interest thereon. In F.Y. 2015-16, the Company has not accepted/renewed any deposits.

### 20. Listing of shares:

The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 533573 and on the National Stock Exchange of India Limited (NSE) with scrip code of APLLTD. The Company confirms that the annual listing fees to both the stock exchanges for the financial year 2016-17 have been paid.

### 21. Loans, Guarantee or Investments:

Details of Loans granted, Guarantees given and Investments made during the year under review, covered under the provisions of Section 186 of the Companies Act, 2013 are given as Annexure B.

### 22. Auditors:

#### (a) Statutory Auditors:

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Company till the conclusion of Annual General Meeting for the F.Y. 2018-19, as approved by the members at their 4th Annual General Meeting held on 28th July, 2014.

Further, pursuant to the requirement of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors is to be ratified by the members at every Annual General Meeting. Members are requested to ratify their appointment for the F.Y. 2016-17.

#### (b) Secretarial Auditors:

The Board of Directors of the Company appointed M/s. Samdani Shah & Associates, Practising Company Secretaries, Vadodara, to conduct Secretarial Audit for the F.Y. 2016-17.

The Secretarial Audit Report of M/s. Samdani Shah & Associates, Practising Company Secretaries for the financial year ended 31st March, 2016, is annexed as Annexure C.

#### (c) Cost Auditors:

Mr. H. R. Kapadia, Cost Accountant, Vadodara, Cost Auditor of the Company for F.Y. 2015-16 have been appointed as Cost Auditor for conducting audit of the cost accounts maintained

by the Company relating to Bulk Drugs and Formulations for the F.Y. 2016-17.

#### (d) Internal Auditors:

The Board of Directors has appointed M/s. Sharp & Tannan Associates, Chartered Accountants as Internal Auditors of the Company for the F.Y. 2016-17.

There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their report or by the Secretarial Auditor in their Secretarial Audit Report and hence no explanation or comments of the Board is required in this matter.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

### 23. Directors' Responsibility Statement:

In terms of the provisions of Companies Act, 2013, the Directors state that:

- (a) in preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies as listed in Note Y to the financial statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2016 and of the profit of the Company for that period;
- (c) the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 24. Material Changes:

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2016. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

## 25. Extracts of Annual Return:

The extract of Annual Return required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is annexed herewith as Annexure D.

## 26. Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo:

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure E.

## 27. Particulars of employees and related disclosures:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure F.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

The Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## 28. Details of Unclaimed Suspense Account:

Disclosure pertaining to Unclaimed Suspense Account as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith as Annexure G. The voting rights on the equity shares which are transferred to Unclaimed Suspense Account shall remain frozen till the rightful owner of such equity shares claims the shares.

On behalf of the Board of Directors,

**Chirayu Amin**  
Chairman & CEO  
27th April, 2016

### Alembic Pharmaceuticals Limited

Regd. Office: Alembic Road, Vadodara - 390 003  
Tel: 0265 2280550  
Fax: 0265 2282506  
Web: [www.alembic-india.com](http://www.alembic-india.com)  
Email: [apl.investors@alembic.co.in](mailto:apl.investors@alembic.co.in)  
CIN: L24230GJ2010PLC061123

## Annexure - A

### Annual Report on CSR Activities to be included in the Board's Report

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The Company's CSR Policy provides for carrying out CSR activities in the area of Education, Healthcare and Rural Development through various 'Not for Profit Organisations', including Alembic CSR Foundation, Bhailal Amin General Hospital, Rural Development Society, Uday Education Society, etc.

The CSR spend may be carried out by way of donation to the corpus of the above 'Not for profit organisations' or contribution towards some specific project being undertaken by any of the organisations.

Web-link to the CSR Policy of the Company:

<http://www.alembic-india.com/upload/05APL-CSR%20Policy.pdf>

2. The Composition of CSR Committee:  
Mr. Chirayu Amin - Chairman  
Mr. K. G. Ramanathan - Member  
Mr. Paresh Saraiya - Member
3. Average Net Profit of the Company for the last three financial years: ₹31,289 lacs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹625.78 lacs

### 5. Details of CSR Spent during the financial year

- (a) Total amount to be spent for the financial year: ₹625.78 lacs
- (b) Amount unspent, if any: Nil
- (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1. Direct Expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through Implementing Agency (IA)
1.	Contribution towards various community outreach programs, school education development, construction and repairs of hostel building for students of school, run by Rural Development Society	Education	Panchmahal, Gujarat	Single Program	Direct – ₹95.12 lacs	₹95.12 lacs	Through IA - Rural Development Society
2.	Contribution towards building of toilets for community use and cleanliness	Sanitation	Gujarat	Single Program	Direct – ₹3.25 lacs	₹3.25 lacs	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1. Direct Expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through Implementing Agency (IA)
3.	Contribution towards conducting health awareness programmes and providing free medicines	Preventive Healthcare	Thane, Maharashtra	Single Program	Direct – ₹15.00 lacs	₹15.00 lacs	Through IA - Alembic CSR Foundation
4.	Contribution towards promoting education, eradicating hunger and preventive healthcare	Education, Eradicating Hunger and Preventive Healthcare	Jorhat & Guwahati, Assam	Single Program	Direct – ₹30 lacs	₹30 lacs	Through IA - Alembic CSR Foundation
5.	Contribution towards promoting education, eradicating hunger and preventive healthcare	Education, Eradicating Hunger and Preventive Healthcare	Dehradun, Uttarakhand	Single Program	Direct – ₹50.00 lacs	₹50 lacs	Direct
6.	Contribution towards promotion and development of traditional arts and handicrafts	Promotion and Development of Traditional Arts and Handicrafts	Panchmahal, Gujarat & Sikkim	Single Program	Direct – ₹57.00 lacs	₹57 lacs	Through IA - Alembic CSR Foundation
7.	Contribution towards sports promotion	Sports Promotion	Local	Single Program	Direct – ₹10.00 lacs	₹10.00 lacs	Direct
8.	Contribution towards CSR activities	Various activities covered under Schedule VII of the Companies Act, 2013	India	Single Program	Direct – ₹341.50 lacs	₹341.50 lacs	Direct
9.	Contribution towards developing vocational skills	Development of Vocational Skills	Local	Single Program	Direct – ₹28.00 lacs	₹28.00 lacs	Direct

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: N.A.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Signing both on behalf of the Company and the Committee

Sd/-

**Chirayu Amin**

*Chairman & Chief Executive Officer  
and Chairman of CSR Committee*

## Annexure - B

### Particulars of loans, guarantee or Investments made by the Company:

(₹ in lacs)

Nature of Transaction (whether loan/ guarantee/ investments)	Date of making loans, giving guarantee or making investments	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired	Amount	Purpose of loan/guarantee/ investments
Investment in Equity Shares	01.07.2015	A G Research Private Limited & Lab Suites 111 - 112, 123 - 124, Bl-1, 450 Alexandria Knowledge Park, Genome Valley, Shameerpet Mandal, Turkapally (V), Hyderabad - 500 078	413.38	Investment in Research & Development Company and to make A G Research Private Limited, a direct subsidiary of the Company
Investments in liquid scheme of Mutual Funds	26.08.2015	J.P. Morgan Asset Management (JP Morgan India Liquid Fund - Direct Plan - Daily Dividend Reinvestment Option) & J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai - 400098	900.00	Temporary parking of surplus funds
--do--	02.09.2015	--do--	1,600.00	--do--
--do--	03.09.2015	--do--	1,300.00	--do--
--do--	29.09.2015	--do--	3,000.00	--do--
--do--	05.10.2015	--do--	500.00	--do--
--do--	29.09.2015	Reliance Mutual Fund (Reliance Liquid Fund -Treasury Plan - Daily Dividend Option) & H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710	3,000.00	--do--
--do--	30.09.2015	--do--	500	--do--
--do--	17.11.2015	--do--	1,800.00	--do--
--do--	25.11.2015	--do--	1,300.00	--do--
--do--	26.11.2015	--do--	200.00	--do--
--do--	30.12.2015	--do--	700.00	--do--
--do--	19.01.2016	--do--	750.00	--do--
--do--	20.01.2016	--do--	250.00	--do--
--do--	21.01.2016	--do--	250.00	--do--
--do--	27.01.2016	--do--	700.00	--do--
--do--	09.02.2016	--do--	1,100.00	--do--
--do--	10.02.2016	--do--	400.00	--do--
--do--	21.02.2016	--do--	500.00	--do--
--do--	23.02.2016	--do--	750.00	--do--
--do--	14.03.2016	--do--	500.00	--do--
--do--	21.03.2016	--do--	1,000.00	--do--
--do--	29.03.2016	--do--	3,500.00	--do--
--do--	09.11.2015	Reliance Mutual Fund (Reliance Banking & PSU Debt Fund -Treasury Plan - Direct Weekly Dividend Option) & H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710	2,500.00	--do--
--do--	20.11.2015	--do--	1,000.00	--do--

**Note:** The above stated investments are gross investments and are not net of redemptions made by the Company.

Nature of Transaction (whether loan/guarantee/investments)	Date of making loans, giving guarantee or making investments	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired	Amount	Purpose of loan/guarantee/investments
Guarantee	09.06.2015	Alembic Global Holding SA (AGH), Rue Fritz – Courvoisier 40, 2300 La Chaux-de-Fonds, Switzerland	Euro 2.00 Millions	To support 100% subsidiary of the Company
--do--	10.07.2015	--do--	USD 5.00 Millions	--do--
--do--	08.10.2015	--do--	Euro 3.50 Millions	--do--
--do--	27.01.2016	--do--	USD 5.00 Millions	--do--
--do--	17.12.2015	Alembic Mami SPA, Z.I.EL Tarf N 135 Zone "S" Benbadis Constantine, Algeria	USD 5.00 Millions	To support joint venture of AGH
--do--	21.12.2015	Alembic Pharmaceuticals INC, Princeton Forrestal Village, 116 Village Blvd, Suite 200, Princeton, New Jersey	USD 1.05 Millions	To support step down subsidiary of the Company

## Annexure - C

### Form MR-3 Secretarial Audit Report

For the financial year ended 31 March, 2016

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

To,

The members,

**Alembic Pharmaceuticals Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alembic Pharmaceuticals Limited (hereinafter referred to as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2016, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- We further report that, there were no actions/events in pursuance of the following regulations requiring compliance thereof by the Company during the period of this report:-
  - (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- vi. Other sector specific laws as follows:
  - (a) The Prevention of Food Adulteration Act, 1954;
  - (b) Drugs and Cosmetics Act, 1940;
  - (c) National Pharmaceuticals Pricing Policy, 2012;
  - (d) The Pharmacy Act, 1948;
  - (e) The Narcotic Drugs and Psychotropic Substances Act, 1985;
  - (f) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
  - (g) The Drug (Prices Control) Order, 2013;
  - (h) Food Safety and Standards Act, 2006.

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited and/or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the

Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Sd/-

**S. Samdani**

*Partner*

**Samdani Shah & Asso.**

*Company Secretaries*

FCS No. 3677

CP No. 2863

Vadodara, 11th April, 2016

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

## Appendix A

To,

The members,

**Alembic Pharmaceuticals Limited**

Alembic Road, Vadodara – 390003

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility

of the management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**S. Samdani**

*Partner*

**Samdani Shah & Asso.**

*Company Secretaries*

FCS No. 3677

CP No. 2863

Vadodara, 11th April, 2016

## Annexure - D

### Form No. MGT - 9 Extract of Annual Return

As on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

i)	CIN	L24230GJ2010PLC061123
ii)	Registration Date	16/06/2010
iii)	Name of the Company	Alembic Pharmaceuticals Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered Office and Contact Details	Alembic Road, Vadodara - 390 003 Tel: 0265 2280550   Fax: 0265 2282506 Website: www.alembic-india.com Email: apl.investors@alembic.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any:	Link Intime India Pvt. Limited, B Tower, 102 & 103 Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Tel: 0265 2356573   Fax: 0265 2356791 Email: vadodara@linkintime.co.in

#### II. Principal Business Activity of the Company:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Formulations	35250 & 35260	83.22%
2.	API	-do-	16.78%

#### III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of shares held	Applicable Section
1.	Alembic Global Holding SA	NA	Subsidiary	100	2(87)(ii)
2.	A G Research Private Limited	U85120TG2014PTC093661	Subsidiary	100	2(87)(ii)
3.	Alembic Pharmaceuticals Europe Limited	NA	*	*	2(87)(ii)
4.	Alembic Pharmaceuticals Inc.	NA	*	*	2(87)(ii)
5.	Alembic Pharmaceuticals Canada Limited	NA	*	*	2(87)(ii)
6.	Alembic Pharmaceuticals Australia Pty Limited	NA	*	*	2(87)(ii)
7.	Alnova Pharmaceuticals SA	NA	*	*	2(87)(ii)
8.	Genius LLC	NA	*	*	2(87)(ii)
9.	Rhizen Pharmaceuticals SA	NA	Associate of Subsidiary	40.30%	2(6)
10.	Incozen Therapeutics Private Limited	U24239TG2008PTC059967	Associate	50%	2(6)
11.	Rhizen Oncotherapeutics SA	NA	#	#	2(6)
12.	Rhizen Pharmaceuticals Inc.	NA	#	#	2(6)

**Note:**

\* Companies in which 100% holding is with Alembic Global Holding SA, a wholly owned subsidiary of the Company.

# Companies in which 100% holding is with Rhizen Pharmaceuticals SA, an Associate of Subsidiary.

#### IV. Shareholding Pattern (Equity share Capital Break up as percentage of Total Equity) :

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1,34,02,430	-	1,34,02,430	7.11	1,34,02,430	-	1,34,02,430	7.11	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12,63,36,190	-	12,63,36,190	67.02	12,63,36,190	-	12,63,36,190	67.02	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>13,97,38,620</b>	<b>-</b>	<b>13,97,38,620</b>	<b>74.13</b>	<b>13,97,38,620</b>	<b>-</b>	<b>13,97,38,620</b>	<b>74.13</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>13,97,38,620</b>	<b>-</b>	<b>13,97,38,620</b>	<b>74.13</b>	<b>13,97,38,620</b>	<b>-</b>	<b>13,97,38,620</b>	<b>74.13</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	36,66,824	-	36,66,824	1.95	32,57,508	-	32,57,508	1.73	(0.22)
b) Banks/FI	9,30,872	15,100	9,45,972	0.50	6,92,105	15,100	7,07,205	0.37	(0.13)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs/FPI	1,78,87,480	-	1,78,87,480	9.49	2,03,89,890	-	2,03,89,890	10.82	1.33
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>2,24,85,176</b>	<b>15,100</b>	<b>2,25,00,276</b>	<b>11.94</b>	<b>2,43,39,503</b>	<b>15,100</b>	<b>2,43,54,603</b>	<b>12.92</b>	<b>0.98</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	20,14,889	18,400	20,33,289	1.08	16,75,644	11,350	16,86,994	0.89	(0.19)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals/HUF									
i) Individual Shareholders holding nominal share capital upto ₹1 lac	1,50,14,929	46,05,990	1,96,20,919	10.40	1,46,65,589	33,05,382	1,79,70,971	9.53	(0.87)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lac	40,36,127	-	40,36,127	2.14	33,02,947	-	33,02,947	1.75	(0.39)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
c) Others (specify)	1,48,379	-	1,48,379	0.08	1,42,254	-	1,42,254	0.08	-
Clearing Member									
Non-Resident Indians (NRI) – Repat.	2,73,906	-	2,73,906	0.15	2,79,103	-	2,79,103	0.15	-
Non-Resident Indians (NRI) – Non-Repatriation	1,24,823	19,675	1,44,498	0.07	1,66,980	12,475	1,79,455	0.10	0.03
Trusts	16,300	-	16,300	0.01	18,319	-	18,319	0.01	-
Unclaimed Suspense Account	-	-	-	-	-	8,39,798	8,39,798	0.44	0.44
Employee Trusts	-	2,850	2,850	0.00	-	2,850	2,850	0.00	-
Overseas Corporate Bodies	-	750	750	0.00	-	-	-	-	-
Sub-total (B)(2):-	2,16,29,353	46,47,665	2,62,77,018	13.93	2,02,50,836	41,71,855	2,44,22,691	12.95	
Total Public Shareholding (B)=(B)(1)+(B)(2)	4,41,14,529	46,62,765	4,87,77,294	25.87	4,45,90,339	41,86,955	4,87,77,294	25.87	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18,38,53,149	46,62,765	18,85,15,914	100.00	18,43,28,959	41,86,955	18,85,15,914	100.00	-

## (ii) Shareholding of Promoters

Details of Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% shares pledged/encumbered to total shares	
1.	Alembic Limited	5,50,00,000	29.18	-	5,50,00,000	29.18	-	Nil
2.	Chirayu Amin	45,21,465	2.40	-	45,21,465	2.40	-	Nil
3.	Pranav Amin	10,09,800	0.54	-	10,09,800	0.54	-	Nil
4.	Shaunak Amin	10,06,980	0.53	-	10,06,980	0.53	-	Nil

## Details of Shareholding of persons and entities of promoter group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% shares pledged/encumbered to total shares	
1.	Shreno Limited	1,83,68,780	9.74	-	1,83,68,780	9.74	-	Nil
2.	Whitefield Chemtech Private Limited	1,82,85,230	9.70	-	1,82,85,230	9.70	-	Nil
3.	Sierra Investments Private Limited	1,71,67,670	9.11	-	1,71,67,670	9.11	-	Nil
4.	Nirayu Private Limited	1,62,13,755	8.60	-	1,62,13,755	8.60	-	Nil
5.	Malika Amin	30,05,730	1.59	-	30,05,730	1.59	-	Nil
6.	Udit Amin	10,06,980	0.53	-	10,06,980	0.53	-	Nil
7.	Yera Amin	10,80,915	0.57	-	10,80,915	0.57	-	Nil
8.	Vidyanidhi Trust	8,09,550	0.43	-	8,09,550	0.43	-	Nil
9.	Ninochaka Kothari	6,32,900	0.34	-	6,32,900	0.34	-	Nil
10.	Shreya Mukharjee	3,39,860	0.18	-	3,39,860	0.18	-	Nil
11.	Arogyavardhini Society	2,80,950	0.15	-	2,80,950	0.15	-	Nil
12.	Anup Kothari	1,90,000	0.10	-	1,90,000	0.10	-	Nil
13.	Jyoti Patel	4,87,800	0.27	-	4,87,800	0.27	-	Nil
14.	Utkarsh Vidyakendra	1,46,250	0.08	-	1,46,250	0.08	-	Nil
15.	Ujjwal Vidyalaya	62,250	0.03	-	62,250	0.03	-	Nil
16.	Naintara Amin	30,000	0.02	-	30,000	0.02	-	Nil
17.	Samira Amin	30,000	0.02	-	30,000	0.02	-	Nil
18.	Ranvir Amin	30,000	0.02	-	30,000	0.02	-	Nil
19.	Inaaya Amin	30,000	0.02	-	30,000	0.02	-	Nil
20.	Viramya Packlight Limited	900	0.00	-	900	0.00	-	Nil
21.	Paushak Limited	855	0.00	-	855	0.00	-	Nil

## (iii) Change in Promoter's Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning/end of the year*	13,97,38,620	74.13	13,97,38,620	74.13

\*There was no change in the Promoter's shareholding during the financial Year 2015-16.

## (iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning (01.04.2015)		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shreno Limited	1,83,68,780	9.74	-	-	No change during the year	1,83,68,780	9.74
2	Whitefield Chemtech Private Limited	1,82,85,230	9.69	-	-	No change during the year	1,82,85,230	9.69
3	Sierra Investments Private Limited	1,71,67,670	9.10	-	-	No change during the year	1,71,67,670	9.10
4	Nirayu Private Limited	1,62,13,755	8.60	-	-	No change during the year	1,62,13,755	8.60
5	Malika Amin	30,05,730	1.59	-	-	No change during the year	30,05,730	1.59
6	Lotus Global Investments Limited	41,16,898	2.18	During the financial year	- (23,29,058)	Increase Decrease	17,87,840	0.94
7	Elara India Opportunities Fund Limited	55,14,883	2.92	During the financial year	1,12,848 (22,80,253)	Increase Decrease	33,47,478	1.77
8	Matthews India Fund	-	-	During the financial year	21,52,940 -	Increase Decrease	21,52,940	1.14
9	ICICI Prudential Balanced Advantage Fund	17,73,018	0.94	During the financial year	17,42,166 (8,00,527)	Increase Decrease	27,14,657	1.44
10	Cresta Fund Limited	15,40,100	0.81	During the financial year	7,52,361 (1,02,925)	Increase Decrease	21,89,536	1.16
11	Goldman Sachs India Fund Limited(*)	13,15,147	0.69	During the financial year	2,74,013 -	Increase Decrease	15,89,160	0.84

\* Ceased to be a top ten shareholder as on March 31, 2016.

Note: The date wise increase/ decrease in shareholding of the top ten shareholders is available on the website of the Company.

## (v) Shareholding of Directors and Key Managerial Personnel

SI No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Chirayu Amin, Chairman and Managing Director				
	At the beginning of the year	45,21,465	2.40	45,21,465	2.40
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for the increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	45,21,465	2.40	45,21,465	2.40

SI No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
2	Pranav Amin, Joint Managing Director				
	At the beginning of the year	10,09,800	0.54	10,09,800	0.54
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for the increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	10,09,800	0.54	10,09,800	0.54

SI No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3	Shaunak Amin, Joint Managing Director				
	At the beginning of the year	10,06,980	0.53	10,06,980	0.53
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for the increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	10,06,980	0.53	10,06,980	0.53

## (v) Shareholding of Directors and Key Managerial Personnel (Contd.)

Sl No.	For each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	Pranav Parikh, Independent Director					
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for the increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	11.06.2015	6,500 (Purchase)	0.003	6,500	0.003
	At the end of the year		6,500	0.003	6,500	0.003

Mr. R. K. Baheti, Director-Finance & CFO and Mr. Ajay Kumar Desai, Vice President - Finance & Company Secretary of the Company does not hold any shares in the Company. None of the Independent Directors except Mr. Pranav Parikh hold any shares in the Company.

## V. Indebtedness :

## Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	16,360.79	3,000.00	-	19,360.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15.39	-	-	15.39
<b>Total (i+ii+iii)</b>	<b>16,376.18</b>	<b>3,000.00</b>	<b>-</b>	<b>19,376.18</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	16,376.18	3,000.00	-	19,376.18
<b>Net Change</b>	<b>16,376.18</b>	<b>3,000.00</b>	<b>-</b>	<b>19,376.18</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## VI. Remuneration of Directors and Key Managerial Personnel :

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Chirayu Amin	Pranav Amin	Shaunak Amin	R. K. Baheti	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	403.06	550.55	544.05	246.87	1,744.53
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	0.40	0.40	0.40	1.43	2.63
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit	1,513.30	-	-	-	1,513.30
5	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>1,916.76</b>	<b>550.95</b>	<b>544.45</b>	<b>248.30</b>	<b>3,260.46</b>
	Ceiling as per the Act					9,765.32

### B. Remuneration to other Directors

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Paresh Saraiya	Milin Mehta	K. G. Ramanathan	Pranav Parikh	Dr. Archana Hingorani	
1	Independent Directors						
	• Fee for attending board/committee	1.80	1.80	3.60	2.80	1.60	11.60
	• Commission	7.00	7.00	7.00	7.00	7.00	35.00
	• Others, Please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>8.80</b>	<b>8.80</b>	<b>10.60</b>	<b>9.80</b>	<b>8.60</b>	<b>46.60</b>
2.	Other Non-Executive Directors (2)	-	-	-	-	-	-
	<b>Total Managerial Remuneration = (1+2)</b>	<b>8.80</b>	<b>8.80</b>	<b>10.60</b>	<b>9.80</b>	<b>8.60</b>	<b>46.60</b>
	Overall Ceiling as per the Act						976.53

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Ajay Desai - Company Secretary	CFO	Total
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of Perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	Covered at point VI-A above.	71.91	Covered at point VI-A above.	
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>71.91</b>	-	-

**Note:** The above stated figures for remuneration are extracted from Form 16 of the individual Managerial Personnel and Key Managerial Personnel for the F.Y. 2015-16. Whereas the figures for the managerial remuneration in Corporate Governance Report are prepared on the basis of accrual accounting principle and hence are not comparable.

## VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in default					
Penalty	None				
Punishment					
Compounding					

## Annexure - E

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo :

### (A) Conservation of Energy

#### (i) Steps taken or impact on conservation of energy:

- (a) Effective Load balancing exercise.
- (b) Controlling operation of the HVAC resulting in power saving.
- (c) Shifted from CFL to LED Lighting with less energy consumption.
- (d) Procuring AHUs with VFDs.
- (e) Shifting load of reciprocating refrigeration compressor on screw compressor.
- (f) Condensate recovery improvement in plant.
- (g) Energy conservation in water pumping system by replacing old pumps with high energy efficient pumps.
- (h) Fuel consumption reduction by Boiler efficiency improvement.
- (i) Water conservation and there by energy reduction by water recycling and reuse.

#### (ii) Steps taken for utilising alternate sources of energy:

The Company initiated installation of wind turbines to be used as alternate source of renewable energy.

#### (iii) Capital Investment on energy conservation equipments:

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption. The Company has identified the lower power factor feeders and installed the required capacitor banks to improve the power factor.

### (B) Technology Absorption

#### (i) Efforts made towards technology absorption:

Technological Innovation has become increasingly critical for Companies more so in pharmaceuticals sector as they strive to achieve and maintain competitive advantage. 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 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 which is reflecting in the good number of DMF filing, which includes few very complex molecules, in this year.

#### (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

- (a) The Company filed 8 ANDAs with US FDA and 9 DMFs in this fiscal year. The cumulative ANDA filings stood at 76 and 42 approvals have been received till 31st March, 2016 including 1NDA. The continuous research activities have lead to commercialisation of 34 formulations for USA market.
- (b) The Company has close to 500 scientists working across two development centers.
- (c) Our endeavor to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- (d) Till date 595 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 242 patents for formulations have been filed.
- (e) 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.
- (f) Technology for new products have been developed at the lab scale and also on the synthetic front.

#### (iii) Information regarding technology imported, during the last 3 years: Nil

## (iv) Expenditure incurred on Research and Development:

(₹ in lacs)

Particulars		2016	2015
a)	Capital	3,892	1,768
b)	Recurring	21,615	10,903
c)	Total	25,507	12,671
d)	Total R&D expenditure as a percentage of total turnover	8.53%	6.28%

## (C) Foreign exchange earnings and Outgo

The details of foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows are as under:

(₹ in lacs)

For the period ended on 31st March,		2016	2015
<b>Income</b>			
Export (FOB basis)		1,75,507.52	80,845.47
Royalty		2,597.48	1,997.39
<b>Expenditure</b>			
Raw Materials (CIF basis)		32,830.11	20,497.24
Packing Material, Components and Spare Parts (CIF basis)		480.76	376.15
Stores and Spare Parts (CIF basis)		234.60	273.45
Professional and Consultancy fees		4,234.78	1,364.92
Interest		109.16	123.89
Others		15,290.87	8,836.41

## Annexure - F

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company are required to disclose following information in the Board's Report.

Variations in the market capitalisation	₹2,710.86 crore
Price Earnings Ratio as at the closing date of current financial year	16.16
Price Earnings Ratio as at the closing date of previous financial year	29.91
Percentage increase over/(decrease) in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of current financial year and previous financial year	N.A.

Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year

Name	Ratio to Employees
Chirayu Amin – Chairman & Managing Director	1 : 0.00101
Pranav Amin – Joint Managing Director	1 : 0.00240
Shaunak Amin – Joint Managing Director	1 : 0.00241
R. K. Baheti - Director-Finance & Chief Financial Officer	1 : 0.00954

Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name	% Increase
Chirayu Amin – Chairman & Managing Director	29.92
Pranav Amin – Joint Managing Director	186.44
Shaunak Amin – Joint Managing Director	166.13
R. K. Baheti - Director-Finance & Chief Financial Officer	19.82
Ajay Desai – Vice President-Finance & Company Secretary	19.48

Percentage increase in the median remuneration of employees in the financial year	13.62%
Number of permanent employees on the rolls of company	8007
Explanation on the relationship between average increase in remuneration and company performance	Increase in Profit Before Tax - 151.70% Increase in overall remuneration – 27.77%
Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Increase in remuneration of KMP – 100.58%

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	10.02% (Non- Managerial Personnel) 100.58% (Managerial Personnel)
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	Same as above
Key parameters for any variable component of remuneration availed by the directors	Company Performance, Periodical Reviews, Skills and Competence
Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	N.A.

We affirm that the remuneration paid to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.

## Annexure - G

**Details of Unclaimed Suspense Account** as per the provisions of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	N.A. (As the shares were transferred to the suspense account on 5th February, 2016)
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	No. of shareholders: 2,840 Outstanding shares: 8,39,798

# Report on Corporate Governance

## 1. Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and Management of the Company is an important part of corporate governance.

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

Alembic, 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 endeavors to make its management team empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board has also institutionalised good management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective

strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and compliance with all statutory / regulatory requirements not only in the letter of the law but also in its spirit.

## 2. Board of Directors

### Composition of the Board

The Board of Directors consist of 3 Promoter Executive Directors, 1 Professional Executive Director and 5 Independent Non-Executive Directors. The Chairman of the Board is an Executive Director. As on 31st March, 2016 and on the date of this report, the Board meets the requirement of having at least one woman director and not less than 50% of the Board strength comprising of Non-Executive Directors as 5 out of 9 Directors are Non-Executive Independent Directors including 1 Woman Director.

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

Four (4) Board Meetings were held during the year ended 31st March, 2016 on 27th April, 2015, 31st July, 2015, 27th October, 2015 and 21st January, 2016. The time gap between any two meetings was not exceeding one hundred and twenty days.

### Details of composition and category of Directors, attendance at the Board Meetings, Annual General Meeting and shareholding of each Director

Name of the Director	Category	No. of Board Meetings held & attended during the Financial Year	Attendance at the last AGM	No. of Equity shares held in the Company #
Mr. Chirayu Amin Chairman & Managing Director	Promoter Executive	4 out of 4	Yes	45,21,465
Mr. Pranav Amin Joint Managing Director	Promoter Executive	4 out of 4	Yes	10,09,800
Mr. Shaunak Amin Joint Managing Director	Promoter Executive	4 out of 4	Yes	10,06,980
Mr. R. K. Baheti Director-Finance & CFO	Professional Executive	4 out of 4	Yes	Nil
Mr. K. G. Ramanathan	NED (I)*	3 out of 4	Yes	Nil
Mr. Pranav Parikh	NED (I) *	3 out of 4	Yes	6,500
Mr. Paresh Saraiya	NED (I) *	4 out of 4	Yes	Nil
Mr. Milin Mehta	NED (I) *	4 out of 4	Yes	Nil
Dr. Archana Hingorani	NED (I) *	3 out of 4	No	Nil

\* NED (I) means Non-Executive Director (Independent), # The Company has not issued any convertible instruments.

**Number of other board of directors or committees in which a Director is a director / member / chairperson**

Name of the Director	No. of Directorships		No. of Committee Memberships		No. of Committee Chairmanships	
	In all other companies	Excl. Pvt. Ltd.,* Foreign & Sec. 8 companies	All committees	Only Audit & Stakeholders Relationship Committee	All committees	Only Audit & Stakeholders Relationship Committee
Mr. Chirayu Amin	8	6	14	5	7	4
Mr. Pranav Amin	2	1	-	-	-	-
Mr. Shaunak Amin	2	1	-	-	-	-
Mr. R. K. Baheti	3	2	1	-	-	-
Mr. K. G. Ramanathan	-	-	-	-	-	-
Mr. Pranav Parikh	5	1	1	1	-	-
Mr. Paresh Saraiya	6	3	4	2	2	1
Mr. Milin Mehta	8	2	4	2	2	2
Dr. Archana Hingorani	10	9	5	2	-	-

\* Includes directorship in private companies that are either holding or subsidiary company of a public company.

Pursuant to the provisions of Section 165(1) the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors holds Directorships in more than 20 Companies (Public or Private), 10 Public Companies, Membership of Board Committees (Audit & Stakeholders Relationship Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5. None of the Directors serve as Independent Director in more than 7 listed Companies. None of the Director who serves as Whole Time Director in any listed Company serve as Independent Director in more than three listed Companies.

**Disclosure of relationships between directors inter-se**

Mr. Chirayu Amin, Chairman & Managing Director is the father of Mr. Pranav Amin and Mr. Shaunak Amin, Joint Managing Directors of the Company. None of the other Directors are related to each other.

**Familiarisation Programmes for Independent Directors**

The Company has conducted the familiarisation programmes for Independent Directors during the year. The details for the same have been disclosed on the website of the Company at the following web-link:

<http://www.alembic-india.com/familiarization-programme.php>

**3. Audit Committee****Composition, Name of Chairman and Members & Terms of Reference**

The Audit Committee comprises of 4 Independent Non-Executive Director viz. Mr. Paresh Saraiya, Mr. Pranav Parikh, Mr. Milin Mehta

and Dr. Archana Hingorani (w.e.f. 31st July, 2015). Mr. Paresh Saraiya is Chairman of the Audit Committee. The terms of reference of the Committee cover the matters specified for Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and the Companies Act, 2013.

The Statutory Auditors, Internal Auditors, Cost Auditors and other relevant Senior Management Persons are invited to attend the Meetings of Audit Committee. The Company Secretary of the Company acts as secretary to the Committee. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 31st July, 2015.

**Meetings and attendance during the year**

There were Four (4) meetings of the Audit Committee held during the year ended 31st March, 2016 on 26th April, 2015, 31st July, 2015, 27th October, 2015 and 21st January, 2016.

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

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Paresh Saraiya	4	4
Mr. Pranav Parikh	4	3
Mr. Milin Mehta	4	4
Dr. Archana Hingorani	3	2

## 4. Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee of Directors comprises of four Directors viz. Mr. K. G. Ramanathan, Mr. Chirayu Amin, Mr. Paresh Saraiya and Mr. Milin Mehta. Mr. K. G. Ramanathan is Chairman of the Nomination and Remuneration Committee. The terms of reference of the Committee cover the matters specified for Nomination and Remuneration Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013. Mr. K. G. Ramanathan, Chairman of Nomination and Remuneration Committee was present at the last Annual General Meeting held on 31st July, 2015.

### Meetings and attendance during the year

There were Four (4) meetings of the Nomination and Remuneration Committee held during the year ended 31st March, 2016 on 27th April, 2015, 31st July, 2015, 27th October, 2015 and 21st January, 2016.

The attendance of each member of the Nomination and Remuneration Committee is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. G. Ramanathan	4	3
Mr. Chirayu Amin	4	4
Mr. Paresh Saraiya	4	4
Mr. Milin Mehta	4	4

### Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria's for Independent Directors are disclosed in the Board's Report.

### Policy on Directors' Appointment and Remuneration

#### 1.1 Appointment criteria and qualifications

- A person who is proposed to be appointed as Director of the Company should be eligible to be appointed as Director and must hold Director Identification Number issued by the Central Government and possess such qualification, expertise and experience as prescribed under the Act.
- Without prejudice to generality of the above, a person who is proposed to be appointed as an Independent Director shall also be subject to compliance of provisions of section 149(6).
- KMP or Senior Management personnel shall have adequate qualification, expertise and experience in the

relevant field for which the appointment is proposed to be made.

- The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### 1.2 Term / Tenure

##### a) Managing Director/Whole-time Director/Manager (Managerial Personnel)

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### b) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

#### 1.3 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at such interval as deemed fit.

#### 1.4 Removal

The Committee may recommend the Board for removal of a Director, KMP or Senior Management Personnel for reasons recorded in writing. The Procedure for removal of any Director shall be as per the provisions of the Act in this regard.

#### 1.5 Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Company will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 2.1 Remuneration Policy

- a) The remuneration / compensation / commission etc. to the Managerial Personnel will be determined by the Committee and recommended to the Board for approval which shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managerial Personnel shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- d) Where any insurance is taken by the Company on behalf of its Managerial Personnel, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## 2.2 Remuneration to Managerial Personnel, KMP, Senior Management Personnel and Other Employees

- a) **Fixed pay**  
The Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013 and rules made thereunder for the time being in force. The breakup of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees, other non-monetary benefits etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b) **Variable Pay**  
The Managerial Personnel shall be eligible to a performance linked incentives as may be determined by the Board from time to time.
- c) **Commission**  
The Managerial Personnel may be paid commission if

approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any Managerial Personnel of the Board.

### d) Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### e) Provisions for refund of excess remuneration

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- f) The remuneration to Company Secretary, Senior Management Personnel and other employees shall be governed by the HR Policy of the Company.

## 2.3 Remuneration to Non- Executive / Independent Director

### a) Remuneration

The remuneration shall be in accordance with the provisions of the Companies Act, 2013 and rules made thereunder for the time being in force.

### b) Sitting Fees

The Non-Executive / Independent Director may receive fees for attending meetings of the Company. Provided that the amount of such fees shall not exceed ₹1 lac per meeting of the Board or Committee or such amount as may be prescribed under the Act. Additionally the Non-Executive Directors shall be reimbursed traveling and incidental expenses incurred for attending the meeting.

### c) Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

### d) Stock Options

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

## 5. Details of Remuneration paid to Directors

### Executive Directors

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Directors for the financial year 2015-16 are given below:

(₹ in lacs)

Name & Designation of the Executive Directors	Fixed Salary & Perquisites	Variable Performance Bonus	Commission	Total
Mr. Chirayu Amin Chairman & Managing Director	450.00	-	2,100.00	2,550.00
Mr. Pranav Amin Joint Managing Director	332.76	250.00	488.27	1,071.03
Mr. Shaunak Amin Joint Managing Director	326.26	250.00	488.27	1,064.53
Mr. R. K. Baheti Director-Finance & CFO	219.30	50.09	-	269.39
<b>Total</b>	<b>1,328.32</b>	<b>550.09</b>	<b>3,076.54</b>	<b>4,954.95</b>

#### Notes:

- Mr. Chirayu Amin, Chairman & Managing Director: Re-appointed for a period of 5 years w.e.f. 1st April, 2016 subject to the approval of the shareholders.
- Mr. Pranav Amin, Joint Managing Director: Re-appointed for a period of 5 years w.e.f. 1st April, 2016 subject to the approval of the shareholders.
- Mr. Shaunak Amin, Joint Managing Director: Appointed for a period of 5 years w.e.f. 2nd May, 2013.
- Mr. R. K. Baheti, Director-Finance & CFO: Re-appointed for a period of 5 years w.e.f. 1st April, 2016 subject to the approval of the shareholders.
- The criteria for variable performance incentive are disclosed at Annexure F to the Board's Report.
- The Executive Directors and the Company are entitled to terminate the service contracts by giving not less than three months' notice in writing to the other party. There is no provision for payment of severance fees. The Company does not have any Stock Options Scheme.

### Non-Executive Directors

Non-Executive Directors are paid ₹40,000/- as sitting fees for attending Board Meetings, ₹20,000/- for Audit Committee Meetings and ₹10,000/- for other Committee Meetings. Non-Executive Directors are also paid reimbursement of out of pocket expenses incurred for attending the meetings of the Board of Directors and Committees thereof.

The details of payment made to Non-Executive Directors during the financial year 2015-2016 are as under:

(₹ in lacs)

Name of Director	Sitting Fees	Commission	Total
Mr. K. G. Ramanathan	1.80	7.00	8.80
Mr. Paresh Saraiya	3.60	7.00	10.60
Mr. Milin Mehta	2.80	7.00	9.80
Mr. Pranav Parikh	1.80	7.00	8.80
Dr. Archana Hingorani	1.60	7.00	8.60

The Board has approved the payment of commission to Non-Executive Independent Directors for the year 2015-16 which is within the limit approved by the members of the Company at the 2nd Annual General Meeting of the Company held on 9th August, 2012.

The remuneration to Non-Executive Directors is based on the Policy for Remuneration given at clause 4.2.3 of this report.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company and its associates except Mr. Milin Mehta where other Companies under same management have paid a total of ₹5.28 lacs to M/s. K. C. Mehta & Co. Chartered Accountants as fees for professional services provided by the firm to those Companies. Mr. Milin Mehta is partner of the said firm. The Board does not consider the firm's association with group companies to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta as an Independent Director of the Company.

## 6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. Pranav Amin and Mr. R. K. Baheti. Mr. Paresh Saraiya, Independent Non-Executive Director is Chairman of the Stakeholders' Relationship Committee. Mr. Paresh Saraiya was present at the last Annual General Meeting held on 31st July, 2015.

Mr. Ajay Kumar Desai, Vice President - Finance & Company Secretary is the Compliance Officer of the Company.

Details of No. of Shareholders' complaints received: 7

No. not solved to the satisfaction of shareholders: Nil

No. of pending complaints: 1

### Meetings and attendance during the year

There were Four (4) meetings of Stakeholders' Relationship Committee held during the year ended 31st March, 2016 on 27th April, 2015, 31st July, 2015, 27th October, 2015 and 21st January, 2016.

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

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

## 7. General Body Meetings

The details of the location and time where the last three Annual General Meetings (AGMs) were held are as under:

Financial Year	Location	Date	Time	No. of Special Resolutions passed
2012-13	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	7th August, 2013	4.00 p.m.	2
2013-14	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	28th July, 2014	4.00 p.m.	7
2014-15	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	31st July, 2015	3.00 p.m.	2

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

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

## 8. Means of Communication

Quarterly Results	The results will be published in the newspapers having wide coverage
Which Newspapers wherein results normally published	Will be published normally in- The Economic Times (English), The Economic Times (Gujarati) and any other leading newspapers
Any website, where displayed	www.alembic-india.com
Whether it also displays official news releases and	Yes
The presentations made to institutional investors or to the analysts	Yes

## 9. General Shareholder Information

a)	Annual General Meeting Date, Time and Venue	29th July, 2016 at 3:00 p.m. "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.
b)	Financial Year	2015 – 2016
c)	Dividend Payment Date	On or before 5th August, 2016
d)	Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
e)	Stock Code	BSE (Security Code: 533573) NSE (Security Code: APL LTD)
f)	Market price data – high, low during each month in last financial year	Please see Annexure 'A'
g)	Share Performance of the Company in comparison to BSE Sensex	Please see Annexure 'B'
h)	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable
i)	Registrar and Share Transfer Agents	Link Intime India Pvt. Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020 Tel: 0265 2356573, 2356794 Fax: 0265 2356791 Email: vadodara@linkintime.co.in
j)	Share Transfer System	Share transfers will be registered and returned within a period of fifteen days from the date of receipt, if documents are accurate in all respects. Stakeholders' Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, duplicate, etc. Total number of shares transferred in physical form during the year were 9,36,403 (previous year 1,08,100).
k)	Distribution of Shareholding/ Shareholding Pattern as on 31st March, 2016	Please see Annexure 'C'
l)	Dematerialisation of Shares and Liquidity	As on 31st March, 2016, 18,43,28,959 shares (97.78%) are held in dematerialised form by the shareholders.
m)	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable

n)	Commodity price risk or foreign exchange risk and hedging activities	<p>The Company's finished goods i.e. Formulations are generally not prone to commodity price risk. They are of course subject to risk of Government's intervention in domestic market and competitive scenario in international markets. However, the Company's API products (both finished goods as well as raw materials) are subject to commodity price risks. The Company does not have any hedging activities for the same.</p> <p>The Company is a net foreign exchange earner and like the pharma sector, faces foreign currency fluctuation risk. Looking at the broad long term trend, the Company keeps its position generally open. However, at times, the Company hedges the risk partially by entering into certain option agreements with banks. Company has created robust SOP of managing such transactions.</p>
o)	Plant Locations	<p>a. Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat.</p> <p>b. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil -Nalagarh, Dist. Solan, Himachal Pradesh.</p> <p>c. Village Karakhadi, Tal. Padra, Dist. Vadodara.</p> <p>d. Samardung Busty, Namthang, South Sikkim.</p>
p)	Address for Correspondence / Investor Correspondence	<p>1. Company Secretary &amp; Compliance Officer Alembic Pharmaceuticals Limited Alembic Road, Vadodara-390003 Tel: 0265 2280550 Fax: 0265 2282506 Email Id: apl.investors@alembic.co.in</p> <p>2. Link Intime India Pvt. Ltd. B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Radha Krishna Char Rasta, Akota – Vadodara-390020 Ph.: 0265 2356573, 2356794 Email: vadodara@linkintime.co.in</p>

## 10. Other Disclosures

### a) Related Party Transactions:

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

<http://www.alembic-india.com/upload/05APL-RPT%20policy.pdf>

### b) Compliance:

There was no non-compliance by the Company; penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

### c) Whistle Blower Policy:

The Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethical policy.

The Whistle Blower Policy is placed on the website of the Company and web-link to the same is as under:

<http://www.alembic-india.com/upload/05APL-Whistle%20Blower%20Policy.pdf>

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

**d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:****Mandatory requirements:**

The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

**Non-Mandatory requirements:**

- a) Office for non-executive Chairman at company's expense: Not Applicable
- b) Half-yearly declaration of financial performance to each household of shareholders: Not complied
- c) Modified opinion(s) in Audit Report: Complied as there is no modified opinion in Audit Report
- d) Separate posts of Chairman & CEO: Not complied
- e) Reporting of Internal Auditors directly to Audit Committee: Complied

**e) Policy for determining 'material' subsidiaries':**

The Company has formed the policy for determining 'material' subsidiaries'. The same has been placed on the website of the Company and web-link to the same is as under:

<http://www.alembic-india.com/upload/05APL-Policy%20on%20Material%20Subsidiaries.pdf>

**f) Disclosure of commodity price risks and commodity hedging activities:**

The details are provided at Point No. 9(n) of this report.

**g) Disclosure of the compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:**

Regulation No.	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**h) Independent Directors' Meeting:**

The Independent Directors met on 27th April, 2016 to carry out the evaluation for the financial year 2015-16 and inter alia, discussed the following:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties.

Mr. Pranav Parikh and Dr. Archana Hingorani were not present at the Meeting.

**i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place a Policy on prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year, no complaint was received by the Company.

## Annexure – A

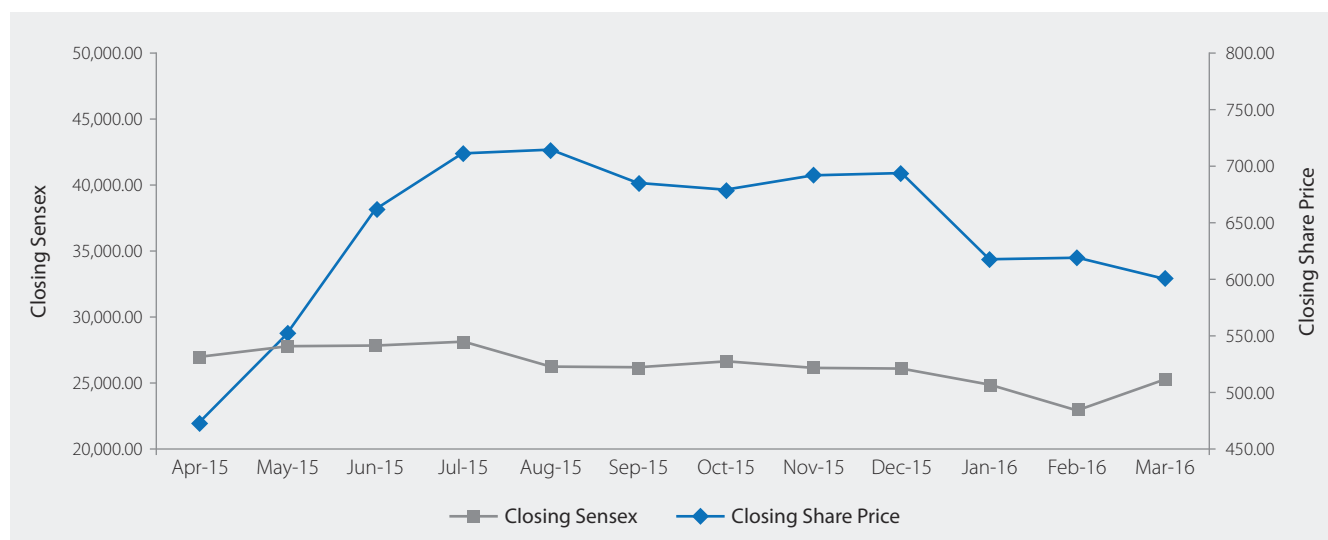
Market price data of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the financial year 2015-16:

Month - Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April - 2015	508.70	443.00	510.00	441.20
May - 2015	560.35	451.70	562.20	451.00
June - 2015	698.00	533.40	698.80	533.30
July - 2015	791.70	656.00	791.90	600.00
August - 2015	754.65	641.25	770.00	641.00
September - 2015	743.25	621.00	742.40	616.40
October - 2015	747.00	656.00	746.65	654.20
November - 2015	702.00	650.00	703.90	649.95
December - 2015	727.25	660.00	727.85	660.55
January - 2016	698.30	573.55	699.00	573.00
February - 2016	649.00	514.35	648.00	512.50
March - 2016	662.30	572.50	662.00	571.55

On 31st March, 2016, the closing price of the shares of the Company on BSE was ₹600.60 and on NSE was ₹598.40.

## Annexure – B

Share Performance of the Company in comparison to BSE Sensex:



## Annexure – C

The distribution of shareholdings as on 31st March, 2016 is as under:

Number of Share of Face Value	Number of Shareholders	% of total Shareholders	Number of Shares	% of total Shares
1	2	3	4	5
1-500	46,326	87.43	57,13,089	3.03
501-1000	3,371	6.36	26,03,950	1.38
1001-2000	1,627	3.07	24,42,975	1.29
2001-3000	548	1.03	13,90,826	0.73
3001-4000	256	0.48	9,15,280	0.48
4001-5000	195	0.36	8,99,688	0.47
5001-10000	326	0.61	23,22,884	1.23
10001 and above	332	0.62	17,22,27,222	91.35
<b>Total</b>	<b>52,981</b>	<b>100.00</b>	<b>18,85,15,914</b>	<b>100.00</b>

Shareholding pattern as on 31st March, 2016

Sr. No.	Category	No. of Shares Held	% of Voting Strength
1.	Promoters & Associates	13,97,38,620	74.12
2.	Mutual Funds	32,57,508	1.72
3.	Financial Institutions / Banks	7,07,205	0.37
4.	Foreign Portfolio Investor	2,03,89,890	10.81
5.	Bodies Corporate	16,86,994	0.89
6.	Indian Public	2,08,36,298	11.05
7.	NRIs (Repat. & Non Repat.)	4,58,558	0.24
8.	Others	14,40,841	0.76
	<b>Total</b>	<b>18,85,15,914</b>	<b>100.00</b>

## CERTIFICATE

To the Members of  
**Alembic Pharmaceuticals Limited**

We have examined the compliance of the conditions of Corporate Governance by Alembic Pharmaceuticals Limited (hereinafter referred to as 'the Company') for the year ended 31st March, 2016 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India and/or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') as may have been applicable.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and/or Listing Regulations as may have been applicable.

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

Sd/-

**S. Samdani**

*Partner*

**Samdani Shah & Asso.**

Company Secretaries

FCS No. 3677, CP No. 2863

Vadodara, 11th April, 2016

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## CODE OF CONDUCT

The Board has adopted code of conduct for all Board Members and Senior Management Personnel of the Company and the said code of conduct is posted on the web site of the Company ([www.alembic-india.com](http://www.alembic-india.com)) A declaration signed by the CEO on behalf of the Board of Directors is given below:

"We hereby confirm that:

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March, 2016 and the copy of the code of conduct is put on the website of the Company at [www.alembic-india.com](http://www.alembic-india.com).

On behalf of the Board of Directors

Sd/-

**Chirayu Amin**  
(CEO)

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## Financial section

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# Independent Auditor's Report

To The Members of  
Alembic Pharmaceuticals Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ALEMBIC PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position (net of provision made) in its financial statements –Y (II) to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For K.S.AIYAR & Co  
Chartered Accountants  
Firm's Registration No. 100186W

RAGHUVIR M. AIYAR  
Partner

Mumbai  
Date: 27th April, 2016

Membership No. 38128

## Annexure 'A' to the Independent Auditor's Report

Re: Alembic Pharmaceuticals Limited

Referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements of our report

- (i) (a) The Company is maintaining 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) These 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 year 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) The title deeds of immovable properties are held in the name of the Company except for Land having book value of ₹1712.35 Lacs is still held in the names of erstwhile demerged companies.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a), (b) and (c) of clause (iii) are not applicable to the Company.
- (iv) In respect of loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits during the year. Therefore the question of complying with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder do not arise.
- (vi) The Central Government has specified the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. Such accounts and records have been made and maintained by the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax,

cess and any other statutory dues with the appropriate authorities.

(b) Dues of income tax or sales tax or service tax or duty of

customs or duty of excise or value added tax that have not been deposited on account of any dispute are as under.

Statue & Nature of dues	Amount not deposited (₹)	Forum where dispute is pending
Sales Tax, interest and penalty.	13,12,295	High Court
	1,63,84,603	Asst. Commissioner Demand
	44,830	Additional Commissioner
	1,53,406	Revisional Board (Tribunal)
	23,28,932	Jt. Commissioner Appeals
	20,06,174	Jt. Commissioner Appeals
	23,00,108	Jt. Commissioner Appeals
	23,68,469	Jt. Commissioner Appeals
	20,92,750	Jt. Commissioner Appeals
	7,65,686	Jt. Commissioner Appeals
	8,27,211	Tribunal
	1,84,321	Additional Commissioner
	24,654	Additional Commissioner
	15,06,831	Additional Commissioner
	52,88,111	Tribunal
	64,32,292	Additional Commissioner
	11,85,131	Jt. Commissioner
	3,40,990	Jt. Commissioner
	66,78,714	Jt. Commissioner
Central Sales Tax	1,51,971	Additional Commissioner
	75,612	Additional Commissioner
	10,93,955	Deputy Commissioner II
	2702	Tribunal
	28,481	Tribunal
	1,23,800	Jt. Commissioner Appeals
	3,24,342	Jt. Commissioner Appeals
	13,450	Jt. Commissioner
Excise Duty, Interest & Penalty.	2,13,95,574	CESTAT
	9,85,233	CESTAT
	16,091	CESTAT
	2,10,579	CESTAT
	35,000	Commissioner (Appeal)
	50,03,165	High Court
	1,20,99,486	High Court
	55,306	CESTAT
	121,276	CESTAT
	1,01,81,463	CESTAT
	24,11,210	Commissioner (Appeals)
	2,75,323	CESTAT

Statue & Nature of dues	Amount not deposited (₹)	Forum where dispute is pending
Excise Duty, Interest & Penalty.	56,760	CESTAT
	13,70,807	Commissioner (Appeals)
	4,12,504	Commissioner (Appeals)
	12,57,669	Commissioner (Appeals)
	3,45,902	CESTAT
	1,18,282	CESTAT
Stamp duty	5,01,18,535	Supreme Court
Income Tax	4,58,530	ITAT

(viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer {including debt instruments} or any term loans during the year.

(x) Any fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.

(xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.

(xiii) All transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in

the standalone financial statements etc. as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore the compliance of the requirement of section 42 of the Companies Act, 2013 are not applicable.

(xv) Pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.

(xvi) The Company is not required to be registered under section 45-1(A) of the Reserve Bank of India Act, 1934.

For K.S.AIYAR & Co  
Chartered Accountants  
Firm's Registration No. 100186W

RAGHUVIR M. AIYAR

Mumbai

Date: 27th April, 2016

Partner

Membership No. 38128

## Annexure 'B' to the Independent Auditor's Report

### ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ALEMBIC PHARMACEUTICALS LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.S.AIYAR & Co  
Chartered Accountants  
Firm's Registration No. 100186W

RAGHUVIR M. AIYAR

Mumbai

Partner

Date: 27th April, 2016

Membership No. 38128

# Balance Sheet

₹ in lacs

Particulars	Note No	As at 31st March, 2016		As at 31st March, 2015	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	1,49,257.82		79,586.20	
			1,53,028.13		83,356.51
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	–		1,880.00	
(b) Deferred Tax Liabilities (Net)	D	5,002.28		3,143.34	
(c) Other Long Term Liabilities	E	1,305.37		1,284.37	
(d) Long Term Provisions	F	2,822.65	9,130.30	936.15	7,243.86
(3) Current Liabilities					
(a) Short-Term Borrowings	G	–		14,980.79	
(b) Trade Payables	H	50,021.20		31,645.20	
(c) Other Current Liabilities	I	5,131.69		4,429.27	
(d) Short-Term Provisions	J	1,599.88	56,752.77	9,460.09	60,515.35
Total			2,18,911.21		1,51,115.73
II.ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	69,725.18		48,867.99	
(ii) Capital Work-in-Progress		9,233.77		8,314.03	
(b) Non-Current Investments	L	3,746.24		3,332.85	
(c) Long Term Loans and Advances	M	4,875.25	87,580.43	6,502.72	67,017.59
(2) Current Assets					
(a) Inventories	N	53,371.52		38,248.29	
(b) Trade Receivables	O	37,150.07		33,794.00	
(c) Cash and Bank Balances	P	28,481.40		440.50	
(d) Short-Term Loans and Advances	Q	12,327.78	1,31,330.78	11,615.34	84,098.13
Total			2,18,911.21		1,51,115.73
Significant Accounting Policies and Other Explanatory notes and Information	Y				

Note: See accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

R. K. Baheti  
Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Paresh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

# Statement of Profit and Loss

₹ in lacs

Particulars	Note No	Year ended 31st March, 2016		Year ended 31st March, 2015	
I. Revenue from Operations	R	3,02,781.83		2,03,404.38	
Less : Excise Duty		3,607.34	2,99,174.49	1,504.78	2,01,899.60
II. Other Income	S		551.18		57.23
III. Total Revenue (I + II)			2,99,725.68		2,01,956.83
IV. Expenses					
Cost of Materials Consumed	T	64,223.53		54,049.40	
Purchase of Finished Goods		25,512.51		24,661.93	
Changes in Inventories of Finished Goods and Work in Process	T	(9,594.03)		(7,288.90)	
Employee Benefit Expenses	U	40,431.26		29,656.71	
Research and Development Expenses	V	21,615.46		10,903.07	
Depreciation		7,186.37		4,441.27	
Finance costs	W	236.62		110.88	
Other Expenses	X	58,783.40	2,08,395.11	49,135.96	1,65,670.34
V. Profit Before Tax			91,330.56		36,286.49
VI. Tax Expense					
Current Tax		19,800.00		7,625.00	
Less : MAT Credit Entitlement		–		739.29	
Deferred Tax		1,716.72	21,516.72	739.29	7,625.00
VII. Profit for the year			69,813.84		28,661.49
VIII. Earning per Equity Share (FV ₹ 2/- per share)					
Basic & Diluted (In ₹)			37.03		15.20
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

Note: See accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

R. K. Baheti  
Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Paresh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

## Cash Flow Statement

₹ in lacs

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		91,330.56		36,286.49
Add:				
1 Depreciation	7,186.37		4,441.27	
2 Interest Charged	251.55		313.62	
3 Unrealised Foreign Exchange Loss / (Gain)	(69.54)		(1,057.68)	
4 (Gain)/Loss on Sale of Fixed Assets	0.08	7,368.45	0.64	3,697.86
Less:				
1 Interest Income	14.93		202.74	
2 Dividend Income	58.42	73.35	10.65	213.39
Operating Profit before change in Working Capital		98,625.67		39,770.95
Working capital changes:				
Add / (Less):				
1 (Increase) / Decrease in Inventories	(15,123.23)		(7,170.48)	
2 (Increase) / Decrease in Trade Receivables	(3,445.30)		(7,033.97)	
3 (Increase) / Decrease in Short-Term Loans and Advances	(721.09)		(2,295.36)	
4 (Increase) / Decrease in Long-Term Loans and Advances	1,627.47		(1,599.26)	
5 Increase / (Decrease) in Trade Payables	18,473.33		3,511.31	
6 Increase / (Decrease) in Other Current Liabilities	3,148.24		(905.01)	
7 Increase / (Decrease) in Short Term Provisions	(111.19)		371.99	
8 Increase / (Decrease) in Long Term Provisions	1,886.50	5,734.73	268.09	(14,852.69)
Cash generated from Operations		1,04,360.40		24,918.26
Add / (Less):				
Direct Taxes paid (Net of refunds)		(19,607.53)		(6,910.22)
Net Cash inflow from Operating Activities (A)		84,752.87		18,008.04
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Add:				
1 Proceeds from Sale of Fixed Assets	12.60		5.40	
2 Interest Received	11.45		199.86	
3 Dividend Received	58.42	82.47	10.65	215.91
Less:				
1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress	28,975.94		20,067.09	
2 Purchase of Investments (Net)	413.38	29,389.33	–	20,067.09
Net Cash inflow from Investing Activities (B)		(29,306.85)		(19,851.18)

## Cash Flow Statement (Contd.)

₹ in lacs

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
<b>Add:</b>				
1 Increase / (Decrease) in Other Long Term Liabilities	21.00		14.00	
2 Proceeds from Short-Term Borrowings	–	21.00	12,438.42	12,452.42
<b>Less:</b>				
1 Repayment of Long-Term Borrowings	4,306.47		3,719.91	
2 Repayment of Short-Term Borrowings	14,980.79		–	
3 Dividends Paid (including Distribution Tax)	7,870.43		6,549.64	
4 Interest and Other Finance Costs	268.42	27,426.11	433.08	10,702.63
<b>Net Cash Inflow from Financing Activities (C)</b>		(27,405.11)		1,749.79
<b>I Net (decrease)/increase in Cash and Cash Equivalents</b>		28,040.91		(93.35)
<b>II Add: Cash and Cash Equivalents at the Beginning of the Period</b>	99.40		414.93	
<b>Other Bank Balances</b>	341.10	440.50	118.92	533.85
<b>III Cash and Cash Equivalents at the End of the Period</b>	28,056.22		99.40	
<b>Other Bank Balances</b>	425.19	28,481.40	341.10	440.50

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

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Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Paresh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

## Notes to the Financial Statement

### A Share Capital

₹ in lacs

As at 31st March	2016	2015
(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 :

	2016		2015	
	Numbers	Amount in lacs	Numbers	Amount in lacs
At the beginning of the period	18,85,15,914	3,770.32	18,85,15,914	3,770.32
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, 2016 an amount of ₹ 4.00 ( P.Y. ₹ 3.50) of dividend per equity share was proposed for the equity shareholders. The proposed dividend for the year 2015-16 will be accounted for after the approved at Annual General Meeting in view of the recent amendment made in the Accounting Standards w.e.f 30.03.2016 by the Ministry of Corporate Affairs.

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

As at 31st March	2016		2015	
	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 the Financial Statement

### B Reserves and Surplus

₹ in lacs

As at 31st March	2016		2015	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) General Reserve				
Balance as per the last financial statements	54,031.10		44,364.19	
Less : Utilised for prior year depreciation as per the provision contained in Note 7(b) of the schedule II to the Companies Act, 2013	–		132.51	
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	142.22		200.58	
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss	30,000.00	83,888.88	10,000.00	54,031.10
(c) Surplus / (Deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	25,525.09		14,805.09	
Profit for the year	69,813.84		28,661.49	
	95,338.93		43,466.58	
Appropriations				
Less : Proposed final Equity Dividend amount per share ₹ 4.00 (PY : ₹ 3.50)	–		6,598.06	
Tax on Proposed Equity Dividend	–		1,343.43	
Transfer to General Reserve	30,000.00		10,000.00	
	30,000.00		17,941.49	
Net Surplus in the Statement of Profit and Loss		65,338.93		25,525.09
		1,49,257.82		79,586.20

### C Long-Term Borrowings

As at 31st March	Non-Current Maturities		Current Maturities	
	2016	2015	2016	2015
(a) Term loans (Secured)				
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	–	1,880.00	–	2,500.00
	–	1,880.00	–	2,500.00
Amount disclosed under the head Other Current Liabilities (Note I)	–	–	–	(2,500.00)
	–	1,880.00	–	–

## Notes to the Financial Statement

### D Deferred Tax Liabilities (Net)

₹ in lacs

As at 31st March	2016		2015	
(a) Deferred Tax Liabilities				
Depreciation		6,633.32		4,768.05
(b) Deferred Tax Assets				
Provision for Doubtful debts	294.52		211.09	
Preliminary Expense and Demerger Expense	–		4.56	
Intangible Asset	459.49		601.71	
Others	877.03	1,631.04	807.36	1,624.72
		5,002.28		3,143.34

### E Other Long Term Liabilities

As at 31st March	2016		2015	
Trade Deposits		1,305.37		1,284.37
		1,305.37		1,284.37

### F Long Term Provisions

As at 31st March	Long-term		Short-term	
	2016	2015	2016	2015
(a) Provision for Employee Benefits				
Provision for Gratuity	–	–	173.66	357.22
Provision for Leave benefits	943.30	936.15	500.32	427.94
	943.30	936.15	673.98	785.16
Amount disclosed under the head Short Term Provisions (Note J)			(673.98)	(785.16)
	943.30	936.15	–	–
(b) Provision for Non-Saleable return of goods	1,879.35	–	–	–
(c) Others				
Proposed Equity Dividend	–	–	–	6,598.06
Provision of Tax on Proposed Equity Dividend	–	–	–	1,343.43
	–	–	–	7,941.49
Amount disclosed under the head Short Term Provisions (Note J)			–	(7,941.49)
	2,822.65	936.15	–	–

### G Short Term Borrowings

As at 31st March	2016		2015	
From Banks				
(a) Working Capital facilities (Secured)		–		11,980.79
Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand				
(b) Others (Unsecured)		–		3,000.00
Varying Coupon repayable within 180 days with an option of roll over				
		–		14,980.79

# Notes to the Financial Statement

## H Trade Payables

₹ in lacs

As at 31st March	2016		2015	
(a) Due to Micro and Small Enterprises		87.98		96.32
(b) Other Trade Payables		49,933.22		31,548.88
		50,021.20		31,645.20

## I Other Current Liabilities

As at 31st March	2016		2015	
(a) Current maturities of long-term debt (Note C)		–		2,500.00
(b) Book Overdraft		2,390.48		–
(c) Interest accrued but not due on borrowings		–		16.68
(d) Unpaid dividends		251.75		180.69
(e) Unpaid / Unclaimed matured deposits and interest accrued thereon				
Unclaimed matured Deposits	7.13		9.43	
Interest accrued thereon	0.31	7.44	0.50	9.93
(f) Other payables / liabilities				
Statutory	1,342.01		1,165.51	
Others	1,140.01	2,482.02	556.46	1,721.97
		5,131.69		4,429.27

## J Short Term Provisions

As at 31st March	2016		2015	
(a) Provision for Employee Benefits (Note F)		673.98		785.16
(b) Others				
Proposed equity dividend and Tax thereon (Note F)		–		7,941.49
Provision for tax (net of Advance Tax)		925.91		733.43
		1,599.88		9,460.09

## K Tangible Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01/04/15	Addition	Deductions	As on 31/03/16	As on 01/04/15	Deductions	During the Year*	Adj to Gen Res	As on 31/03/16	As on 31/03/16	As on 31/03/15
Free Hold Land	192.44	–	–	192.44	–	–	–	–	–	192.44	192.44
Lease Hold Land	1,634.78	414.65	–	2,049.43	114.89	–	21.64	–	136.53	1,912.90	1,519.89
Buildings	19,003.11	7,461.12	–	26,464.23	3,135.59	–	1,220.57	–	4,356.16	22,108.07	15,867.52
Employees Quarters	28.30	–	–	28.30	6.59	–	–	–	6.59	21.71	21.71
Plant & Equipments	44,551.62	15,660.35	69.12	60,142.85	20,202.17	65.57	4,425.39	–	24,561.99	35,580.86	24,349.45
R&D Equipments	10,576.16	3,892.44	–	14,468.60	6,219.36	–	733.95	–	6,953.31	7,515.29	4,356.80
Furniture & Fixtures	966.90	315.05	–	1,281.95	502.99	–	79.34	–	582.33	699.62	463.91
Vehicles	2,953.41	186.84	25.05	3,115.20	1,004.11	15.93	642.94	–	1,631.13	1,484.07	1,949.30
Office Equipments	378.33	125.75	2.47	501.61	231.36	2.47	62.51	–	291.40	210.21	146.97
<b>TOTAL</b>	<b>80,285.06</b>	<b>28,056.20</b>	<b>96.64</b>	<b>1,08,244.62</b>	<b>31,417.07</b>	<b>83.97</b>	<b>7,186.34</b>	<b>–</b>	<b>38,519.44</b>	<b>69,725.18</b>	<b>48,867.99</b>
Previous Year	66,506.44	13,819.98	41.36	80,285.06	26,810.38	35.32	4,441.27	200.74	31,417.07	48,867.99	–

Note :

\*a) Effective April 01, 2015, the Company has with retrospective effect changed its method of providing depreciation on certain fixed assets from the 'Straight Line' method to the 'Written Down Value' method, as per the useful life of those assets as prescribed in Schedule II to the Companies Act, 2013 to appropriately match the economic benefits from these assets.

Accordingly, the Company has recognised an additional depreciation charge of ₹ 1,034.50 lacs relating to the period upto March 31, 2015, which is included above.

- b) Borrowing cost capitalised during the year amounting to ₹ 475.72 lacs
- c) Sales proceeds are deducted from gross cost where cost is unascertainable

## Notes to the Financial Statement

### L Non Current Investments (Long Term Investments - At cost)

₹ in lacs

As at 31st March	2016		2015	
(a) Trade Investments				
Unquoted Equity Instruments				
Investment in Wholly Owned Subsidiary				
45,00,000 (PY: 45,00,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA		3,031.05		3,031.05
Investment in Wholly Owned Subsidiary				
41,33,849 (PY: NIL) equity shares of ₹10 each fully paid up in A G Research Pvt. Ltd		413.38		–
Others				
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.		300.00		300.00
(b) Non - Trade Investments				
Unquoted Equity Instruments				
18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.		1.80		1.80
		3,746.24		3,332.85

### M Long Term Loans and Advances (Unsecured, considered good)

As at 31st March	2016		2015	
(a) Capital Advances		2,996.29		2,144.58
(b) Security Deposits		273.00		252.18
(c) Security Deposits given to related parties		866.67		3,366.67
(e) MAT Credit Entitlement		739.29		739.29
		4,875.25		6,502.72

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

As at 31st March	2016		2015	
(a) Raw Materials				
API, Chemicals and Intermediates	6,582.85		3,677.79	
Excipients	6,640.22		4,699.38	
Solvents & Catalyst	652.31	13,875.38	451.92	8,829.09
(b) Packing Materials		2,326.09		1,814.62
(c) Work-in-Process		2,426.10		2,416.45
(d) Finished Goods				
API, Chemicals and Intermediates	21,507.57		14,302.07	
Formulations - Tablets and Capsules	2,883.37		1,855.42	
Formulations - Injectables	268.90		331.19	
Formulations - Oral Preparation and Ointments	634.80		603.24	
Others	4,501.25	29,795.89	4,038.42	21,130.34
(e) Traded Goods				
Formulations - Tablets and Capsules	2,325.05		2,099.11	
Formulations - Injectables	520.31		371.26	
Formulations - Oral Preparation and Ointments	1,870.96	4,716.32	1,327.12	3,797.49
(f) Stores and Spares		231.74		260.30
		53,371.52		38,248.29

## Notes to the Financial Statement

### O Trade Receivables (Unsecured)

₹ in lacs

As at 31st March	2016		2015	
(a) Over Six months from the due date				
Considered good	282.94		545.49	
Considered doubtful	851.03		621.03	
Less : Provision for doubtful debts	851.03	282.94	621.03	545.49
(b) Others Considered good		36,867.14		33,248.51
		37,150.07		33,794.00

### P Cash and Bank Balances

As at 31st March	2016		2015	
(a) Cash and Cash Equivalents				
Balances with Banks	28,032.08		65.11	
Cash on hand	24.14	28,056.22	34.29	99.40
(b) Other Bank Balances				
Unpaid Dividend Account	251.75		180.69	
Margin Money Deposit Account	173.44	425.19	160.41	341.10
		28,481.40		440.50

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

As at 31st March	2016		2015	
Others				
Advance against Expenses - Employees		462.04		371.45
Advance recoverable in cash or in kind		11,865.74		11,243.90
		12,327.78		11,615.34

## Notes to the Financial Statement

### R Revenue from Operations

₹ in lacs

For the year ended 31st March	2016		2015	
(a) Sale of products				
Domestic	1,25,527.31		1,17,393.70	
Exports	1,68,559.29		82,205.37	
		2,94,086.59		1,99,599.07
Export Incentives		5,742.33		1,477.43
Royalty		2,597.48		1,997.39
(b) Other Operating Revenues				
Others		355.43		330.48
		3,02,781.83		2,03,404.38
Sale of Products - Broad head wise				
Bulk Drugs, Chemicals and Intermediates	50,746.40		36,065.25	
Formulations - Tablets and Capsules	1,98,464.64		1,20,224.55	
Formulations - Injectables	7,920.68		8,274.08	
Formulations - Oral Preparation and Ointments	36,954.87		35,035.19	
	2,94,086.59		1,99,599.07	

### S Other Income

For the year ended 31st March	2016		2015	
(a) Dividend		58.42		10.65
(b) Insurance Claims		492.76		46.57
		551.18		57.23

### T Cost Of Material Consumed

For the year ended 31st March	2016		2015	
Inventory at the beginning of the year	10,643.71		10,748.28	
Add : Purchases	69,963.42		53,944.84	
	80,607.13		64,693.11	
Less : Inventory at the end of the year	16,201.47	64,405.66	10,643.71	54,049.40
Less : Insurance claim received		182.13		—
		64,223.53		54,049.40
Details of Material Consumed				
Bulk Drug and Drug intermediates	35,723.49		29,605.15	
Excipients	9,407.83		9,252.40	
Solvents & Catalyst	8,289.75		6,784.08	
Packing Material	9,331.47		8,264.96	
Others	1,470.99		142.81	
	64,223.53		54,049.40	
Changes in inventories of Finished Goods, Work in process				
(a) Inventory at the end of the year				
Work in Process	2,426.10		2,416.45	
Finished Goods	34,512.21	36,938.31	24,927.83	27,344.28
(b) Inventory at the beginning of the year				
Work in Process	2,416.45		1,676.36	
Finished Goods	24,927.83	27,344.28	18,379.03	20,055.39
		(9,594.03)		(7,288.90)

## Notes to the Financial Statement

### U Employee Benefit Expenses

₹ in lacs

For the year ended 31st March	2016		2015	
(a) Salaries and Wages		38,455.00		28,131.86
(b) Contribution / Provisions for Provident and other funds		1,108.99		923.49
(c) Staff welfare expense		867.28		601.36
		40,431.26		29,656.71

### V Research and Development Expenses

For the year ended 31st March	2016		2015	
(a) Material Consumption		4,975.94		2,905.46
(b) Employees Benefit Expenses				
Salaries and Wages	4,761.61		3,388.60	
Contribution / Provisions for Provident and other funds	191.13	4,952.74	134.20	3,522.80
(c) Utilities				
Power	771.95		587.29	
Others	47.69	819.64	17.69	604.98
(d) Others		10,867.15		3,869.83
		21,615.46		10,903.07

### W Finance Costs

For the year ended 31st March	2016		2015	
Interest Expense		251.55		313.62
Less : Interest Income		14.93		202.74
		236.62		110.88

### X Other Expenses

For the year ended 31st March	2016		2015	
(a) Consumption of Stores, Spares, Laboratory Material and Analytical Expense		4,607.68		2,785.44
(b) Power and Fuel		5,064.26		4,328.55
(c) Manufacturing and Labour Charges		2,661.34		1,586.45
(d) Repairs and Maintenance				
Machinery	1,061.06		753.43	
Buildings	678.33		425.13	
Others	341.12	2,080.51	354.78	1,533.34
(e) Freight and Forwarding Charges		2,928.75		2,701.76
(f) Marketing and Publicity Expense and Selling Commission		23,709.50		20,318.68
(g) Excise Duty		674.85		796.49
(h) Rent		623.55		608.64
(i) Rates and Taxes		681.95		725.55
(j) Insurance		358.92		304.57
(k) Travelling Expense		10,580.79		8,751.69
(l) Communication Expenses		1,520.96		1,570.59
(m) Legal & Professional Fees		2,478.22		1,729.96
(n) Payment to Auditor		70.07		66.42
(o) Exchange Difference (net)		(3,498.87)		(61.55)
(p) Bad Debts written off	307.42		239.63	
Less : Bad Debts Provision Utilised	–	307.42	239.63	–
(q) Provision for Doubtful Debts		230.00		177.98
(r) Expenses on CSR Activities		629.87		309.76
(s) Miscellaneous Expenses		3,073.62		901.63
		58,783.40		49,135.96

# Notes to the Financial Statement

## Y I Significant Accounting Policies

### a) Basis of Preparation of Financial Statements

The Financial Statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India ( Indian GAAP) under the Historical Cost Convention on an accrual basis of accounting. The Company has prepared Financial Statements to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules 2014.

The Accounting Policies adopted in the preparation in Financial Statements are consistent with those of previous year.

### b) Use of Estimates and Judgements

In preparation of the Financial Statements, in conformity with Indian GAAP the management is required to make Judgements, Estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses for the year. All though these estimates are based on the management's best knowledge of current events and actions, uncertainty of these assumptions and estimates could result in the outcomes different from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods

### c) 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 .

### d) Depreciation / Amortisation:

Depreciation on Fixed Assets is provided on certain assets on Straight Line Basis and on certain assets on written down value method as per the useful life prescribed in schedule II of the Companies Act 2013

During the year the management of the Company has, based on independent technical evaluation, assessed the remaining useful life of certain fixed assets of Sikkim Plant and in terms of these evaluations, the useful life of Buildings, Plant and Equipment is determined of 10 years each.

Leasehold Land is amortised over the period of lease

### e) Borrowing Cost

Borrowing Costs directly attributable to the acquisition and

construction of an asset which takes a substantial period of time to get ready for their intended use are capitalised as part of the cost of such assets until such time the asset is ready for its intended use.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period they are incurred.

### f) 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.

Certain Investment in Subsidiary company are stated at a value transferred as per the Scheme of Arrangement. The subsequent investments in the Subsidiary are valued at cost.

### g) 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 are valued at lower of cost including excise payable thereon and net realisable value.

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

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

### h) Revenue from Operations

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognised when the significant risks and rewards of the ownership of the goods have been passed to the buyer. Sales are disclosed inclusive of excise duty, but net of sales return, service tax, value added tax and CST

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

Export benefits available under prevalent schemes are accounted to the extent considered receivable

### i) 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

# Notes to the Financial Statement

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

charged to the Statement of Profit & Loss in the year in which it is incurred.

### **j) 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 Derivative instruments for future probable transactions, the mark to market loss as at the year end is charged to Statement of Profit and Loss.

### **k) 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 Company Ltd. and ICICI Prudential Life Insurance Company Ltd. and 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.

### **l) Taxes on Income**

Provision for taxation comprises of Current Tax and Deferred Tax. Current Tax provision has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted in accordance with Accounting Standard 22 (AS-22) "Accounting for taxes on income" notified under the Companies (Accounts) Rules, 2014, using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable

certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date to reassess its realisation.

The benefit of credit against the payment made towards MAT for the earlier years is available in accordance with the provisions of section 115J (AA) of income tax act 1961 over a period of subsequent 10 assessment year and it is recognised to the extent of deferred tax liability in view of the certainty involved of its realisation against reversal of deferred tax liability.

### **m) 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.

### **n) Impairment of assets**

In accordance with Accounting Standard 28 (AS 28) on 'Impairment of Assets' where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Statement of the Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss being recognised.

### **o) Earning per share**

Basic and diluted earnings per share are computed by dividing the net profit after tax attributable to equity shareholders for the year, with the weighted average number of equity shares outstanding during the year.

## Notes to the Financial Statement

### Y II Other Explanatory Notes and Information

₹ in lacs

As at 31st March	2016	2015
I Estimated amount of contracts net of advances remaining to be executed on capital accounts	19,778.25	4,766.34

As at 31st March	2016	2015
II Contingent liabilities not provided for		
(a) Letter of Credit, Guarantees and Counter Guarantees	20,804.88	8,864.67
(b) Liabilities Disputed in appeals		
Excise duty	773.19	730.23
Sales Tax	568.78	503.28
Income Tax	7.78	7.78
(c) Claims against the Company not acknowledged as debt	342.64	342.64
(d) 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

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

As at 31st March	Gratuity Funded	
	2016	2015
Expense recognised in the Statement of Profit & Loss		
Current Service Cost	335.86	207.95
Interest Cost	127.88	103.91
Employer Contributions		
Expected return on plan assets	(123.80)	(116.15)
Net Actuarial (Gains) / Losses	88.08	433.81
Past Service Cost		–
Settlement Cost		–
<b>Total Expense</b>	<b>428.02</b>	<b>629.52</b>
Net Asset / (Liability) recognised		
Present value of Defined Benefit Obligation	2,347.58	1,882.34
Fair value of plan assets	2,198.93	1,581.19
Funded status [Surplus / (Deficit)]	(148.65)	(301.15)
Net Asset / (Liability)	(148.65)	(301.15)
Change in Obligation		
Present value of Defined Benefit Obligation at the beginning of the year	1,882.33	1,283.11
Current Service Cost	335.87	207.95
Interest Cost	127.88	103.91
Settlement Cost	–	–
Past Service Cost	–	–
Employer Contributions	–	–
Actuarial (Gains) / Losses	186.63	412.26
Benefits Payments	(185.13)	(124.90)
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>2,347.58</b>	<b>1,882.33</b>

# Notes to the Financial Statement

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

₹ in lacs

As at 31st March	Gratuity Funded	
	2016	2015
<b>Change in Assets</b>		
Plan Assets at the beginning of the year	1,581.20	1,329.23
Adjustment to the Opening Fund	(15.49)	(81.91)
Expenses deducted from the fund	(18.48)	(0.92)
Employer Contributions	614.48	365.10
Assets acquired in amalgamation in previous year	–	–
Settlements	–	–
Expected return on plan assets	123.80	116.15
Funds to be transfer as per the Scheme of Arrangement	–	–
Actual benefits paid	(185.13)	(124.90)
Actuarial (Gains) / Losses	98.55	(21.55)
<b>Plan Assets at the end of the year</b>	<b>2,198.93</b>	<b>1,581.20</b>
<b>Actuarial Assumptions:</b>		
Discount Rate	7.80%	7.80%
Expected rate of return on Plan Assets	7.80%	8.00%
Mortality pre retirement	Indian Assured Lives Mortality (2006-08) Table	Indian Assured Lives Mortality (2006-08) Table
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%

As at 31st March	Leave Encashment	
	2016	2015
<b>Expense recognised in the Statement of Profit &amp; Loss</b>		
Current Service Cost	178.50	113.43
Interest Cost	75.25	63.80
Employer Contributions	–	–
Expected return on plan assets	–	–
Net Actuarial (Gains) / Losses	205.02	392.32
Past Service Cost	–	–
Settlement Cost	–	–
<b>Total Expense</b>	<b>458.77</b>	<b>569.55</b>
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>		
Present value of Defined Benefit Obligation	1,015.63	993.31
Fair value of Plan Assets	–	–
Funded status [Surplus / (Deficit)]	(1,015.63)	(993.31)
<b>Net Asset / (Liability)</b>	<b>(1,015.63)</b>	<b>(993.31)</b>

## Notes to the Financial Statement

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

₹ in lacs

As at 31st March	Leave Encashment	
	2016	2015
<b>Change in Obligation</b>		
Present value of Defined Benefit Obligation at beginning of the year	993.31	734.20
Current Service Cost	178.50	113.43
Interest Cost	75.25	63.80
Settlement Cost	–	–
Past Service Cost	–	–
Employer Contributions	–	–
Actuarial (Gains) / Losses	205.02	392.32
Benefits Payments	(436.46)	(310.44)
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>1,015.62</b>	<b>993.31</b>

### IV The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are as follows:

Amount in lacs

As at 31st March	2016		2015	
<b>(a) Amount receivable in foreign currency on account of the following</b>				
Export of Goods and Services	USD	392.55	USD	352.02
	AUD	8.99	AUD	37.56
	EUR	40.87	EUR	35.38
	CAD	1.47	CAD	4.14
	GBP	2.12	GBP	0.94
Advance to Suppliers	USD	37.83	USD	23.95
	JPY	0.03	JPY	0.86
	EUR	9.5	EUR	1.99
	GBP	0.29	GBP	0.21
	CHF	0.13	CHF	1.08
	CAD	0.07	AUD	0.01
<b>(b) Amount payable in foreign currency on account of the following</b>				
Purchase of Goods and Services	USD	120.22	USD	43.82
	EUR	5.70	EUR	1.35
	AUD	0.03	AUD	0.03
	CAD	0.02	CAD	0.02
	CHF	0.16	CHF	0.01
	GBP	0.46		–
Advance from Customers	USD	67.23	USD	55.7
	EUR	5.78	EUR	4.30
	–		GBP	0.11
	–		CAD	1.88
	AUD	6.46	AUD	0.44
Loans payable	–		USD	100.08

# Notes to the Financial Statement

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

### V Disclosure required under Micro, Small and Medium Development Act 2006

On the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company the following are as details.

₹ in lacs		
As at 31st March	2016	2015
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	12.41	16.06
(b) The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(c) The amount of interest due and payable for the period of delay in making payment	–	–
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.77	0.88
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.77	0.88

### 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 Central Government Of India pursuant to Companies (Accounting Standards) Rules 2014 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.)
- 6 Alembic Pharmaceuticals Canada Ltd. (Subsidiary of Alembic Global Holding SA.)
- 7 AG Research Private Limited, (Subsidiary of Alembic Pharmaceuticals Limited.)
- 8 Genius LLC, (Subsidiary of Alembic Global Holding SA.)

#### (c) Associate Companies:

- |                                    |  |
|------------------------------------|--|
| 1 Alembic Limited                  | 7 Sierra Investments Limited   |
| 2 Whitefield Chemtech Pvt. Limited | 8 Viramya Packlight Ltd.   |
| 3 Nirayu Pvt. Limited              | 9 Incozen Therapeutics Pvt. Limited                                      |
| 4 Quick Flight Limited             | 10 Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)    |
| 5 Shreno Limited                   | 11 Rhizen Oncotherapeutics SA (Subsidiary of Rhizen Pharmaceuticals SA.) |
| 6 Paushak Limited                  | 12 Rhizen Pharmaceuticals Inc (Subsidiary of Rhizen Pharmaceuticals SA.) |

#### (d) Joint Venture

- 1 Alembic Mami SPA (Joint venture of Alembic Global Holding SA)

## Notes to the Financial Statement

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

#### (e) Key Management personnel

- 1 Shri C .R. Amin, *Chairman and CEO*
- 2 Shri R. K. Baheti, *Director - Finance & CFO*
- 3 Shri Pranav Amin, *Managing Director*
- 4 Shri Shaunak Amin, *Managing Director*
- 5 Shri Ajay Desai, *Vice President - Finance & Company Secretary*

#### (f) 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 Mukherji

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

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2016	2015	2016	2015	2016	2015
<b>(a) Purchase of Goods/DEPB</b>						
-Individually more than 10%						
Alembic Limited	5,804.44	4,306.99	—	—	—	—
Sierra Investments Limited	1,904.86	1,101.85	—	—	—	—
-Others	278.58	1,184.67	—	—	—	—
<b>(b) Sale of Goods/DEPB</b>						
-Individually more than 10%						
Alembic Limited	250.16	854.29	—	—	—	—
Alembic Global Holding SA	—	—	95,417.89	10,727.38	—	—
Rhizen Pharmaceutical SA	355.23	—	—	—	—	—
-Others	186.92	39.67	—	—	—	—
<b>(c) Purchase of Fixed Assets</b>						
-Individually more than 10%						
Shreno Limited	1,384.36	13.27	—	—	—	—
-Others	31.60	1.66	—	—	—	—
<b>(d) Sale of Fixed Assets</b>						
Shreno Limited	9.48	—	—	—	—	—
<b>(e) Rendering of services</b>						
-Individually more than 10%						
Shreno Limited	—	3.79	—	—	—	—
Alnova Pharmaceuticals SA	—	—	19.44	—	—	—
<b>(f) Receiving of services</b>						
-Individually more than 10%						
Alembic Limited	313.25	350.52	—	—	—	—
Shreno Limited	849.59	692.65	—	—	—	—
-Others	2.92	87.16	—	—	—	—

# Notes to the Financial Statement

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

₹ in lacs

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2016	2015	2016	2015	2016	2015
(g) Reimbursement of expenses						
-Individually more than 10%						
Paushak Ltd.	410.55	356.04	–	–	–	–
(h) Rent Paid						
-Individually more than 10%						
Alembic Limited	319.35	329.78	–	–	–	–
Shreno Limited	51.04	42.00	–	–	–	–
(i) Deposit Given						
-Individually more than 10%						
Alembic Limited	–	220.00	–	–	–	–
Shreno Limited	1.67	–	–	–	–	–
(j) Deposit Refunded						
-Individually more than 10%						
Alembic Limited	2,500.00	–	–	–	–	–
(k) Dividend Paid						
-Individually more than 10%						
Alembic Limited	1,925.00	1,650.00	–	–	–	–
Shreno Limited	642.91	551.06	–	–	–	–
Sierra Investments Limited	600.87	503.76	–	–	–	–
Nirayu Pvt Limited	567.48	486.41	–	–	–	–
Whitefield Chemtech Pvt Limited	639.98	548.56	–	–	–	–
Shri C. R. Amin	–	–	–	–	158.25	135.64
Shri Pranav Amin	–	–	–	–	35.34	30.29
Shri Shaunak Amin	–	–	–	–	35.24	30.21
-Others	–	11.32	–	–	–	–
(l) Corporate Guarantee Given						
-Individually more than 10%						
Shreno Limited	–	1,000.00	–	–	–	–
Alembic Global Holding SA	–	–	8,827.33	5,476.65	–	–
(m) KMP Remuneration						
Salary & Perquisites						
Shri C. R. Amin	–	–	–	–	450.00	449.44
Shri Pranav Amin	–	–	–	–	582.76	373.91
Shri Shaunak Amin	–	–	–	–	576.26	400.00
Shri R. K. Baheti	–	–	–	–	269.39	224.84
Shri Ajay Desai	–	–	–	–	76.24	63.81
Commission						
Shri C. R. Amin	–	–	–	–	2,100.00	1,513.30
Shri Pranav Amin	–	–	–	–	488.27	–
Shri Shaunak Amin	–	–	–	–	488.27	–

## Notes to the Financial Statement

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

₹ in lacs

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2016	2015	2016	2015	2016	2015
(n) Outstanding balance as at 31st March,						
Creditors						
-Individually more than 10%						
Alembic Limited	1,630.32	1,598.79	–	–	–	–
Sierra Investments Limited	249.35	239.33	–	–	–	–
-Others	208.00	255.72	–	–	–	–
Deposit Given						
-Individually more than 10%						
Alembic Limited	866.67	3,366.67	–	–	–	–
-Others	1.67	–				
Investments						
-Individually more than 10%						
Incozen Therapeutics Pvt. Limited	–	300.00	–	–	–	–
Debtors						
-Individually more than 10%						
Alembic Global Holding SA	–	–	15,424.91	6,464.88	–	–
Rhizen Pharmaceuticals SA	386.59	–	–	–	–	–
Others	44.94	65.64	234.81	–	–	–

For the year ended on 31st March	Relatives of Key Managerial Personnel	
	2016	2015
Dividend Paid		
-Individually more than 10%		
Smt. Malika Amin	105.20	89.79
Shri Udit Amin	35.24	30.21
Ms. Yera Amin	37.83	32.43
-Others	55.32	53.49

### VIII Earning Per Share (EPS)

For the year ended on 31st March	2016	2015
(a) Profit after tax but before Extra Ordinary Items available for equity shareholders (₹ in Lacs)	69,813.84	28,661.49
(b) Profit after Tax available for equity shareholders (₹ in Lacs)	69,813.84	28,661.49
(c) Weighted Average number of equity shares	18,85,15,914	18,85,15,914
(d) Basic and Diluted Earnings per share before Extra Ordinary Items (Face value per share ₹ 2/- each)	₹ 37.03	₹ 15.20
(e) Basic and Diluted Earnings per share after Extra Ordinary Items (Face value per share ₹ 2/- each)	₹ 37.03	₹ 15.20

# Notes to the Financial Statement

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

IX Auditors Fees and Expenses		₹ in lacs	
For the year ended on 31st March		2016	2015
(a) Statutory Auditors			
As Auditors		27.50	27.50
In Other Capacity			
(i) Other Services			
a Limited Review		28.50	25.50
b Others		8.00	7.00
(ii) Reimbursement of expenses		1.07	1.92
(b) Cost Auditors			
As Cost Auditors		1.50	1.50
(c) Tax Auditor			
Tax Audit fee		2.00	2.00
(d) Secretarial Audit			
Secretarial Audit Fee		1.50	1.00
		70.07	66.42

X Income in Foreign Currency			
For the year ended on 31st March		2016	2015
(a) Export (FOB basis)		1,75,507.52	80,845.47
(b) Royalty		2,597.48	1,997.39
		1,78,105.01	82,842.87

XI Expenditure in Foreign Currency			
For the year ended on 31st March		2016	2015
- Raw Materials (CIF basis)		32,830.11	20,497.24
- Packing Material (CIF basis)		480.76	376.15
- Stores and Spare parts (CIF basis)		234.60	273.45
- Professional and Consultancy Fees		4,234.78	1,364.92
- Interest		109.16	123.89
- Others		15,290.87	8,836.41
		53,180.28	31,472.06

## Notes to the Financial Statement

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

#### XII Break up of Imported /Indigenous Material

₹ in lacs

For the year ended on 31st March	2016		2015	
	%	Amount	%	Amount
Value of Imported and Indigenous consumption				
(a) Consumption of Raw Materials				
Imported	48.32%	31,123.99	40.83%	22,068.73
Indigenous	51.68%	33,281.67	59.17%	31,980.67
Total	100.00%	64,405.66	100.00%	54,049.40
(b) Consumption of Stores and Spares				
Imported	9.84%	234.59	17.65%	273.45
Indigenous	90.16%	2,149.60	82.35%	1,275.78
Total	100.00%	2,384.19	100.00%	1,549.23

XIII Pre-operative expenses pending capitalisation included in Capital Work-In-Progress represent direct attributable expenditure for setting up of plants commencement of commercial operation, the detail of pre-operative expenses are

For the year ended on 31st March	2016	2015
Opening Balance	302.85	24.66
Incurred during the current year		
Salaries, allowance and contribution to funds	169.01	67.67
Professional Fees	18.79	6.67
Travelling Expenses	42.02	28.67
Others	227.13	175.18
Total	759.80	302.85
Less: Capitalised during the year	(759.80)	-
Closing balance	-	302.85

XIV 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

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

R. K. Baheti  
Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Paresh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

# Independent Auditor's Report

To The Members of  
Alembic Pharmaceuticals Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ALEMBIC PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

The financial statements of subsidiaries, jointly controlled entity and associates have been audited by other auditors or were subjected to a limited review by other auditors, whose reports have been furnished to us by the Management and our opinion and report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the reports of the other auditors.

- (a) We did not audit the financial statements / financial information of any of the eight subsidiaries and one jointly controlled entity whose financial statements / financial information reflect total assets of ₹46083.05 Lacs as at 31st March, 2016, total revenues of ₹113082.34 Lacs and net cash inflows amounting to ₹14369.67 Lacs for the year ended on that date, as considered

in the consolidated financial statements.

- (b) The consolidated financial statements also include the Group's share of net loss of ₹15.03 Lacs for the year ended 31st March, 2016 as considered in the consolidated financial statements, in respect of two associates whose financial statements / financial information has not been audited by us.

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

#### Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory

auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Group companies its associate company incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its Associates and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity— Refer Note Y-I to the consolidated financial statements.
  - ii. The Group, its associates and jointly controlled entity did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and associate company incorporated in India.

For K.S.AIYAR & Co  
Chartered Accountants  
Firm's Registration No. 100186W

RAGHUVIR M. AIYAR  
Partner

Mumbai  
Date: 27th April, 2016

Membership No. 38128

## Annexure

Re: Alembic Pharmaceuticals Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in Para (g) on Report on Other Legal and Regulatory Requirements in our report.

We have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at March 31, 2016 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.S.AIYAR & Co  
Chartered Accountants  
Firm's Registration No. 100186W

RAGHUVIR M. AIYAR  
Partner

Mumbai  
Date: 27th April, 2016

Membership No. 38128

# Consolidated Balance Sheet

₹ in lacs

Particulars	Note No	As at 31st March, 2016		As at 31st March, 2015	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	1,54,717.18		83,765.66	
(c) Foreign Currency Translation Reserve		1,566.49	1,60,053.99	927.88	88,463.86
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	-		1,880.00	
(b) Deferred Tax Liabilities (Net)	D	5,012.87		3,143.34	
(c) Other Long Term Liabilities	E	1,305.37		1,284.37	
(d) Long Term Provisions	F	2,822.65	9,140.89	936.15	7,243.86
(3) Current Liabilities					
(a) Short-Term Borrowings	G	13,251.30		21,969.88	
(b) Trade Payables	H	56,639.94		32,494.41	
(c) Other Current Liabilities	I	5,250.05		4,456.44	
(d) Short-Term Provisions	J	1,601.84	76,743.14	9,488.29	68,409.03
Total			2,45,938.02		1,64,116.75
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	73,122.32		51,159.13	
(ii) Capital Work-in-Progress		9,252.21		8,314.03	
(b) Goodwill		4,355.85		3,528.07	
(c) Non-Current Investments	L	211.38		226.41	
(d) Long Term Loans and Advances	M	8,339.94	95,281.70	11,815.19	75,042.84
(2) Current Assets					
(a) Inventories	N	57,757.98		38,277.06	
(b) Trade Receivables	O	35,048.20		36,116.73	
(c) Cash and Bank Balances	P	45,082.90		2,682.56	
(d) Short-Term Loans and Advances	Q	12,767.24	1,50,656.32	11,997.57	89,073.91
Total			2,45,938.02		1,64,116.75
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

Note: See accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

R. K. Baheti  
Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Paresh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

# Consolidated Statement of Profit and Loss

₹ in lacs

Particulars	Note No	Year ended 31st March, 2016		Year ended 31st March, 2015	
I. Revenue from Operations	R	3,18,478.37		2,07,117.44	
Less : Excise Duty		3,607.34	3,14,871.03	1,504.78	2,05,612.66
II. Other Income	S		551.18		230.43
III. Total Revenue (I + II)			3,15,422.22		2,05,843.09
IV. Expenses					
Cost of Materials Consumed	T	64,223.53		54,049.40	
Purchase of Finished Goods		22,312.54		24,692.89	
Changes in Inventories of Finished Goods and Work in Process	T	(9,594.03)		(7,288.90)	
Employee Benefit Expenses	U	42,137.58		30,675.91	
Research and Development Expenses	V	30,706.29		12,162.26	
Depreciation		7,221.36		4,441.29	
Finance Costs	W	368.10		178.04	
Other Expenses	X	64,486.66	2,21,862.03	51,025.04	1,69,935.94
V. Profit Before Tax			93,560.19		35,907.15
VI. Tax Expense					
Current Tax		19,864.19		7,634.91	
Less : MAT Credit Entitlement		–		739.29	
Deferred Tax		1,737.29	21,601.48	739.29	7,634.91
VII. Profit for the year			71,958.71		28,272.24
Share of Profit / (Loss) of Associates			(15.03)		20.21
VIII. Net Profit after Tax and Share of Profit / (Loss) of Associates			71,943.68		28,292.46
IX. Earning per Equity Share (FV ₹ 2/- per share)					
Basic & Diluted (In ₹)			38.16		15.01
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

Note: See accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

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Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

## Consolidated Cash Flow Statement

₹ in lacs

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax	93,560.19		35,907.15	
Add : Share of Reserves in Joint Venture	(849.94)		1,495.50	
Add : Share of Loss from Associates	(15.03)	92,695.23	(107.47)	37,295.18
Add:				
1 Depreciation	7,221.36		4,441.29	
2 Interest Charged	427.32		380.78	
3 Unrealised Foreign Exchange Loss / (Gain)	(303.42)		(1,057.68)	
4 Foreign Currency Translation Reserve	(638.61)		(478.81)	
5 (Gain)/Loss on Sale of Fixed Assets	0.08	6,706.73	0.64	3,286.24
Less:				
1 Interest Income	59.22		202.74	
2 Dividend Income	58.42	117.64	10.65	213.39
Operating Profit before change in Working Capital		99,284.32		40,368.03
Working capital changes:				
Add / (Less):				
1 (Increase) / Decrease in Inventories	(19,480.92)		(7,199.24)	
2 (Increase) / Decrease in Trade Receivables	979.30		(13,063.76)	
3 (Increase) / Decrease in Short-Term Loans and Advances	(778.32)		(2,661.10)	
4 (Increase) / Decrease in Long-Term Loans and Advances	3,475.26		(1,593.60)	
5 Increase / (Decrease) in Trade Payables	24,242.87		8,695.03	
6 Increase / (Decrease) in Other Current Liabilities	3,239.42		(877.84)	
7 Increase / (Decrease) in Short Term Provisions	(107.78)		182.18	
8 Increase / (Decrease) in Long Term Provisions	1,886.50	13,456.32	268.09	(16,250.25)
Cash generated from Operations		1,12,740.64		24,117.78
Add / (Less):				
Direct Taxes paid (Net of refunds)		(19,701.36)		(6,941.81)
Net Cash inflow from Operating Activities (A)		93,039.28		17,175.97
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Add:				
1 Proceeds from Sale of Fixed Assets	12.60		5.40	
2 Interest Received	55.75		199.86	
3 Dividend Received	58.42	126.77	10.65	215.91
Less:				
1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress	30,361.58		22,358.26	
2 Purchase of Investments (Net)	812.74	31,174.32	3,418.92	25,777.18
Net Cash inflow from Investing Activities (B)		(31,047.55)		(25,561.27)

## Consolidated Cash Flow Statement (Contd.)

₹ in lacs

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
<b>Add:</b>				
1 Increase / (Decrease) in Other Long Term Liabilities	21.00		14.00	
2 Proceeds from Short-Term Borrowings	–	21.00	19,427.51	19,441.51
<b>Less:</b>				
1 Repayment of Long-Term Borrowings	3,922.61		3,719.91	
2 Repayment of Short-Term Borrowings	8,718.58		–	
3 Dividends Paid (including Distribution Tax)	6,527.00		6,549.64	
4 Interest and Other Finance Costs	444.19	19,612.39	500.24	10,769.79
<b>Net Cash Inflow from Financing Activities (C)</b>		(19,591.39)		8,671.72
<b>I Net (decrease)/increase in Cash and Cash Equivalents</b>		42,400.35		286.42
<b>II Add: Cash and Cash Equivalents at the Beginning of the Period</b>	2,341.46		2,277.21	
<b>Add: Other Bank Balances</b>	341.10	2,682.56	118.92	2,396.12
<b>III Cash and Cash Equivalents at the End of the Period</b>	43,932.13		2,341.46	
<b>Other Bank Balances</b>	1,150.78	45,082.90	341.10	2,682.56

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

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Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

## Notes to the Consolidated Financial Statement

### A Share Capital

₹ in lacs

As at 31st March	2016	2015
(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 :

	2016		2015	
	Numbers	Amount in lacs	Numbers	Amount in lacs
At the beginning of the year	18,85,15,914	3,770.32	18,85,15,914	3,770.32
Outstanding at the end of the year	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, 2016 an amount of ₹4.00 ( P.Y. ₹3.50) of dividend per equity share was proposed for the equity shareholders. The proposed dividend for the year 2015-16 will be accounted for after the approved at Annual General Meeting in view of the recent amendment made in the Accounting Standards w.e.f 30.03.2016 by the Ministry of Corporate Affairs.

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

As at 31st March	2016		2015	
	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 the Consolidated Financial Statement

## B Reserves and Surplus

₹ in lacs

As at 31st March	2016		2015	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) General Reserve				
Balance as per the last financial statements	54,031.10		44,364.19	
Less : Utilised for prior year depreciation as per the provision contained in Note 7(b) of the Schedule II to the Companies Act, 2013	–		132.51	
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	142.22		200.58	
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss	30,000.00	83,888.88	10,000.00	54,031.10
(c) Surplus / (Deficit) in the Statement of Profit and Loss				
Balance as per last financial statements	1,495.50		–	
Share of Reserves in Joint Venture as per transitional provision of AS-27	–		1,495.50	
Less: Pre-Operative Liability / (Loss)	(849.94)	645.56	–	1,495.50
Balance as per last financial statements	(107.47)		–	
Share of Loss in Associates till 31st March, 2014 as per transitional provision of AS-23	–		(127.69)	
Less : Share of Profit / (Loss) for the year from Associates	(15.03)	(122.51)	20.21	(107.47)
Balance as per last financial statements	28,316.51		17,985.76	
Profit for the year	71,958.71		28,272.24	
	1,00,275.22		46,258.00	
Appropriations				
Less : Proposed final Equity Dividend amount per share ₹ 4.00 (PY : ₹ 3.50)	–		6,598.06	
Tax on Proposed Equity Dividend	–		1,343.43	
Transfer to General Reserve	30,000.00		10,000.00	
	30,000.00		17,941.49	
Net Surplus in the Statement of Profit and Loss		70,275.22		28,316.51
		1,54,717.18		83,765.66

## C Long-Term Borrowings

As at 31st March	Non-Current Maturities		Current Maturities	
	2016	2015	2016	2015
(a) Term loans (Secured)				
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	–	1,880.00	–	2,500.00
	–	1,880.00	–	2,500.00
Amount disclosed under the head Other Current Liabilities (Note I)	–	–	–	(2,500.00)
	–	1,880.00	–	–

## Notes to the Consolidated Financial Statement

### D Deferred Tax Liabilities (Net)

₹ in lacs

As at 31st March	2016		2015	
(a) Deferred Tax Liabilities				
Depreciation		6,655.01		4,768.05
(b) Deferred Tax Assets				
Provision for Doubtful debts	294.52		211.09	
Preliminary Expense and De-merger Expense	–		4.56	
Intangible Asset	459.49		601.71	
Others	888.14	1,642.15	807.36	1,624.72
		5,012.87		3,143.34

### E Other Long Term Liabilities

As at 31st March	2016		2015	
Trade Deposits		1,305.37		1,284.37
		1,305.37		1,284.37

### F Long Term Provisions

As at 31st March	Long-term		Short-term	
	2016	2015	2016	2015
(a) Provision for Employee Benefits				
Provision for Gratuity	–	–	177.07	357.22
Provision for Leave benefits	943.30	936.15	500.32	427.94
	943.30	936.15	677.39	785.16
Amount disclosed under the head Short Term Provisions (Note J)			(677.39)	(785.16)
	943.30	936.15	–	–
(b) Provision for Non-Saleable return of goods	1,879.35	–	–	–
(c) Others				
Proposed Equity Dividend	–	–	–	6,598.06
Provision of Tax on Proposed Equity Dividend	–	–	–	1,343.43
	–	–	–	7,941.49
Amount disclosed under the head Short Term Provisions (Note J)			–	(7,941.49)
	2,822.65	936.15	–	–

### G Short Term Borrowings

As at 31st March	2016		2015	
From Banks				
(a) Working Capital facilities (Secured)		13,251.30		18,969.88
Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand				
(b) Others (Unsecured)		–		3,000.00
Varying Coupon repayable within 180 days with an option of roll over				
		13,251.30		21,969.88

# Notes to the Consolidated Financial Statement

## H Trade Payables

₹ in lacs

As at 31st March	2016		2015	
(a) Due to Micro and Small Enterprises		87.98		96.32
(b) Other Trade Payables		56,551.96		32,398.09
		56,639.94		32,494.41

## I Other Current Liabilities

As at 31st March	2016		2015	
(a) Current maturities of long-term debt (Note C)		-		2,500.00
(b) Book Overdraft		2,390.48		-
(c) Interest accrued but not due on borrowings		38.37		39.48
(d) Unpaid dividends		251.75		180.69
(e) Unpaid / Unclaimed matured deposits and interest accrued thereon				
Unclaimed matured Deposits	7.13		9.43	
Interest accrued thereon	0.31	7.44	0.50	9.93
(f) Other payables / liabilities				
Statutory	1,369.63		1,169.88	
Others	1,192.38	2,562.01	556.46	1,726.33
		5,250.05		4,456.44

## J Short Term Provisions

As at 31st March	2016		2015	
(a) Provision for Employee Benefits (Note F)		677.39		785.16
(b) Provision for tax (net of Advance Tax)		924.45		761.63
(c) Others				
Proposed equity dividend and Tax thereon (Note F)		-		7,941.49
		1,601.84		9,488.29

## K Tangible Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01/04/15	Addition	Deductions	As on 31/03/16	As on 01/04/15	Deductions	During the Year*	Adj to Gen Res	As on 31/03/16	As on 31/03/16	As on 31/03/15
Free Hold Land	443.87	-	-	443.87	-	-	-	-	-	443.87	443.87
Lease Hold Land	1,634.78	414.65	-	2,049.43	114.89	-	21.64	-	136.53	1,912.90	1,519.89
Buildings	19,101.72	7,521.49	-	26,623.21	3,135.59	-	1,223.82	-	4,359.41	22,263.80	15,966.13
Employees Quarters	28.30	-	-	28.30	6.59	-	-	-	6.59	21.71	21.71
Plant & Equipments	46,422.89	16,815.02	69.12	63,168.79	20,202.17	65.57	4,661.64	-	24,798.24	38,370.55	26,220.72
R&D Equipments	10,576.16	3,892.44	-	14,468.60	6,219.36	-	733.95	-	6,953.31	7,515.29	4,356.80
Furniture & Fixtures	999.16	391.82	-	1,390.98	502.99	-	87.61	-	590.60	800.39	496.17
Vehicles	2,987.76	221.77	25.05	3,184.48	1,004.11	15.93	653.11	-	1,641.30	1,543.18	1,983.65
Office Equipments	383.29	166.21	2.47	547.03	233.10	2.47	65.76	-	296.39	250.64	150.19
<b>TOTAL</b>	<b>82,577.94</b>	<b>29,423.40</b>	<b>96.64</b>	<b>1,11,904.70</b>	<b>31,418.80</b>	<b>83.97</b>	<b>7,447.53</b>	<b>-</b>	<b>38,782.37</b>	<b>73,122.33</b>	<b>51,159.13</b>
Previous Year	66,508.15	16,111.15	41.36	82,577.94	26,812.09	35.32	4,441.29	200.74	31,418.80	51,159.13	-

### Note :

\*1) Effective April 01, 2015, the Company has with retrospective effect changed its method of providing depreciation on certain fixed assets from the 'Straight Line' method to the 'Written Down Value' method, as per the useful life of those assets as prescribed in Schedule II to the Companies Act, 2013 to appropriately match the economic benefits from these assets.

Accordingly, the Company has recognised an additional depreciation charge of ₹1,034.50 Lacs relating to the period upto March 31, 2015, which is included above.

2) Borrowing cost capitalised during the year amounting to ₹ 475.72 lacs

3) Sales proceeds are deducted from gross cost where cost is unascertainable

\*4) Depreciation during the year includes an amount of ₹ 226.17 lacs which has been allocated to Capital Expenditure

## Notes to the Consolidated Financial Statement

### L Non Current Investments (Long Term Investments)

₹ in lacs

As at 31st March	2016		2015	
(a) Trade Investments				
Unquoted Equity Instruments				
Investment in Associates				
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.	190.21		300.00	
Less : Reduction in carrying value till 31st March, 2014 as per transitional provision of AS-23	–		95.60	
Less : Share in Loss for the Year	6.74	183.47	14.19	190.21
50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA for drug discovery and clinical development	34.40		32.09	
Less : Share in Loss till 31st March, 2014 as per transitional provision of AS-23	–		32.09	
Add : Share in Profit/(Loss) for the Year	(8.29)	26.11	34.40	34.40
(b) Non - Trade Investments				
Unquoted Equity Instruments				
18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.		1.80		1.80
		211.38		226.41

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

As at 31st March	2016		2015	
(a) Capital Advances		2,996.29		2,144.58
(b) Security Deposits		407.60		347.19
(c) Security Deposits given to related parties		866.67		3,366.67
(d) Other Loans and Advances		3,330.09		5,217.46
(e) MAT Credit Entitlement		739.29		739.29
		8,339.94		11,815.19

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

As at 31st March	2016		2015	
(a) Raw Materials				
API, Chemicals and Intermediates	6,582.85		3,706.55	
Excipients	6,640.22		4,699.38	
Solvents & Catalyst	652.31	13,875.38	451.92	8,857.85
(b) Packing Materials		2,326.09		1,814.62
(c) Work-in-Process		2,426.10		2,416.45
(d) Finished Goods				
API, Chemicals and Intermediates	21,507.57		14,302.07	
Formulations - Tablets and Capsules	7,269.82		1,855.42	
Formulations - Injectables	268.90		331.19	
Formulations - Oral Preparation and Ointments	634.80		603.24	
Others	4,501.25	34,182.34	4,038.42	21,130.34
(e) Traded Goods				
Formulations - Tablets and Capsules	2,325.05		2,099.11	
Formulations - Injectables	520.31		371.26	
Formulations - Oral Preparation and Ointments	1,870.96	4,716.32	1,327.12	3,797.49
(f) Stores and Spares		231.74		260.30
		57,757.98		38,277.06

# Notes to the Consolidated Financial Statement

## O Trade Receivables (Unsecured)

₹ in lacs

As at 31st March	2016		2015	
(a) Over Six months from the due date				
Considered good	4,249.02		2,866.70	
Considered doubtful	851.03		621.03	
Less : Provision for doubtful debts	851.03	4,249.02	621.03	2,866.70
(b) Others Considered good		30,799.18		33,250.03
		35,048.20		36,116.73

## P Cash and Bank Balances

As at 31st March	2016		2015	
(a) Cash and Cash Equivalents				
Balances with Banks	43,907.71		2,306.76	
Cash on hand	24.42	43,932.13	34.70	2,341.46
(b) Other Bank Balances				
Unpaid Dividend Account	251.75		180.69	
Margin Money Deposit Account	899.03	1,150.78	160.41	341.10
		45,082.90		2,682.56

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

As at 31st March	2016		2015	
Others				
Advance against Expenses - Employees		462.29		411.14
Advance recoverable in cash or in kind		12,304.95		11,586.42
		12,767.24		11,997.57

## Notes to the Consolidated Financial Statement

### R Revenue from Operations

₹ in lacs

For the year ended 31st March	2016		2015	
(a) Sale of products				
Domestic	1,25,527.31		1,17,393.70	
Exports	1,84,252.20	3,09,779.51	85,904.45	2,03,298.15
Export Incentives		5,742.33		1,477.43
Royalty		2,597.48		1,997.39
(b) Other Operating Revenues				
Others		359.05		344.47
		3,18,478.37		2,07,117.44
<b>Sale of Products - Broad head wise</b>				
Bulk Drugs, Chemicals and Intermediates	51,565.14		36,649.95	
Formulations - Tablets and Capsules	2,13,375.64		1,22,060.38	
Formulations - Injectables	8,230.89		9,165.10	
Formulations - Oral Preparation and Ointments	36,607.84		35,422.72	
	3,09,779.51		2,03,298.15	

### S Other Income

For the year ended 31st March	2016		2015	
(a) Dividend		58.42		10.65
(b) Other Miscellaneous Income		–		173.20
(c) Insurance Claims		492.76		46.57
		551.18		230.43

### T Cost Of Material Consumed

For the year ended 31st March	2016		2015	
Inventory at the beginning of the year	10,643.71		10,748.28	
Add : Purchases	69,963.42		53,944.84	
	80,607.13		64,693.11	
Less : Inventory at the end of the year	16,201.47	64,405.66	10,643.71	54,049.40
Less : Insurance claim received		182.13		–
		64,223.53		54,049.40
<b>Details of Material Consumed</b>				
API Drug and Drug intermediates	35,723.49		29,605.15	
Excipients	9,407.83		9,252.40	
Solvents & Catalyst	8,289.75		6,784.08	
Packing Material	9,331.47		8,264.96	
Others	1,470.99		142.81	
	64,223.53		54,049.40	
<b>Changes in inventories of Finished Goods, Work in process</b>				
(a) Inventory at the end of the year				
Work in Process	2,426.10		2,416.45	
Finished Goods	34,512.21	36,938.31	24,927.83	27,344.28
(b) Inventory at the beginning of the year				
Work in Process	2,416.45		1,676.36	
Finished Goods	24,927.83	27,344.28	18,379.03	20,055.39
		(9,594.03)		(7,288.90)

# Notes to the Consolidated Financial Statement

## U Employee Benefit Expenses

₹ in lacs

For the year ended 31st March	2016	2015
(a) Salaries and Wages	40,150.32	29,151.06
(b) Contribution / Provisions for Provident and other funds	1,112.11	923.49
(c) Staff welfare expense	875.14	601.36
	42,137.58	30,675.91

## V Research and Development Expenses

For the year ended 31st March	2016	2015
(a) Material Consumption	5,506.41	2,905.46
(b) Employee Benefit Expenses		
Salaries and Wages	4,952.75	3,388.60
Contribution / Provisions for Provident and other funds	201.65	134.20
(c) Utilities		
Power	771.95	587.29
Others	47.69	17.69
(d) Others	19,225.85	5,129.03
	30,706.29	12,162.26

## W Finance Costs

For the year ended 31st March	2016	2015
Interest Expense	427.32	380.78
Less : Interest Income	59.22	202.74
	368.10	178.04

## X Other Expenses

For the year ended 31st March	2016	2015
(a) Consumption of Stores, Spares, Laboratory Material and Analytical Expense	4,653.40	2,785.44
(b) Power and Fuel	5,069.12	4,331.25
(c) Manufacturing and Labour Charges	2,661.34	1,586.45
(d) Repairs and Maintenance		
Machinery	1,061.06	753.43
Buildings	678.33	425.13
Others	358.92	359.95
(e) Freight and Forwarding Charges	2,928.99	2,701.76
(f) Marketing and Publicity Expense and Selling Commission	24,438.13	21,767.03
(g) Excise Duty	674.85	796.49
(h) Rent	957.77	671.63
(i) Rates and Taxes	692.52	731.19
(j) Insurance	387.03	309.33
(k) Travelling Expense	10,829.49	8,930.04
(l) Communication Expenses	1,627.41	1,624.20
(m) Legal & Professional Fees	3,072.49	2,215.83
(n) Payment to Auditor	86.62	85.69
(o) Exchange Difference (net)	(136.66)	(536.24)
(p) Bad Debts written off	334.55	239.63
Less : Bad Debts Provision Utilised	—	239.63
(q) Provision for Doubtful Debts	230.00	177.98
(r) Expenses on CSR Activities	629.87	309.76
(s) Miscellaneous Expenses	3,251.41	998.71
	64,486.66	51,025.04

# Notes to the Consolidated Financial Statement

## Y Significant Accounting Policies and Other Explanatory Notes and Informations

₹ in lacs

As at 31st March	2016	2015
<b>1 Contingent liabilities not provided for</b>		
(a) Letter of Credit, Guarantees and Counter Guarantees	20,804.88	8,864.67
(b) Liabilities Disputed in appeals		
Excise duty	773.19	730.23
Sales Tax	568.78	503.28
Income Tax	7.78	7.78
(c) Claims against the Company not acknowledged as debt	342.64	342.64
(d) 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

### 2. Basis of Preparation

The Financial Statement of the subsidiaries, associates and joint venture used in the consolidation is drawn up to the same reporting date as that of the Alembic Pharmaceuticals Limited ("the Company"), namely 31st March, 2016.

### 3. Principles of Consolidation

The Consolidated Financial Statements consist of Alembic Pharmaceuticals Limited ("the Company") and its subsidiaries, associates and joint venture (collectively referred to as "the Group"). The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – "Consolidated Financial Statements" specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the "Foreign Currency Translation Reserve".

Investment and share of profit of associate has been consolidated as per the equity method as per Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

Interests in jointly controlled entities have been accounted by using the proportionate consolidation method as per Accounting Standard -27 "Financial Reporting of Interests in Joint Venture " specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

The difference between the cost of investment in the subsidiaries and joint ventures, and the Group's share of net assets at the time of acquisition of shares in the subsidiaries and joint ventures is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

The difference between the cost of investment in the associates and the Group's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

The Group accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

# Notes to the Consolidated Financial Statement

## Y Significant Accounting Policies and Other Explanatory Notes and Informations (Contd.)

### 4. Companies included in Consolidation

Name	Nature	Country of Incorporation	Proportion of Ownership Interest as on 31.03.2016
Alembic Global Holding SA	Subsidiary	Switzerland	100% subsidiary of Alembic Pharmaceuticals Limited
AG Research Private Limited	Subsidiary	India	100% subsidiary of Alembic Pharmaceuticals Limited
Alembic Pharmaceuticals Australia Pty Ltd	Subsidiary	Australia	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceutical Inc.	Subsidiary	U.S.A	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceuticals Europe Limited	Subsidiary	Malta	100% subsidiary of Alembic Global Holding SA
Alnova Pharmaceuticals SA	Subsidiary	Switzerland	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceuticals Canada Ltd	Subsidiary	Canada	100% subsidiary of Alembic Global Holding SA
Genius LLC	Subsidiary	Ukraine	100% subsidiary of Alembic Global Holding SA
Alembic Mami SPA	Joint Venture	Algeria	49% shareholding of Alembic Global Holding SA
Rhizen Pharmaceuticals SA	Associate	Switzerland	40.3% shareholding of Alembic Global Holding SA
Rhizen Oncotherapeutics SA	Subsidiary of Associate	Switzerland	100% subsidiary of Rhizen Pharmaceuticals SA
Incozen Therapeutics Pvt Limited	Associate	India	50% shareholding of Alembic Pharmaceuticals Limited

Note:

Rhizen Pharmaceuticals Inc. (100% subsidiary of Rhizen Pharmaceuticals SA.) is incorporated without issue of any shares and is not required to compile financial statements.

### 5. Accounting Policies

The accounting policies of the Company and that of its subsidiaries and components are similar and as per generally accepted accounting principles in India.

### 6. Translation of Accounts

In Consolidated Financial Statements, the Financial Statements of subsidiary companies and proportionate share of joint venture have been translated into INR considering as non-integral operations of the Company as prescribed under AS 11: The Effects of Changes in Foreign Exchange Rates specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

# Notes to the Consolidated Financial Statement

## Y Significant Accounting Policies and Other Explanatory Notes and Informations (Contd.,)

### 7. Additional Information

Alembic Pharmaceuticals Limited	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss	
	As a % of consolidated Net Assets	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)
Parent : Alembic Pharmaceuticals Limited	95.61	1,53,028.13	97.04	69,813.84
Subsidiaries :				
1. Indian : A G Research Pvt Ltd.	0.27	437.69	0.07	47.89
2. Foreign :				
Alembic Global Holding SA (wholly owned subsidiary of Alembic Pharmaceuticals Limited)*	6.34	10,149.13	2.90	2,088.6
Minority interest in all subsidiaries	Nil	Nil	Nil	Nil
Associates :				
(Investment as per the equity method)				
1. Indian : Incozen Therapeutics Pvt Limited	—	—	(0.01)	(6.74)
2. Foreign : NA	Nil	Nil	Nil	Nil
Joint Ventures :				
(As per proportionate consolidation / investment as per equity method)				
1. Indian : NA	Nil	Nil	Nil	Nil
2. Foreign : NA	Nil	Nil	Nil	Nil

\*Note: Information in respect of Alembic Global Holding SA is as per its Consolidated Financial Statements.

### 8. Form AOC-I

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

Part "A": Subsidiaries		₹ in Lacs	
1	Name of the subsidiary	Alembic Global Holding SA	A G Research Pvt Ltd
2	Reporting period for the subsidiary	31st March, 2016	31st March, 2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	1 CHF - 68.97 INR	INR
4	Share capital	3,103.52	413.39
5	Reserves & surplus	7,045.61	24.31
6	Total assets	43,925.54	2,121.42
7	Total Liabilities	33,802.53	1,683.73
8	Investments	26.11	-
9	Turnover	1,11,213.01	1,825.03
10	Profit before taxation	2,143.66	85.96
11	Provision for taxation	46.69	38.07
12	Profit after taxation	2,096.97	47.89
13	Proposed Dividend	NA	NA
14	% of shareholding	100%	100%

#### Notes:

- The following company's accounts are consolidated in Alembic Global Holding SA, a wholly owned subsidiary of Alembic Pharmaceuticals Limited:
  - Alembic Pharmaceuticals Europe Limited (Subsidiary of Alembic Global Holding SA)
  - Alembic Pharmaceuticals, Inc. (Subsidiary of Alembic Global Holding SA)
  - Alembic Pharmaceuticals Canada Limited (Subsidiary of Alembic Global Holding SA)
  - Alembic Pharmaceuticals Australia Pty Limited (Subsidiary of Alembic Global Holding SA)

# Notes to the Consolidated Financial Statement

## Y Significant Accounting Policies and Other Explanatory Notes and Informations (Contd.)

- v. Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA)
- vi. Genius LLC (Subsidiary of Alembic Global Holding SA)
- vii. Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
- viii. Rhizen Oncotherapeutics SA (Subsidiary of Rhizen Pharmaceuticals SA.)
- ix. Alembic Mami SPA (Joint Venture of Alembic Global Holding SA)
2. Names of subsidiaries which are yet to commence operations - NA
3. Names of subsidiaries which have been liquidated or sold during the year - NA

Part "B": Associates and Joint Ventures		₹ in Lacs
	Name of Associates	Incozen Therapeutics Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March, 2016
2	Shares of Associate/Joint Ventures held by the Company on the year end	
3	No. of Shares	10,00,000
4	Amount of Investment in Associates	300
5	Extend of Holding %	50%
6	Description of how there is significant influence	—
7	Reason why the associate/joint venture is not consolidated	NA
	Networth attributable to Shareholding as per latest audited Balance Sheet	183.47
	Profit / (Loss) for the year	(13.48)
i	Considered in Consolidation	(6.74)
ii	Not Considered in Consolidation	(6.74)

### Notes:

- 1 Names of associates or joint ventures which are yet to commence operations. - NA
- 2 Names of associates or joint ventures which have been liquidated or sold during the year. - NA

### 9. EPS

Particulars	Year ended 31st March, 2016
Profit after tax but before Extraordinary Items available for equity shareholders (₹ in Lacs)	71,943.68
Profit after tax available for equity shareholders (₹ in Lacs)	71,943.68
Weighted average numbers of equity shares	1,88,515,914
Basic and Diluted Earnings per share before Extraordinary Items (Face Value per share ₹ 2/- each)	₹ 38.16
Basic and Diluted Earnings per share after Extraordinary Items (Face Value per share ₹ 2/- each)	₹ 38.16

As per our report of even date

For K. S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 100186W

Chirayu R. Amin  
Chairman & CEO

Pranav Amin  
Managing Director

Shaunak Amin  
Managing Director

R. K. Baheti  
Director - Finance & CFO

Raghuvir M. Aiyar  
Partner  
Membership No 38128

K.G. Ramanathan  
Director

Pareesh Saraiya  
Director

Milin Mehta  
Director

Ajay Desai  
Vice President-Finance &  
Company Secretary

Mumbai : 27th April, 2016

Vadodara : 27th April, 2016

"A good plan implemented today is better than  
a perfect plan implemented tomorrow."

George Patton

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 Web: www.alembic-india.com  
 Email: apl.investors@alembic.co.in  
 CIN: L24230GJ2010PLC061123

# Notice

Notice is hereby given that the 6th 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 Friday, the 29th July, 2016 at 3:00 p.m. to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016 including Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Shaunak Amin (DIN: 00245523), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify appointment of M/s. K. S. Aiyar & Co., Chartered Accountants (FRN: 100186W) as Statutory Auditors of the Company in accordance with the resolution passed by the members at the 4th Annual General Meeting held on 28th July, 2014 and to authorise the Board of Directors to fix their remuneration.

## Special Business

5. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Appointment of Mr. Chirayu Amin (DIN: 00242549) as Executive Chairman of the Company:**

"RESOLVED THAT pursuant to recommendation of Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act'), the approval of the members of the Company, be and is hereby accorded to the appointment of Mr. Chirayu Amin as an Executive Director of the Company not liable to retire by

rotation for a period of 5 years w.e.f. 1st April, 2016 as well as to continue to hold such position after attaining the age of 70 years, on the remuneration and terms and conditions as detailed hereunder:

### Terms and Conditions of Appointment:

#### Designation:

Upto 26th April, 2016	Chairman and Managing Director
With effect from 27th April, 2016	Executive Chairman and Chief Executive Officer

**Term of Appointment:** 5 years from 1st April, 2016 to 31st March, 2021.

#### Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹12 crore per annum 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 Executive Director 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.

**Commission:**

Mr. Chirayu Amin shall also be paid commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year or a part of the year, subject to overall ceilings stipulated in Section 197 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the total remuneration including commission, payable to Mr. Chirayu Amin as Executive Director shall not exceed 8% of the net profit of the Company for the relevant financial year.

**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 Schedule V of the Act and subject to necessary approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified above in the resolution and the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. Chirayu Amin.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

**6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Appointment of Mr. Pranav Amin (DIN: 00245099) as Managing Director of the Company:**

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act'), the approval of the members of the Company, be and is hereby accorded to the appointment of Mr. Pranav Amin an Executive Director of the Company for a period of 5 years w.e.f. 1st April, 2016 on the remuneration and terms and conditions as detailed hereunder:

**Terms and Conditions of Appointment:****Designation:**

Upto 26th April, 2016	Joint Managing Director
With effect from 27th April, 2016	Managing Director

**Term of Appointment:** 5 years from 1st April, 2016 to 31st March, 2021.

**Remuneration:**

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹12 crore per annum 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 Executive Director 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.

**Commission:**

Mr. Pranav Amin shall also be paid commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, not exceeding 1% of the net profit of the Company for the respective financial year, subject to overall ceilings stipulated in Section 197 of the Companies Act, 2013.

**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 Schedule V of the Act and subject to necessary approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified in the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. Pranav Amin.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

**7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Appointment of Mr. Shaunak Amin (DIN: 00245523) as Managing Director of the Company:**

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act'), the approval of the members of the Company, be and is hereby accorded to the appointment of Mr. Shaunak Amin as Managing Director of the Company w.e.f. 27th April, 2016 for the remaining period of his appointment as an Executive Director i.e., upto 1st May, 2018 on the remuneration as detailed hereunder:

**Remuneration:**

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹12 crore per annum 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 Executive Director 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.

**Commission:**

Mr. Shaunak Amin shall also be paid commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, not exceeding 1% of the net profit of the Company for the respective financial year, subject to overall ceilings stipulated in Section 197 of the Companies Act, 2013.

**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 Schedule V of the Act and subject to necessary approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified in the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. Shaunak Amin.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

**8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Re-appointment of Mr. R. K. Baheti (DIN: 00332079) as Director - Finance & Chief Financial Officer of the Company:**

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act'), the approval of the members of the

Company, be and is hereby accorded to the re-appointment of Mr. R. K. Baheti as Director - Finance & Chief Financial Officer of the Company for a period of 5 years w.e.f. 1st April, 2016 on the remuneration and terms and conditions as detailed hereunder:

**Terms and Conditions of Appointment:**

**Term of Appointment:** 5 years from 1st April, 2016 to 31st March, 2021.

**Remuneration:**

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹5 crore 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 – Finance & CFO / Executive Director 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 Schedule V of the Act and subject to necessary approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said re-appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered

appropriate, subject to the overall limits specified in the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. R. K. Baheti.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things, necessary and expedient to give effect to this resolution."

9. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Payment of commission to the Non-Executive Directors of the Company:**

"**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act') and Article 139 of the Articles of Association of the Company, approval of the members be and is hereby accorded to the payment of commission to the Non-Executive Directors of the Company (other than the Managing Director(s) and/or Whole-Time Director(s) or Executive Director) to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of 5 (five) years commencing from the financial year ending on 31st March, 2017 up to and including financial year of the Company ending on 31st March, 2021 within the maximum limit of 0.50% (half percent) of net profit of the Company, calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings of the Company."

10. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**Approval for granting loan, giving guarantee or providing security in respect of any loan to Aleor Dermaceuticals Limited:**

"**RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions if any, of the Companies Act, 2013 and rules made there under and as may be amended from time to time ('the Act'), consent of the members of the Company, be and is hereby accorded to grant loan or give guarantee or provide security in respect of any loan to Aleor Dermaceuticals Limited, a joint venture company formed by the Company, upto an amount of ₹600 crore, from time to time and that the resolution is subject to Section 185 being amended with provisions enabling granting of such loan, giving guarantee or providing security in respect of any loan to Aleor Dermaceuticals Limited.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things in their absolute discretion that may be considered necessary, proper and expedient or incidental for the purpose of giving effect to this resolution in the interest of the Company."

**11. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:**

**Ratification of Remuneration to the Cost Auditor for the F. Y. 2016-17:**

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to Mr. H. R. Kapadia, Cost Accountant (FRN: 100067) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17 amounting to ₹1.75 Lacs excluding service tax, traveling and other out-of-pocket expenses that may be incurred by him in connection with the aforesaid audit, be and is hereby ratified and confirmed."

**12. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:**

**Approval of charges for service of documents on the shareholders:**

"**RESOLVED THAT** pursuant to the provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ('the Act'), whereby a document may be served on any shareholder by the Company by sending it to him by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the members be and is hereby accorded to charge from the shareholder, the fee in advance, equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of service mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors and the Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may

in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above 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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided such person shall not act as a proxy for any other person or shareholder.
3. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of commencement of the meeting.
4. The Register of Members of the Company will remain closed from 22nd July, 2016 to 29th July, 2016 (both days inclusive), for the purpose of payment of dividend.
5. The dividend when sanctioned will be made payable on or before 5th August, 2016, to those members whose names stand on the Register of Members of the Company on 22nd July, 2016 in case of physical shares and to those members as per the beneficiary position to be given by NSDL and CDSL. Members are requested to notify promptly any change in their registered addresses.

In order to enable the Company to directly credit the dividend amount in the bank accounts:

- (a) Shareholders holding shares in demat accounts are requested to update their Bank Account details with their respective Depository Participants.
- (b) Shareholders holding shares in physical form are requested to provide the following details along with an authorisation letter allowing the Company to directly credit the dividend in their bank accounts:

Name of first account holder (as appearing in the bank account records), Bank name, branch name, branch address, Account type and account number, IFSC code and MICR code and a copy of canceled cheque.

6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturdays and holidays up to the date of Annual General Meeting.
7. 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-390 020 Tel: 0265 2356573, 2356794 Fax: 0265 2356791 Email Id: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address.
8. The Company has designated an exclusive E-mail Id: apl.investors@alembic.co.in for redressal of Shareholders'/ Investors' complaints/grievance. In case you have any queries, complaints or grievances, then please write to us at the above mentioned e-mail address.
9. Updation of Email Id: The Shareholders are requested intimate their Email Id to the Company or update their email registered with Depository Participants, if the same is changed.
10. Voting Process and Declaration of Results:  
Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).  
  
The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The Chairman of the Company will declare the voting results based on the scrutiniser's report received on e-voting and voting at the meeting. The voting results along with scrutiniser's report will be displayed on the:

- (i) Notice Board of the Company at its Registered Office;
- (ii) Company's website [www.alembic-india.com](http://www.alembic-india.com);
- (iii) CDSL website [www.evotingindia.com](http://www.evotingindia.com) and
- (iv) Stock Exchanges website [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

**A. The 'Step by Step' procedure and instructions for casting your vote electronically are as under:**

- i. The e-voting period begins on 26th July, 2016 (9:00 a.m.) and end on 28th July, 2016 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as at the cut-off date of 22nd July, 2016, may cast their vote electronically. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on 22nd July, 2016, may obtain the login Id and password by sending request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The e-voting module shall be disabled by CDSL for voting after 28th July, 2016 (5.00 p.m.).
- ii. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Next click on "Shareholders" tab to cast your votes.
- iv. Now Enter your User ID  
For CDSL: 16 digits beneficiary ID  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID  
Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

vii. If you are a first time user follow the steps given below:

PAN	<p>Enter your 10 digits alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on address label/sticker affixed on the back page of the Annual Report.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB#	Enter the date of birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter your dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio.

# please enter DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id/folio no. in the Dividend Bank details field as mentioned in instruction (iv).

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password can be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x. Click on the EVSN for the relevant Company (ALEMBIC PHARMACEUTICALS LIMITED) on which you choose to vote.
- xi. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non – Individual Shareholders and Custodians.
  - Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. [evoting@cdslindia.com](mailto:evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

xviii. M/s. Samdani Shah & Associates, Practising Company Secretaries, Vadodara has been appointed as the Scrutiniser for conducting the e-voting process.

**Registered Office:**

Alembic Road,  
Vadodara-390 003

Date: 27th April, 2016

By Order of the Board,

**Ajay Kumar Desai**  
*Vice President – Finance &  
Company Secretary*

## Explanatory Statement as required under Section 102 of the Companies Act, 2013

### Item No. 5

Mr. Chirayu Amin has rich and varied experience in the Industry and has been involved in the operations of the Company for over a long period of time. The Company has achieved remarkable growth under his leadership, management and guidance and his continued services will lead the Company to achieve new heights.

The Board of Directors at its meeting held on 21st January, 2016, on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. Chirayu Amin as the Chairman and Managing Director of the Company for a period of five years w.e.f. 1st April, 2016.

Further, in view of the significant progress made by the Company under the able leadership of Mr. Pranav Amin and Mr. Shaunak Amin as Joint Managing Directors and in order to provide them with opportunities for further strengthening the position of the Company, Mr. Chirayu Amin had expressed his desire to step down from the position of Managing Director and continue with his responsibilities as the Executive Chairman and Chief Executive Officer of the Company. The said move will enable Mr. Chirayu Amin focus on the strategy, aligned with vision of the Company. Accordingly, the Board of Directors at its meeting held on 27th April, 2016, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Chirayu Amin as the Executive Chairman and Chief Executive Officer of the Company w.e.f. 27th April, 2016 for the remaining period of his appointment i.e. upto 31st March, 2021.

Mr. Chirayu Amin will attain the age of 70 years on 4th December, 2016 and hence pursuant to the provisions of Section 196(3)(a) of the Companies Act, 2013, ('the Act') continuation of his employment as Chairman and Managing Director requires approval of members by way of a Special Resolution. Further, Part 1 of Schedule V to the Act contains a similar relaxation.

The details of Mr. Chirayu Amin as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 5 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 5 of this Notice.

### Item No. 6

Mr. Pranav Amin is heading International Business of the Company. The Company has made rapid progress and shown healthy growth in terms of revenues as well as in terms of profits under his leadership.

The Board of Directors at its meeting held on 21st January, 2016, on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. Pranav Amin as Joint Managing Director of the Company for a period of five years w.e.f. 1st April, 2016. Further, the Board of Directors at its meeting held on 27th April, 2016, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Pranav Amin as Managing Director of the Company w.e.f. 27th April, 2016 for the remaining period of his appointment i.e. upto 31st March, 2021.

The details of Mr. Pranav Amin as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 6 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 6 of this Notice.

### Item No. 7

Mr. Shaunak Amin is heading Branded Formulation Business of the Company. The Company has made rapid progress and shown healthy growth in terms of revenues as well as in terms of profits under his leadership.

Further, the Board of Directors at its meeting held on 27th April, 2016, on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr. Shaunak Amin as Managing Director of the Company w.e.f. 27th April, 2016 for the remaining period of his appointment i.e. upto 1st May, 2018.

The details of Mr. Shaunak Amin as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 7 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 7 of this Notice.

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

The Board of Directors at its meeting held on 21st January, 2016, on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. R. K. Baheti as Director - Finance & CFO of the Company for a period of five years w.e.f. 1st April, 2016.

The Company has made progress and has shown healthy growth in terms of revenues as well as in terms of profit under his leadership and his continued services will lead the Company to achieve new heights.

The details of Mr. R. K. Baheti as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors are of the opinion that his vast knowledge and varied experience, will be of great value to the Company and hence recommends the resolution at Item No. 8 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. R. K. Baheti, has any concern or interest, financial or otherwise, in the resolution at Item No. 8 of this Notice.

#### **Item No. 9**

Section 197 of the Companies Act, 2013 provides that a Director who is neither managing director nor whole-time director may be paid remuneration by way of commission, if the Company by special resolution, authorises such payment.

The involvement of Non-Executive Directors of the Company has increased over the years and they contribute significantly to the growth of the Company as well as sound corporate governance practices by bringing with them professional expertise, rich and wide experience. The Board of Directors are of the opinion that in

order to remunerate the Non-Executive Directors of the Company (other than the Managing Director(s) and/or Whole-time Director(s) or Executive Director) for the responsibilities entrusted upon them under the law particularly under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the current trends, the time devoted and the contribution made by them, commission in terms of Section 197 of the Companies Act, 2013, be paid to the Non-Executive Directors of the Company.

The Board of Directors of the Company have recommended payment of commission to Non-Executive Directors of the Company within the maximum limit of 0.50% percent of net profit of the Company, to be determined by the Board of Directors for each Non-Executive Director for each financial year, over a period of five years commencing from the financial year ended 31st March, 2017 up to 31st March, 2021.

Section 197 of the Companies Act, 2013 requires approval of members of the Company by passing a Special Resolution in the General Meeting for payment of remuneration by way of commission to Non-Executive Directors of the Company.

The Board of Directors recommends the resolution at Item No. 9 of this Notice for your approval.

Mr. K. G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya, Mr. Milin Mehta and Dr. Archana Hingorani, all being Non-Executive Directors of the Company and their relatives are concerned or interested, financial or otherwise in the resolution at Item No. 9 of this Notice.

#### **Item No. 10**

The Company has promoted a joint venture company along with Orbicular Pharmaceutical and Technologies Private Limited in the name and style of Aleor Dermaceuticals Limited (hereinafter referred to as 'Aleor'). The Company holds 60% of the equity capital in Aleor. The said company is engaged in the business of manufacturing and trading of dermaceutical products. Since, Aleor is in its initial state of operations, it would require funds for its business operations. It is proposed to grant loan or give guarantee or provide security in respect of any loan granted to Aleor for its principal business activities.

Section 185 of the Companies Act, 2013 in its current form, restricts granting of loan or giving guarantee or security in connection with a loan to certain category of persons. However, the Companies (Amendment) Bill, 2016 which was placed before the Hon'ble Lok Sabha on 16th March, 2016 has proposed substitution of Section 185 the provisions of which, subject to members' approval, allows granting of loans or giving guarantee or security in connection with a loan. The resolution is subject to the Companies (Amendment) Bill, 2016 (with or without modifications) becoming an act and that

Section 185 being amended with provisions enabling granting of such loan, giving guarantee or providing security in respect of any loan.

Accordingly, the Board of Directors at its meeting held on 27th April, 2016, have recommended the Special Resolution at Item No. 10 for members' approval for granting such loan or giving guarantee or providing security in connection with any such loan to Aleor.

None of the Directors, Key Managerial Personnel and their relatives thereof have any concern or interest, financial or otherwise, in the resolution at Item No. 10 of this Notice.

#### **Item No. 11**

In accordance with the provisions of the Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited from a qualified Cost Accountant. The Board of Directors of the Company, on the recommendation of Audit Committee, at their respective meetings held on 27th April, 2016, approved the appointment and remuneration of Mr. H. R. Kapadia, Cost Accountant, to conduct the audit of the cost records of the Company for the financial year 2016-17.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2016-17 as set out in the resolution for aforesaid services to be rendered by him.

The Board of Directors recommends the resolution at Item No. 11 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 11 of this Notice.

#### **Item No. 12**

As per the provisions of Section 20 of the Companies Act, 2013, a shareholder may request for any document through a particular mode, for which the shareholder shall pay such fees as may be determined by the Company in its annual general meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., it is therefore proposed that actual expense borne by the Company for such dispatch will be paid in advance by the shareholder to the Company.

The Board of Directors recommends the resolution at Item No. 12 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 12 of this Notice.

#### **Registered Office:**

Alembic Road,  
Vadodara-390 003

Date: 27th April, 2016

By Order of the Board,

**Ajay Kumar Desai**  
*Vice President – Finance &  
Company Secretary*

## Annexure – A

Details of the Directors seeking appointment / re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are as under:

Name of the Director	Mr. Chirayu Amin	Mr. Pranav Amin	Mr. Shaunak Amin	Mr. R. K. Baheti
Age	69 years	41 years	38 years	57 years
Qualifications	M.B.A	M.B.A	B.A.	B. Com. (Hon.), FCA and FCS
Experience	33 years	16 years	13 years	35 years
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	The details are provided in the resolution at Item no. 5 of this notice	The details are provided in the resolution at Item no. 6 of this notice	The details are provided in the resolution at Item no. 7 of this notice	The details are provided in the resolution at Item No. 8 of this notice
Remuneration last drawn (2015-16)	₹2,550.00 lacs	₹1,071.03 lacs	₹1,064.53 lacs	₹269.39 lacs
Nature of expertise in specific functional areas	Management & Leadership	Management & Leadership	Management & Leadership	Finance
Date of first appointment on to the Board	16/06/2010	31/03/2011	02/05/2013	16/06/2010
No. of Shares held in the Company as on 31st March, 2016	45,21,465	10,09,800	10,06,980	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	Mr. Chirayu Amin is the father of Mr. Pranav Amin and Mr. Shaunak Amin	Mr. Pranav Amin is son of Mr. Chirayu Amin and brother of Mr. Shaunak Amin	Mr. Shaunak Amin is son of Mr. Chirayu Amin and brother of Mr. Pranav Amin	Mr. R. K. Baheti does not have any relation with other Directors, Manager and other Key Managerial Personnel
No. of Meetings of the Board attended during the year	4	4	4	4
Directorship in other companies as on 31st March, 2016	1. Alembic Limited 2. Paushak Limited 3. Elecon Engineering Company Limited 4. Shreno Limited 5. Elecon EPC Projects Limited 6. Nirayu Private Limited 7. Whitefield Chemtech Private Limited 8. Quick Flight Limited	1. Quick Flight Limited 2. Incozen Therapeutics Private Limited	1. Alembic Defence Systems Limited 2. Incozen Therapeutics Private Limited	1. Sierra Investments Private Limited 2. Sierra Healthcare Limited 3. Alembic Exports Limited

Name of the Director	Mr. Chirayu Amin	Mr. Pranav Amin	Mr. Shaunak Amin	Mr. R. K. Baheti
Chairmanship/Membership of Committees of other Board	<p><b>Alembic Limited</b> Member of Nomination and Remuneration Committee</p> <p><b>Paushak Limited</b> Member of Nomination and Remuneration Committee</p> <p><b>Elecon Engineering Company Limited</b> Member of Audit Committee, Nomination and Remuneration Committee and Management Committee</p> <p>Chairman of Stakeholders Relationship Committee</p> <p><b>Shreno Limited</b> Member of Nomination and Remuneration Committee</p> <p>Chairman of Stakeholders Relationship Committee</p> <p>Chairman of Corporate Social Responsibility Committee</p> <p><b>Elecon EPC Projects Limited</b> Chairman of Audit Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee</p> <p><b>Nirayu Private Limited</b> Chairman of Corporate Social Responsibility Committee</p> <p><b>Whitefield Chemtech Private Limited</b> Member of Corporate Social Responsibility Committee</p>	N. A.	N. A.	<p><b>Sierra Investments Private Limited</b> Member of Corporate Social Responsibility Committee</p>

# PROXY FORM

CIN : L24230GJ2010PLC061123  
 Name of the Company : Alembic Pharmaceuticals Limited  
 Registered office : Alembic Road, Vadodara-390 003, Gujarat, India  
 Phone: 0265-2280550, Fax: 0265-2282506  
 Email: apl.investors@alembic.co.in  
 Website: www.alembic-india.com

Name of the Member(s):			
Registered Address:			
Email-Id:			
Folio No./DP ID:		Client ID:	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: ....., or failing him
2. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: ....., or failing him
3. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6th Annual General Meeting of the Company, to be held on Friday, 29th July, 2016 at 3:00 p.m. at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara-390 003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
<b>Ordinary Business</b>	
1	Adoption of Financial Statements for the year ended 31st March, 2016.
2	Declaration of dividend on Equity Shares of the Company.
3	Re-appointment of Mr. Shaunak Amin, who retires by rotation.
4	Ratification of appointment of M/s. K. S. Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company.
<b>Special Business</b>	
5	Appointment of Mr. Chirayu Amin (DIN: 00242549) as Executive Chairman of the Company.
6	Appointment of Mr. Pranav Amin (DIN: 00245099) as Managing Director of the Company.
7	Appointment of Mr. Shaunak Amin (DIN: 00245523) as Managing Director of the Company.
8	Re-appointment of Mr. R. K. Baheti (DIN: 00332079) as Director - Finance & Chief Financial Officer of the Company.
9	Payment of commission to the Non-Executive Directors of the Company.
10	Approval for granting loan, giving guarantee or providing security in respect of any loan to Aleor Dermaceuticals Limited.
11	Ratification of Remuneration to the Cost Auditor for the F. Y. 2016-17.
12	Approval of charges for service of documents on the shareholders.

Signed this ..... day of ..... 20 .....

Signature of Member(s).....

Signature of Proxy holder(s).....

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please complete all details including details of member(s) before submission.

Affix  
Revenue  
Stamp  
of ₹1



**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

CIN : L24230GJ2010PLC061123  
Name of the Company : Alembic Pharmaceuticals Limited  
Registered office : Alembic Road, Vadodara-390 003, Gujarat, India  
Phone: 0265-2280550, Fax: 0265-2282506  
Email: apl.investors@alembic.co.in  
Website: www.alembic-india.com

Name of the Member(s) / Proxy* (In Block Letters)	
Folio No.	
DP ID – Client ID	
No. of Shares held	

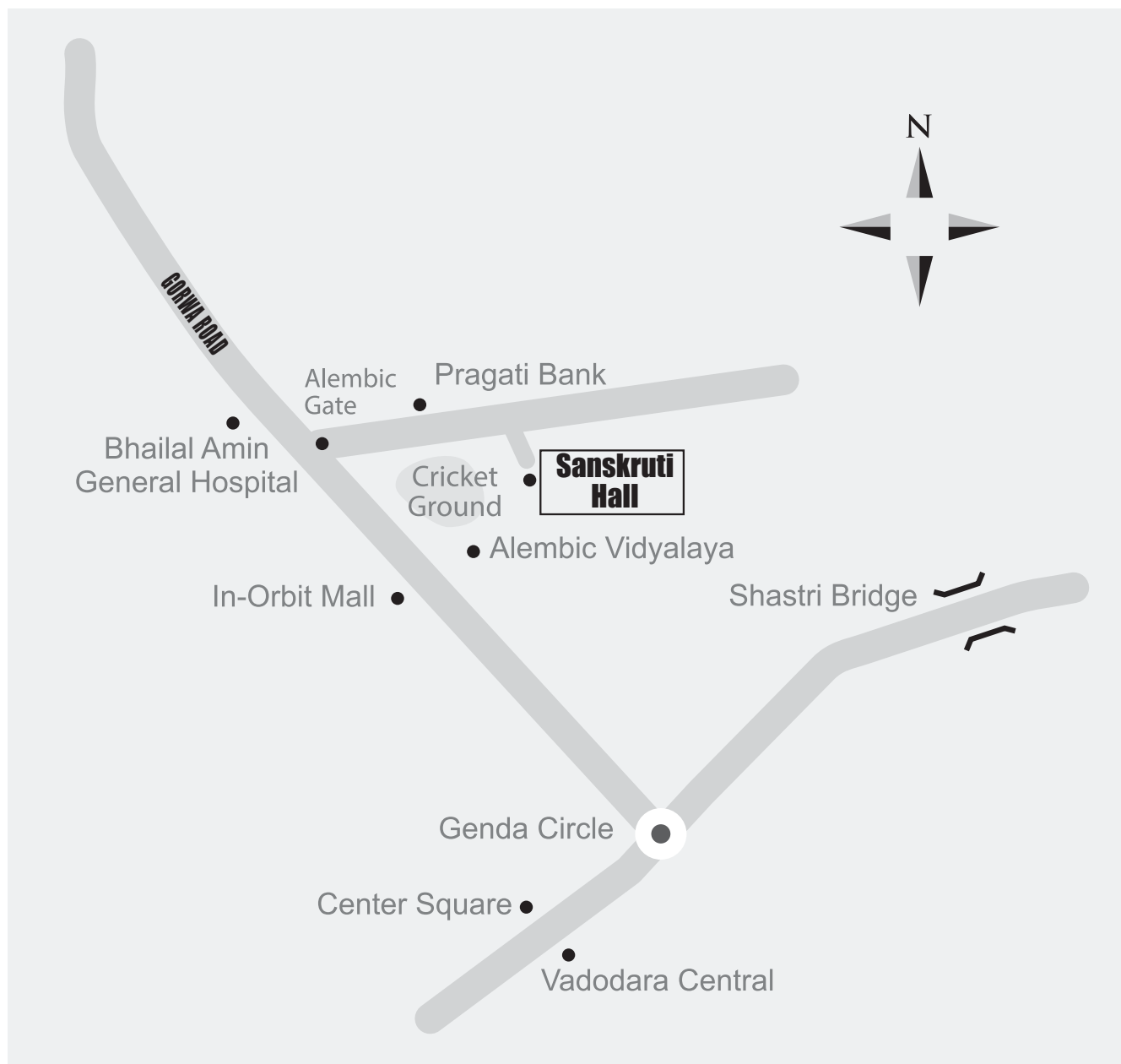
I hereby record my presence at the 6th Annual General Meeting of the Company held on Friday, 29th July, 2016 at 3:00 p.m. at "Sanskriti", Alembic Corporate Conference Center, Alembic Colony, Vadodara-390 003.

.....  
Signature of the Member(s) / Proxy\*

## Notes:

1. Members are requested to bring their copies of Annual Report at the AGM.
2. \*Please strike off whichever is not applicable.

## ROUTE MAP TO REACH THE VENUE OF THE ANNUAL GENERAL MEETING



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#### CAUTIONARY STATEMENT

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

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