



Hold the vision.
Trust the process.



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.

Alembic Pharmaceuticals Limited
CIN: L24230GJ2010PLC061123

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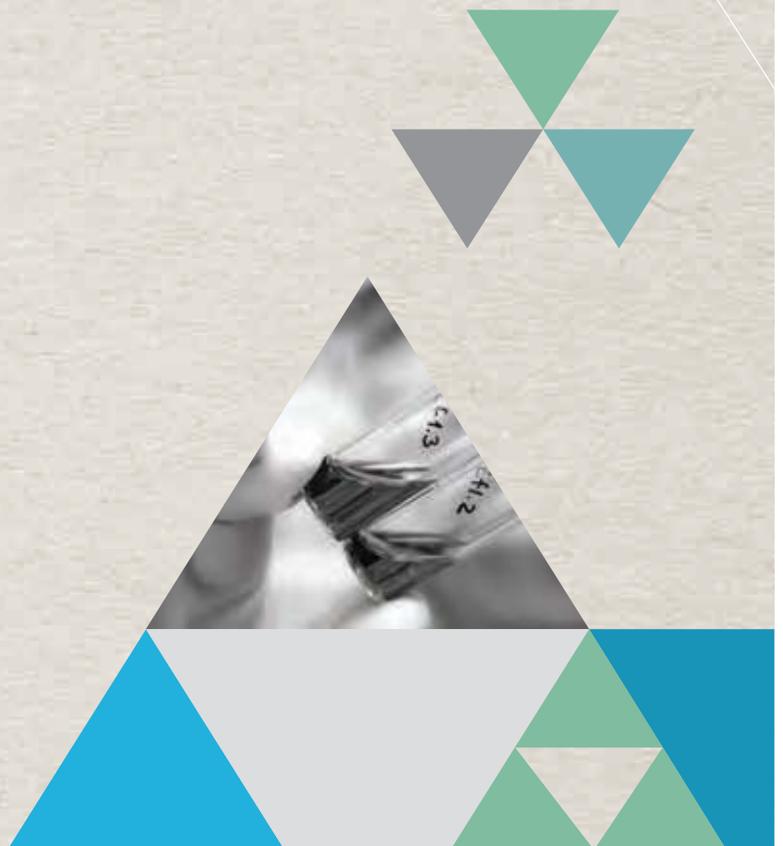
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At Alembic, success is not only derived from strategic clarity; it is also derived from consistent process discipline.

At Alembic, success is derived from not just doing few things better; it is derived from a passion to raise every single organisational benchmark.

The result is in our numbers. The Company grew revenues by 23%, profit after tax by 43% and return on employed capital by 827 bps in FY14.



Alembic's combination of vision clarity and process excellence.

At Alembic, a combination of vision, clarity and process excellence means a number of things. Creating differentiated products. Marketing products in the right geographies. Increasing output. Strengthening processes. Shrinking the mind-to-market cycle. Getting regulatory approvals for manufacturing facilities. Launching products on schedule. Reconciling profitability with growth.

At Alembic, our institutionalised process competence has translated into superior performance.

EBIDTA margin

16.79%	19.34%
2012-13	2013-14

Return on Equity (%)

33.30%	35.60%
2012-13	2013-14

Proportion of revenues from **International market** (%)

35%	44%
2012-13	2013-14

Alembic Pharmaceuticals Limited, **the corporate.**

Headquartered in Vadodara, India, Alembic Pharmaceuticals Limited is the 21st largest formulations player in India. The Company's state of art R & D and manufacturing facilities are approved by leading regulatory authorities all over the world including the US FDA. The Company's business portfolio comprises three segments - International Generics, Branded Formulations and APIs.

► **Vision:** To become a knowledge-driven global pharmaceutical company with the highest level of operational excellence in all spheres.

► **Mission:** To provide access to the best healthcare products at affordable prices to everyone present anywhere in the world.

International Generics and API

All our operating facilities have received approvals from the regulatory authorities of major developed markets (USFDA, EU EDQM, UK MHRA, AUS-TGA, BRAZIL-ANVISA, among others).



1 formulation plant.
(5 billion capacity)



3 API plants.



Well-developed R&D and
F&D facilities.



State-of-the-art
Bio Equivalence Centre.



Robust product basket
with 31 ANDA/NDA approvals
(61 filings-including 1 NDA)
and Para IV filing.



Partnerships with leading
generic players in the US,
Canada, Europe, Australia
and South Africa.



Sales of ₹46,837 lacs
in 2013-14 in the regulatory
generics market.



66 DMFs filed.

Branded Formulations



Well-equipped
formulations plant in Baddi.
(Himachal Pradesh)



Robust basket of 170 brands.
(2 feature in the Top 100)



Ranked 21st in the
Indian formulations market.
(market share 1.73%)



Ranked 19th in
the doctors' prescription
universe.



Strong presence in the
anti-infective, pain
management, cough and
cold segments.



Thrust on Cardiology,
Gynaecology, GI, Diabetes,
Orthopaedics, Rheumatology,
Ophthalmology, Dermatology,
Respiratory and CVS segments.



Revenues of ₹97,135 lacs
from India, 2013-14.



Exports of ₹7,360 lacs
of International Branded
Formulations, 2013-14.

International Generics

process excellence. extending vision to implementation.

At Alembic, we believe that sustainable success is not necessarily derived from an eagle perspective of what we need to do; it is also derived from the ability to translate that vision into ground realities.

We discontinued the manufacture of low-margin formulations in 2012-13, compensated by the production of high-value formulations for the US.

We resolved to expand our Formulation unit and getting our incremental products faster to desired markets.

We embarked on a phased commissioning of this new unit; the Phase-I was commissioned in the first quarter of 2013 and Phase II in October 2013. This phased implementation will accelerate our payback over an alternative strategy where we could have commissioned the entire unit in a consolidated manner.

We invested in high-speed automatic lines with in-built quality control equipment across the manufacturing and packaging lines to ensure that every batch matched stringent regulatory standards.

We reinforced US customer confidence through adequate product availability; we provided 6 products from Phase I operations and another 6 through Phase II; one of our products capitalised on a significant market opportunity leading to robust volumes.

We plan to expand our Formulation unit to 7 billion tablets /capsules per annum in 2014-15.

The cumulative impact of this differentiated strategy is evident in some attractive numbers:

The Company's International Generics business grew 99% over 2012-13; business from the US grew by 104% to ₹31,220 lacs in 2013-14, a critical size that is expected to accelerate.

Business from the EU and other regulated markets grew 89% over 2012-13.



Faster product launches

process excellence. finding a quicker way of doing things.

At Alembic, we believe that competitive advantage is not necessarily derived only from a selection of the right products but also the ability to bring them to the market with speed.

Alembic's faster product development

Prioritised formulation development of niche products with accurate time-lines to achieve early filing and timely approvals.

Created a product development road map for the next few years backed by strategic resource planning, infrastructure creation and vendor development.

Embarked on the creation of a dedicated facility to manufacture exhibit batches (product samples to be sent for regulatory approvals) to facilitate quicker filings.

Embarked on the mobilisation of additional resources – equipment and people – to catalyse product development.

Alembic's improved filing quality

Maintained a library of observations from retrospective filings to serve as a ready reckoner in proactive issue resolution.

Institutionalised key learning from earlier filings in the dossier development process.

Monitored regulatory aspects across the product development cycle, enhancing dossier strengths.

Added resources to undertake filings in other geographies; key resources helped accelerate filings in important markets (regulated and pharmerging).

Alembic's quicker scale-up

Created a robust pipeline (mix of early and late expiry products) providing sufficient time to grow from pilot to commercial scale.

Demonstrated the necessary skill and experience in efficient product scale-up from lab scale to pilot scale and plant levels.

Quick adoption of technology transfer from R&D to plant.

6

Product launches in the US, 2013-14.

Domestic Branded Formulations

process excellence.
the ability to
grow sustainably.

At Alembic, we have progressively invested in capacities and capabilities to increase production and market responsiveness.





We increased supplies to the marketplace, which enhanced customer confidence and gradually translated into attractive cross-sale.

We reconfigured our product basket in line with our core strengths and market opportunities; we broad-based our leading speciality brand across 10 divisions leading to focused marketing.

We reduced the number of products marketed by each representative; we rationalised our field force to market fast-moving brands; we restructured incentives to encourage focused brands.

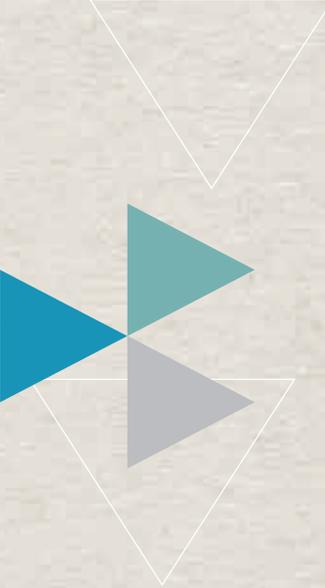
We instituted talent management workshops for screening the best available intellectual capital.

We grew people from within and in this way gave them an incentive to

grow, thereby augmenting their on-field productivity.

We trained our marketing representatives more intensively, creating a team of knowledge workers; we recalibrated the targets of our marketing representatives (MR) from focusing on broad monthly sales to product mix-wise monthly sales.

These differentiated initiatives were reflected in the following achievements: sustained revenue growth across 16 quarters, four-year revenues growing at a CAGR of 12%; the Company's branded Formulations business grew 14% over 2012-13, despite a steep price reduction in key molecules; market shares in all specialty therapeutic segments increased in 2013-14; speciality business contributed 54% of domestic revenues.



25

Number of new products planned for launch in 2014-15



Active Pharmaceutical Ingredients

process excellence. a culture of **enduring vigilance.**

At Alembic, we believe that market responsiveness reconciles prudent product selection with timely product exit, making the portfolio profitably market-relevant at all times.

The API business

We undertook a detailed study of our products based on their size, share and profitability as the first step towards portfolio rationalisation.

We reallocated our vacated capacities to increase the production of speciality APIs.

We strengthened our marketing in regulated markets and enhanced the in-house consumption of APIs

manufactured by us. The former generated higher realisations while the latter enhanced value-addition.

This realignment translated into the following results: The API sales volume altered from a 50:20:30 (regulated markets: in-house consumption: other markets) in 2010-11 to 60:30:10 in 2013-14, strengthening growth in revenues and profitability.

Shop-floor Operations

process excellence. attention to **detail.**

At Alembic, we recognise that profitability can be attractively enhanced through focused investments that rationalise process time, increase batch output and deliver economies of scale.

Formulation units

We commissioned our expanded Formulations unit in a phased manner to accelerate payback.

We invested in high-speed operational and sophisticated quality control equipment.

We recruited and trained better (class-room theory, hands-on training in 2013-14) translating into superior operational performance comprising improved equipment utilisation.

We increased our vigilance on compliances.

API units

We focused on the improvement of production yields, especially of critical products, through process modification.

We increased the productivity of high volume products through capacity re-balancing.

We transferred high-volume products to high-speed, large output lines that enhanced volumes.

We planned production programmes to generate higher campaign cycles and optimised batch-changeover cycles.

The results

Infrastructure: All our plants successfully passed multiple regulatory and customer audits.

Formulation units: Production volumes increased significantly from the existing facility; the expanded unit achieved a 60% capacity utilisation; record volumes were reported for some products; packing yields improved.

API units: Average plant occupancy increased from 70% in 2010-11 to 90% in 2013-14; API sales to International markets increased by 20% in 2013-14.

350 MT

API production capacity to be added in 2014-15

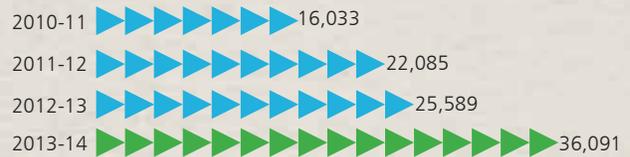
Our focus on implementation. How this generated attractive growth.

Business

Revenue (₹ lacs)



EBIDTA (₹ lacs)



Revenue growth

23%

Over 2012-13

13%

CAGR over 3 years

PBIT growth

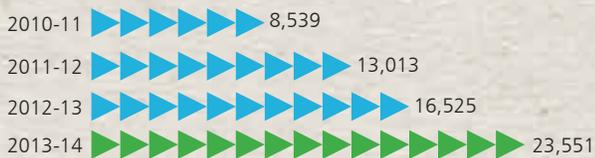
41%

Over 2012-13

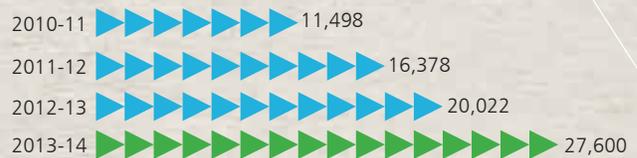
28%

CAGR over 3 years

Net profit (₹ lacs)



Cash profit (₹ lacs)



Net profit growth

43%

Over 2012-13

35%

CAGR over 3 years

Cash profit growth

38%

Over 2012-13

30%

CAGR over 3 years

Profitability

EBIDTA margin (%)



EBIDTA margin growth

255 bps | **600 bps**
Over 2012-13 | Over 2010-11

Net profit margin (%)



Net margin growth

178 bps | **551 bps**
Over 2012-13 | Over 2010-11

ROE (%)



ROE growth

230 bps | **668 bps**
Over 2012-13 | Over 2010-11

ROCE (%)



ROCE growth

827 bps | **1,892 bps**
Over 2012-13 | Over 2010-11

Statement from the **management**

“We have only reached the base camp; the peak is still some distance away.”

Dear Shareholders,

Even as the performance of the Indian economy weakened in FY14, the performance of Alembic Pharmaceuticals continued to strengthen.

The Company reported another year of profitable growth, marked by a 43% increase in our bottomline that outpaced the 23% increase in our topline.

This indicates that Alembic continued to strengthen its competitive advantage, validating the successful execution of a business transformation strategy that we initiated from 2009-10 onwards.

Contextual relevance

The global pharmaceutical industry is as exciting as it is challenging, marked by a number of developments. There is an increase in urbanisation the world over, increasing specific disease profiles and bringing a number of them into focus. There has been a growth in personal disposable incomes that has been higher than the increase in the cost of medicines or general inflation, enlarging the global pharmaceuticals market.

The cost of health care is still not a significant part of people’s incomes, inspiring the optimism that there is attractive headroom within the sector. There has been a growth in progressive molecules with specific patient population increasing. Besides, the vast increase in the number of products in the marketplace has inundated medical practitioners with therapeutic options, making it imperative to enhance market representative (MR) effectiveness.

Enhancing shareholder value

A few years ago, Alembic recognised that it would need to address these marketplace realities and generate an unambiguous increase in stakeholder value. This enhanced value would have to be derived from a continuous evolution in our product mix towards unmet complex patient needs, product positioning, presence in specific markets, specific therapeutic focus and manufacturing processes.

We have done well in this regard: we grew our EBIDTA margin in 9 quarters out of 12; we strengthened this operating margin from 13.34% in

2010-11 to 19.34% in 2013-14, indicating that even as the external market continued to be challenging, Alembic significantly enhanced its profitability.

The second measure which demonstrates that Alembic enhanced its profitability is the Return on Investment, which measures, per period, rates of return on investment in an economic activity as the basis of whether or not to press investments. This ROI measure was critically relevant for Alembic for another reason. Alembic was relatively late in strategic enunciation with a premium on the need to recover lost ground in the last few years, so this measure factored the time value of money into performance appraisal, increasingly relevant in a competitive scenario. To link strategy to profitability, the Company institutionalised its ROI discipline across markets, products, customers and every business initiative to maximise profitability from every rupee and minute invested.

International Generics: We exited low margin products and contract manufacturing, reallocating the liberated capacity for products addressing regulated markets.

Branded Formulations: We altered our marketing model, balancing our product portfolio between divisions. We realigned MR goals, as a result of which focus shifted from a cumulative monthly sales target to brand-wise sales targets.

APIs: We moderated the production of low margin products; the available capacity was deployed in the commercialisation of specialty high-value APIs. We increased our marketing exposure in regulated markets. We increased the captive consumption of APIs in Formulations manufacture.



Even as our R&D efforts were directed in product identification and development, our returns were incommensurate due to delays in making launches. At Alembic, we expect to strengthen our 'first to launch' and 'first to market' record...

- Chirayu Amin, *Chairman and Managing Director*

The result is that the Company's API profitability doubled over the previous year.

Capacity utilisation: We sweated our assets (Formulations and APIs) to generate an incremental output, which strengthened our supply chain.

Debt management: We enhanced business liquidity through a volume-value play, as a result of which incremental cash flow was used to retire ₹7,739 lacs of debt.

The result was that our return on capital employed strengthened by 827 bps - from 31.40% in 2012-13 to 39.67% in 2013-14.

How we are taking the ROI focus ahead

In 2014-15, we expect to implement a number of value-enhancing initiatives.

Front-end marketing: We plan to create a front-end marketing network in the US. As the Alembic brand becomes increasingly visible in the largest global pharmaceutical market,

we expect to capture the complete marketing spread that until now was required to be shared with our partners. We shall launch our ANDAs through this front-end in addition to products being currently marketed through partnerships.

Additional capacity: Even as we commissioned a new Formulations manufacturing facility in 2013-14, we recognise that this capacity may be consumed in 12 months following increased international approvals for our products and marketing alliances. In view of this, we are implementing a second Formulations unit expansion (5 billion tablets/capsules to 7 billion tablets/capsules a year). We are also selectively investing in API capacity enhancement at our Panelav and Karkhadi plants.

Accelerating launches: Even as our R&D efforts were directed towards product identification and development, our returns were incommensurate due to delays in making launches. At Alembic, we expect to strengthen our

'first to launch' and 'first to market' record, enhancing the prospect of superior returns.

Product baskets: We expect to work on increasingly complex products woven around challenging chemistries that protect us from price-based competition.

In the Branded Formulations space, we expect to launch 25 products (including line-extensions) in respiratory and other speciality segments.

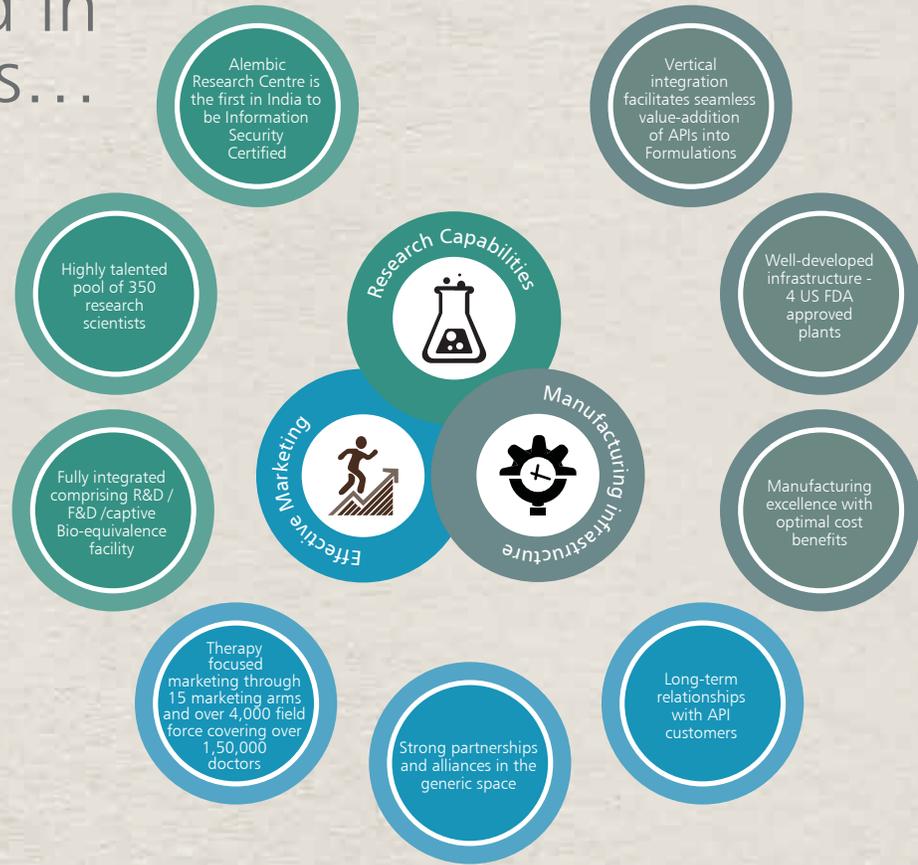
At Alembic, we have enhanced value for our shareholders based on the higher financial returns and shareholders that have translated into higher market capitalisation.

We are placed at a sweet spot in our business; we reinforce our commitment to achieve profitable growth on a sustained basis over the long-term.

Warm regards,

Chirayu Amin
Chairman and Managing Director

Alembic is attractively placed in its business...



...to deliver sustainable growth.

Research capabilities		
24 ANDAs Filed in the last 3 years	21 DMFs Filed in the last 3 years	32 products Approved in the last 3 years
Manufacturing infrastructure		
₹ 8,000 lacs Investment in infrastructure in 2013-14	4.46 Sales-to-asset ratio in 2013-14	44% Revenue from International market in 2013-14
Effective marketing		
15 divisions Dedicated Therapeutic segments	5 brands Featured among the Top 300 brands in India as on March 31, 2014	39% Growth in International Generic business (3yr-CAGR)

The Alembic **mind.**

The business mind set

ROI-focused business strategy where the deployment of cash generated is prudently balanced between deleveraging and investments in growth initiatives.

The asset creation strategy

Focus on Formulations supported by the back-ended manufacture of APIs and a front-end marketing set-up in select geographies to maximise value-addition and returns.

The product selection filter

The R&D team prefers to work in spaces marked by complex chemistry with high entry barriers, lower role of price-based competition and higher returns.

The research focus

Address complex genericisation opportunities, novel drug delivery systems (NDDS), new technology platforms with

speed to capitalise on 'first-to-market' opportunities.

The compliance priority

Culture of disciplined adherence to best-in-practice SOPs across the organisation reinforced by stringent monitoring.

The International Generics approach

Alliance with leading generic players in regulated markets and now maturing to launch its own front end marketing in US.

The domestic market roadmap

Select to be present in progressive therapeutic spaces where the brand can attain prominence over the medium-term.

Emerging market presence

Establish presence in select geographies where requirements are synergic with the Company's product basket.



The Pharmaceutical sector.

The Indian pharmaceutical industry ranks 3rd by drug volumes (10% global market) and 14 by sales at ~US\$25 billion (3% global market). The size of the Indian pharmaceutical industry was estimated at US\$12 billion in 2013 (estimated), compared to US\$10.9 billion in 2012 (US\$1=INR 60). The sector experienced a slowdown from 16.6% in 2012 to 9.8%; the sector grew at a CAGR of 15% between 2010 and 2012. Chronic therapies (cardio, gastro, CNS and anti-diabetic) outperformed the market for 4 years, growing at 14%, faster than acute therapies (anti-infectives, respiratory, pain and gynaecology) which grew at 9.6%. India now figures in the 5 leading emerging pharmaceutical markets,

expected to grow to a size of US\$20 billion by 2015.

Generics: The global spending on medicines is expected to shift towards generics in 5 years, rising from 27% of the total spending to 36% by 2017, even as brands account for more than two thirds of all spending in developed markets.

Absolute spending on brands in developed markets is expected to decline by US\$113 billion in the next 5 years due to exclusivity losses, slower uptake of new medicines and restrictive access approaches. This is expected to be offset by projected US\$40 billion generic spending, resulting in a US\$73

billion patent 'dividend' in 2017. In the U.S., US\$83 billion (34%) of 2012 brand spending will shift to generics at lower prices. In other developed markets, the average brand spending exposed to generic competition will be 22%, except in Canada where 30% of spending will be exposed.

Generics consumption will be highest in pharmerging markets (63% of all spending). Patients in pharmerging markets will enjoy an increasing access to affordable generics for primary care treatment. Total spending on traditional pharmaceuticals in these markets is expected to rise from US\$199 billion in 2012 to US\$336 billion in 2017.

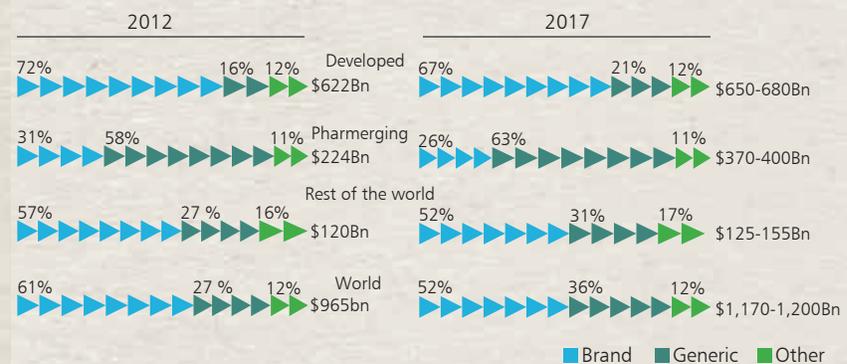
Total global medicinal spending is expected to exceed one trillion U.S. dollars for the first time in 2014, touching almost US\$1.2 trillion in 2017.

Generics curing and saving

In 2011, nearly 80% of the 4 billion prescriptions written in the U.S. were dispensed using generic medicines, while accounting for only 27% of the total drug spending.

Generics will represent a larger share of the market in volume and value terms

Global Spending, 2012 and 2017



Source: IMS Health Thought Leadership, September 2013

International Generics.

Overview

Alembic's International Generic business was pivoted around its Formulation sales to regulated markets (US and EU) starting 2009-10.

The Company filed 61 ANDAs (including 1 NDA), of which 31 are approved (including 4 tentative approvals) and 21 commercialised.

The International Generics business accounted for 25% of the Company's revenues, emerging as the fastest growing segment; which grew by 99% over 2012-13.

Key initiatives, 2013-14

- ▶ Commissioned, a Formulations facility for solid dosage forms for regulated markets, commencing supplies to the US and the EU.
- ▶ Launched 6 products in US, receiving a heartening response.
- ▶ Entered into arrangements with large

pharmaceutical companies for 2 products, providing a footprint across many nations; signed 8 marketing deals with regional players for 7 products; these alliances will start yielding results from 2015-16 onwards.

Going ahead

The US markets: Alembic plans to launch 6 to 8 products in the US, some of them on 'Day-1 launch'. The Company plans to establish its marketing network in the US by end 2014-15.

EU markets: Alembic plans to forge alliances with large European pharmaceutical marketing companies.

Other markets: The Company plans to launch products in Australia, South Africa and Canada in 2014-15, expected to generate returns from 2015-16 onwards. Alembic will increase partnerships to widen its product basket in Australia, Canada and South Africa.

39%

Business growth over the last three years (CAGR)

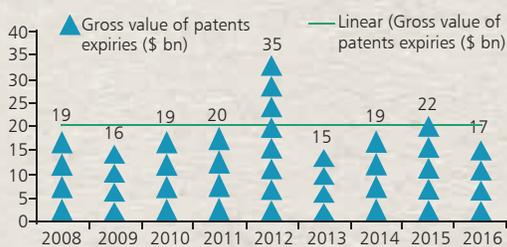
61

ANDAs filed

31

ANDAs approved

Patent expiry trend of blockbuster drugs in US



Source: USFDA

Likely peak cumulative generic opportunities in global markets during 2015 sustains formulation exports growth visibility for Indian pharma



Source: Evaluate Pharma

The US generics market witnessed the peak value of patent expiry worth US\$35 billion in 2012, following which genericisation opportunities moderated. However, as per Evaluate Pharma the peak opportunity of patent expiry in various advanced markets is expected in 2015, strengthening generic prospects for Indian pharma companies. Patent expiration opportunities worth US\$168 billion are expected over four years, strengthening earnings for key players.

Business **operation** 2

Branded Formulation.

Overview

This flagship SBU accounted for nearly 56% of the Company's topline.

The Company's product basket comprises 170 Formulations, marketed pan-India through a 4,000-plus marketing team. The Branded Formulations business was ranked 21st in the Indian Formulations market with a market share of 1.73%. (Source: ORG March, 2014)

Alembic is a strong player in the anti-infective, pain management, cough & cold segments, cardiology, gastroenterology, gynaecology and diabetes. Its prominent brands comprise Azithral, Roxid, Wikoryl and Althrocin. In 2013-14, Gestofit featured among the Top 300 Formulations brands in India.

The Company is strengthening its presence in the speciality therapeutic segments, growing its business between acute and chronic therapies from 51:49 in 2012-13 to 46:54 in 2013-14.

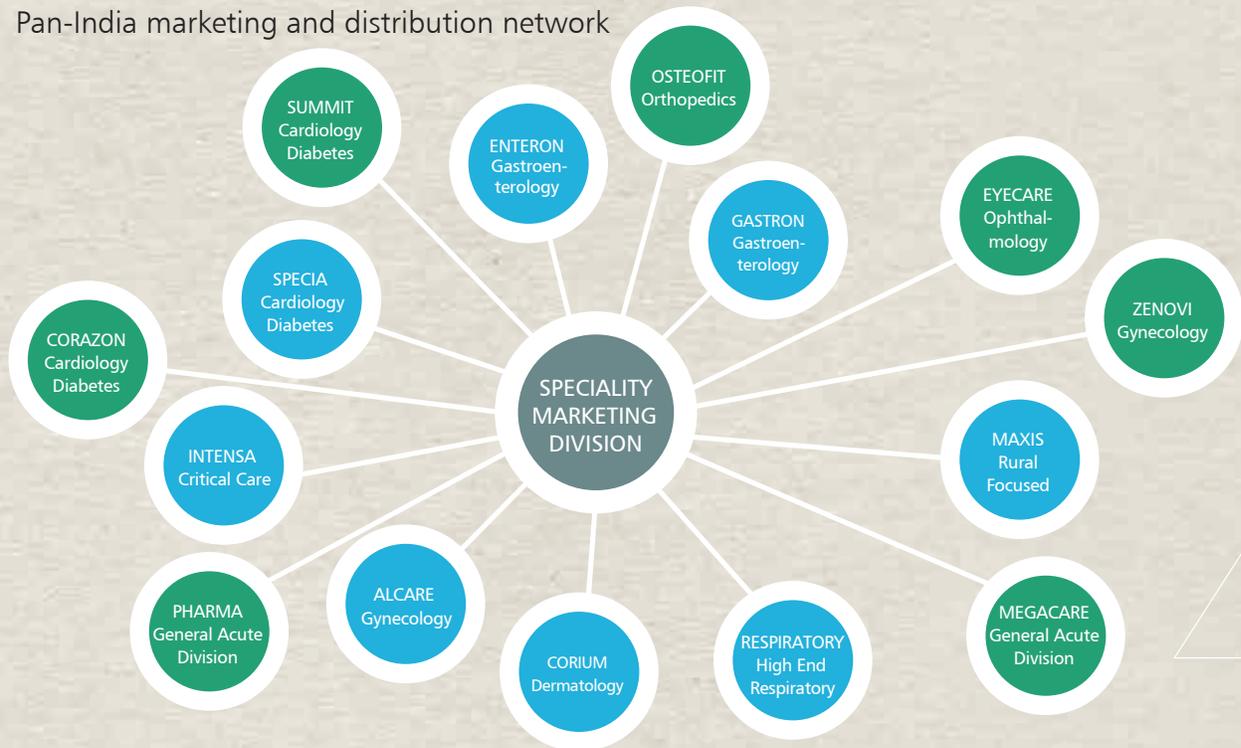
The International Branded Formulations Business clocked a turnover of ₹7,360 lacs in 2013-14 up by 32% in 2012-13.

Key initiatives, 2013-14

- ▶ The New Pharma Policy reduced the price of Azithral, the Company's key brand. The Company resolved to enhance volumes to compensate numbers. Despite the price decline, revenue from this brand remained strong and Azithral crossed the ₹100 crore mark.
- ▶ Launched 22 brands in the Indian market across various therapeutic segments.
- ▶ Planned the de-growth of traditional brands which were subsequently replaced with speciality products.
- ▶ Created different task forces within existing therapeutic segments to address diverse customer requirements.
- ▶ Consolidated the Dermatology division with a basket of 7 products.

12%
Revenue growth over the last 3 years (CAGR)
100 cr
Azithral crosses ₹100 crore mark
4,000+
Marketing team for the Indian market
22
Number of ₹10 crore-plus brands in the portfolio

Pan-India marketing and distribution network



Therapeutic segment performance table

Therapy	March MAT 2014			March MAT 2013		
	Therapy growth	Alembic growth	Market share	Therapy growth	Alembic growth	Market share
Ophthalmology	11	41	1.76	11	39	1.39
Cardiology	11	26	1.49	13	37	1.32
Nephra/Uro	8	13	1.92	15	40	1.84
Anti-diabetic	23	24	1.33	23	41	1.32
Gynaecology	8	23	2.12	7	23	1.87
Gastrology	10	10	2.48	13	27	2.50
Cough & colds	13	9	4.90	5	4	5.06
Orthopaedic	9	9	1.13	8	9	1.13
Anti-infective	1	-7	3.81	7	1	4.13
OVERALL	10	8	1.73	11	13	1.78

Source: ORG March 2014

Going ahead

The India business

▶ The Company plans to expand its presence in the cardiovascular space and launch 2 marketing divisions (Respiratory and CVS) with a diverse portfolio of products.

▶ The Company expects to strengthen its presence in the traditional cough and cold segment, enhancing its 5% market share.

▶ The Company plans to launch about 25 products across various therapeutic segments in 2014-15.

The international branded business

The Company is at a nascent stage in branded generics in the Rest of the World segment. It filed products in key markets (South East Asia, CIS and East Africa) awaiting approvals in most.

We are a more profitable business today because ...

We focused on the creation of key brands in key specialities, which we recognise will create an enduring play; we selected to grow our presence only in those therapeutic spaces where we could graduate to the top ten of that segment; we selected new products on the basis of the kind of value-addition the product would afford and the growth that overall segment would provide; we selected to grow our presence in knowledge-driven segments marked by a high entry barrier and a resistance to price erosion.

We evolved our product mix in response to marketplace opportunities, strengthening our profitability focus; we moved from price-sensitive commoditised spaces to value-added segments.

We restructured to create more divisions with the objective to address market opportunities more effectively.

We strengthened our intellectual capital; we grew leaders from within; we strengthened people retention and revenue per person.

We took a proactive call of the business, extending from individual-influenced working to systemic institutionalisation from being driven by lagging indicators to leading indicators, from product push to consumer pull, from sales lumpiness to sales consistency, from functional trouble-shooting to strategy-driven predictability; from a focus on profit maximisation to margins growth.

Business **operation** 3

Active Pharmaceutical Ingredients (API).

Overview

Alembic's API business is now a critical backward integration piece in the manufacture of niche Formulations with global acceptability. The Company's portfolio comprises 60 speciality APIs addressing lifestyle ailments.

Key initiatives, 2013-14

- ▶ Filed 6 DMFs and 12 Certificate of Suitability applications.
- ▶ Commercialised several speciality APIs in 2013-14, which received encouraging response.
- ▶ Enhanced productivity across all facilities.
- ▶ Increased API marketing in regulated markets.

Going ahead

The Company expects to commission its expanded capacity in 2014-15 with investment of ₹7,000 lacs. The team expects to maximise the captive consumption of APIs and launch 10 products in 2014-15 (sizeable proportion of speciality molecules).

60	90%
Specialty products in the Alembic API basket	Capacity utilisation, 2013-14
20%	66
Export Revenue growth from APIs over 2012-13	DMFs filed

The internal customer

At Alembic, the captive consumption of APIs increased to 31% of API sales production in 2013-14 as against 16% in 2012-13, underlining its growing value-addition.

Human Resource.

At Alembic, we believe that people embody our most fundamental asset. The Company endeavours to offer a fair, transparent and merit-based working environment, which promotes constant learning, individual and organisational development. During 2013-14, the Company had

around 6,300 permanent employees. Besides, Alembic was also actively involved in providing functional and behavioural training to all employees to enhance productivity. The nature of your Company's business requires trained and skilled professionals. Your Company has

been successful in attracting and retaining highly qualified professionals, with impeccable professional track record, offering a challenging work environment to enable them to unleash their entrepreneurial energy without compromising on team work and ethics.

Health, safety, security and environment.

Health, safety, security and environment form the core of our business; all employees are accountable for this. Alembic follows industry best practices related to health, safety, security and

environment protection.

During the year under review, safety audits were carried out by third party representatives and all observations/suggestions were implemented.

Environmental audits (Statutory) were carried out and submitted to the pollution control boards for their review. Waste generation was reduced by improving chemical processes at various stages.

Contribution to society.

Alembic is committed to enhance life quality in and around the communities of its manufacturing presence. During the year under review, the Company undertook a number of development projects related to health, education and vocational training. The Alembic Group's Rural Development Society (RDS) (operational since 1980) near

Panelav in the Pawagadh foothills was founded by Shri Ramanbhai Amin with the primary objective of providing vocational training and education across 50 villages. RDS believes in helping economically weaker sections of the rural population by making them self-reliant. The activities of RDS include residential hostel for students,

high school education, health education, hygiene and medical clinic, de-addiction activities and training programmes.

The Alembic Group's non-profit trust-run schools impart quality education to over 5,000 students.

Analysis of financial statements.

Despite a number of business, economic and political challenges that made 2013-14 one of the most challenging years in recent times, Alembic delivered higher revenues and profits.

Statement of Profit and Loss

Net sales

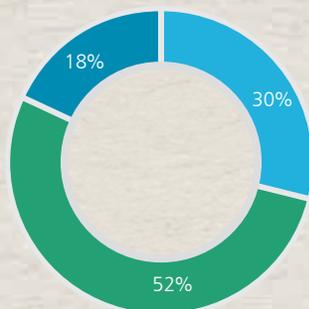
Net sales jumped by 22.64% from ₹1,51,726 lac in 2012-13 to ₹1,86,071 lac in 2013-14 – primarily due to increased sales in regulated markets consequent to the commissioning of the USFDA-approved formulations facility.

Operating costs

A scaling across all business segments (APIs and formulations) resulted in increased operational costs (in absolute numbers).

The maximum cost increase in percentage terms was under the head of R&D material consumption, the bio-study and filing fees being the biggest. This highlights the Company's focus in nurturing a robust product pipeline,

Sales breakup



- International formulations
- Domestic formulations
- APIs

sustaining business momentum.

The other significant cost increase was in terms of employee expenses. Due to an increase in team size, wage increments and on-field force incentives, which resulted in superior business growth.

Margins

Alembic's growth over the last fiscal can be aptly described in two terms - volume-driven and value-led. This was on the back of a keen focus on maximising the Company's ROI across operations. The benefit of this strategy was manifested in an improved EBIDTA margin. Higher price realisations on certain products and reduction in raw material consumption due to an improved product mix also added to margin accretion. As a result, the EBIDTA margin increased by 255 bps – from 16.79% in 2012-13 to 19.34% in 2013-14. A sharp decline in interest cost, consequent to a reduction in debt, facilitated a 43% growth in profit after tax from ₹16,525 lac in 2012-13 to ₹23,551 lac in 2013-14 and net margin jumping 178 bps from 10.84% in 2012-13 to 12.62% in 2013-14.

Balance Sheet

Capital employed: The total capital employed in the business (net worth and external liabilities) increased to ₹87,385 lac as on March 31, 2014. This was largely to fund the growth of the business. Return on capital employed

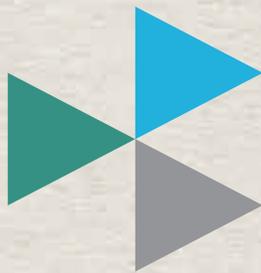
climbed 827 bps from 31.40% as on March 2013 to 39.67% as on March 31, 2014.

Shareholders' funds: Shareholders' funds increased 34.3% from ₹50,294 lac as on March 31, 2013 to ₹67,557 lac as on March 31, 2014 owing to a growth in profits. While the Company's equity capital remained unchanged, the reserves and surplus balance grew 36% from ₹45,854 lac as on March 31, 2013 to ₹62,380 lac as on March 31, 2014 – due to a plough back of 72% of the net profit earned in 2013-14. The entire reserves were free which can be deployed by the Company towards future growth initiatives. The book value per share strengthened from ₹29.60 as on March 31, 2013 to ₹39.35 as on March 31, 2014.

Long-term borrowings: Long-term borrowings declined from ₹11,668 lac as on March 31, 2013 to ₹8,397 lac as on March 31, 2014. Long-term debts primarily comprised foreign currency loan from bank.

Long-term provisions: This comprised provisions made for employee benefits, namely leave and gratuity as mandated by various statutes. The balance increased due to routine additions during the year.

Short-term borrowings: The segment primarily comprised secured and unsecured working capital limits from banks to fund day-to-day activities. Despite increased business volumes



and widened business presence, the Company reduced its reliance on external working capital financing. As a result, the balance under this head decreased from ₹7,011 lac as on March 31, 2013 to ₹2,542 lac as on March 31, 2014.

Tangible assets: Net tangible assets grew 15% from ₹34,422 lac as on March 31, 2013 to ₹39,696 lac as on March 31, 2014, largely on account of the commissioning of a new

formulations plant with an investment of ₹8,000 lacs.

Inventories: An increase in operational scale resulted in an increase by ₹4,394 lacs in inventory balance at the year-end. The balance of raw material inventory increased primarily due to a widening of the product basket and increased product filing in regulated and emerging markets. The average inventory cycle stood at 73 days in 2013-14 against

75 days in 2012-13.

Trade receivables: A sizeable increase in sales volumes and a widened distribution network resulted in an increase in outstanding receivables at the year-end – growing 17.39% from ₹23,287 lac as on March 31, 2013 to ₹27,337 lac as on March 31, 2014. Average receivables stood at 53 days in 2013-14.

Internal Control Systems and Adequacy.

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, information technology, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. The internal audit function is further 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 periodical review.

Alembic has global IT and communication networks and applications to support its business activities.

Alembic is already on a SAP platform for more than a decade and upgraded the ERP to the latest version to facilitate effective control systems and tools. This has helped harness superior business reporting and

analytics through Business Intelligence Reporting. We also implemented additional controls in the form of Budget Control System in SAP to support budget planning and budget execution.

To set the tone for the Company to attain effective and efficient internal control and documentation, the Company implemented the **Document Management System** for its core operations and strategic operations.

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

Risk **management**

A number of questions answered.

Unforeseen contingencies can affect prospects.

Alembic leverages its deep domain and management insights to undertake proactive counter-measures that strengthen viability across verticals, products, geographies and market cycles.

Alembic's integrated risk management approach comprises a compliance

with prudential norms, structured reporting and effective controls. A combination of centrally-issued policies and divisionally-evolved procedures helped enhance process robustness, ensuring that business risks were competently addressed.

This approach conformed with the

Company's strategic direction and was consistent with stakeholders' desired total returns, credit rating and risk appetite. The senior management periodically reviewed the risk management framework to maintain contemporariness and address emerging challenges.

Will the Company sustain its growth momentum?

The pharmaceutical sector is relatively recession-proof. Within this large sector, the prevalence of chronic (lifestyle) ailments will abound and the consumption of speciality therapies will accelerate. Alembic has increasingly focused on specialty therapies and complex products over the

last few years, outperforming industry growth. The Company expects to launch 2 divisions (Respiratory and CVS) in 2014-15, which should sustain growth. The Company expects to launch 7-9 products each year for the next three years in the US markets.

Does the Company possess a strong product pipeline?

The Company's 350-person R&D team is working on a robust pipeline of complex products, expected to lose patent protection upto 2020. The Company has a robust product pipeline of molecules under various

stages of development. Besides, the R&D team is ready with products to be launched in India and across the globe (regulated and pharmerging nations).

What would be the impact of a delay in the product approval cycle?

The pharmaceutical industry in general shoulders the risk of delayed regulatory approvals and the Company is no exception. Alembic is diversifying its presence across products and geographies to minimise the impact of this risk. The Company's regulatory team is increasing regulatory filings for multiple product approvals across geographies (regulated and pharmerging markets). In the last two

years, the team accomplished 17 filings in the regulated markets. The Company's filing quality continued to be at par with leading Indian pharmaceutical companies, reflected in the approval of 31 ANDAs. Going ahead, the Company plans to accomplish average of 8-10 ANDA filings annually for the next three years, complemented by filings in other international markets that de-risks the Company from probable delays.

Does Alembic possess adequate capacity to manufacture new products?

As a proactive organisation, Alembic augmented its Formulations capacity to 5 billion tablets/capsules, which was nearly double its earlier capacity and commissioned in the first half of 2013-14. This capacity is being complemented with

a second expansion round, enhancing its Formulation capacity to 7 billion in 12 months. The Company is also expanding its API capacity at an investment of ₹7,000 lacs.

How will the Company market this incremental volume?

The Company diversified its presence across large markets, namely India (56% of revenue), the US (17% of revenue) and the EU (8% of revenue).

For the Indian markets, the alignment of the marketing set up and addition to the field force is expected widen and deepen the Company's presence pan-India and generate sizeable business volumes.

For wider presence and deeper penetration in the US markets, the Company is creating a front-end marketing presence in addition to its existing marketing alliances with large pharmaceutical marketing companies.

In addition, the Company is also creating a meaningful presence in other large markets (Latin America, Africa, Canada and Australia, among others).

The global regulatory authorities are tightening their vigil on the operations of Indian pharmaceutical players. How does the Company address this risk?

The top management is committed to regulatory compliance and is continuously reviewing and strengthening its system. The Company is insisting on the constant training and development of its staff and

workers to ensure that this percolates to the grassroots level as well. The Company also engages eminent international consultants on a periodic basis to assist in the improvement of system and practises.

Will Alembic have the necessary funds to finance its growth?

Following growth in 2013-14, the Company enjoyed a higher cash flow that helped liquidate debt, invest in R&D capability and operations infrastructure. In 2013-14, the Company repaid ₹7,739 lacs of debt, invested ₹8,000 lacs in operations infrastructure and ₹11,643 lacs in R&D activity. As a result, the Company's debt-equity ratio declined from 0.33 (March 31, 2013) to 0.15 (March 31, 2014), which

made it possible to mobilise adequate low-cost funds to sustain investments. Going ahead, the Company's additional volumes (consequent to capacity augmentation and regulatory approvals) will only strengthen its cash flow and sustain its investment cycle. The Company's gearing is just 0.15 and it does not foresee difficulty to raise necessary finance to fuel its growth.

Will foreign exchange volatility affect Alembic?

The Company, being a net foreign exchange earner, will get adversely affected if the rupee appreciates significantly against US dollar. The top management of the

Company regularly reviews the situation and will take proactive steps. However, some adverse impact cannot be ruled out.



From left to right standing: Mr. R. K. Baheti, Mr. Pranav Amin, Mr. Shaunak Amin
 From left to right sitting: Mr. Milin Mehta, Mr. K. G. Ramanathan, Mr. Chirayu R. Amin, Mr. Pranav N. Parikh, Mr. Paresh Saraiya

Board of Directors

Mr. Chirayu R. Amin
Chairman & Managing Director

Mr. Pranav Amin
*Director & President -
 International Business*

Mr. Shaunak Amin
*Director & President -
 Branded Formulations Business*

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

Mr. K.G. Ramanathan
Independent Director

Mr. Paresh Saraiya
Independent Director

Mr. Pranav N. Parikh
Independent Director

Mr. Milin Mehta
Independent Director

Directors' Report

Dear members

Your Directors have pleasure in presenting their 4th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2014.

1. Financial Results

₹ in lacs

Stand Alone Basis		Particulars	Consolidated Basis	
2014	2013	For the year ended 31st March	2014	2013
36,221	24,769	Profit for the year before Interest, Depreciation and Tax	36,091	25,590
		Adjusting therefrom:		
981	1,457	Interest (net)	981	1,457
4,049	3,496	Depreciation	4,049	3,497
663	96	Provision for deferred tax liabilities or (assets)	663	96
6,700	3,975	Provision for current tax and wealth tax	6,847	4,014
23,828	15,745	Net Profit	23,551	16,525
		Adding thereto:		
7,594	5,363	Balance brought forward from previous year	11,241	8,230
31,422	21,108	The amount available is	34,792	24,755
		Appropriating there from:		
5,655	4,713	Provision for Dividend - Equity Shares	5,845	4,713
961	801	Provision for Corporate Dividend tax	961	801
10,000	8,000	Transfer to General Reserve	10,000	8,000
14,805	7,594	Balance carried forward to Balance Sheet	17,986	11,241

2. Dividend:

Your Directors recommend Dividend on Equity Shares at ₹3.00 per share (i.e. 150 per cent) of face value of ₹2/- per share for the year ended 31st March, 2014 as against ₹2.50 per share (i.e. 125 per cent) for the year ended 31st March, 2013.

3. Management's Discussion and Analysis:

The Report on Management Discussion and Analysis as required under the Listing Agreement is included in this 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.

4. Operations:

The Company's Standalone revenues from operations were ₹1,843.79 Crores for the year ended 31st March, 2014 as compared to ₹1,492.62 Crores for the previous year.

The Standalone profit before Interest, Depreciation, Non-recurring Income and expenses and Taxes was ₹359.02 Crores for the year under review as compared to ₹243.76 Crores for the previous year.

During the year, the interest and financing cost was ₹9.81 Crores as compared to ₹14.57 Crores in previous year.

The Company has made Net Profit of ₹238.28 Crores on standalone basis for the year under review as compared to ₹157.45 Crores for the previous year.

The Company has registered consolidated revenues from operations of ₹1,863.22 Crores for the year under review as compared to ₹1,520.34 Crores for the previous year.

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

Particulars	₹ in lacs	
	F.Y. 2013-14	F.Y. 2012-13
Domestic Formulation	97,135	87,462
Export Formulation	54,197	29,154
Domestic API	5,491	11,382
Export API	28,394	23,674
Total	1,85,217	1,51,672

The consolidated Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was ₹357.71 Crores for the year under review as compared to ₹251.96 Crores for the previous year.

The Company has made a consolidated profit after tax of ₹235.51 Crores for the year under review as compared to ₹165.25 Crores for the previous year.

5. Listing of shares:

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

6. Fixed Deposits:

The Fixed Deposits including those from shareholders as on 31st March, 2014 was ₹1,856.50 Lacs. There were unclaimed deposits amounting to ₹49.43 Lacs from 78 deposit holders which have been transferred to current liabilities. The Company has stopped accepting deposits w.e.f. 1st July, 2013.

Further, in compliance with the provisions of the Companies Act, 2013 and rules made thereunder, the Company has initiated repayment of deposits accepted prior to 1st July, 2013 and outstanding as on 31st March, 2014.

7. Directors:

In accordance with the provisions of the Companies Act,

2013 and Company's Articles of Association, Mr. Pranav Amin, Director of the Company will retire by rotation at the ensuing Annual General Meeting who is eligible for re-appointment.

The Independent Directors of the Company viz. Mr. Pranav Parikh, Mr. Paresh Saraiya, Mr. K. G. Ramanathan and Mr. Milin Mehta were liable to retire by rotation in terms of provisions of Companies Act, 1956. However, as per provisions of the Companies Act, 2013, the Independent Directors are required to be appointed by Shareholders and for a term upto five consecutive years and they shall not be liable to retire by rotation. Accordingly, it is proposed to appoint them for a term of five consecutive years w.e.f. 1st April, 2014.

8. Energy, Technology and Foreign Exchange:

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

9. Particulars of Employees:

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

10. Corporate Governance:

Your Company has complied with the provisions of Corporate Governance as prescribed under the Listing Agreement.

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

11. Audit Committee:

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

12. Auditors:

(a) Statutory Auditors:

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants, Statutory Auditors, are eligible for re-appointment as Auditors for a maximum period of six years. Members are requested to appoint them for a term of five consecutive years from conclusion of this Annual General Meeting till conclusion of sixth Annual General Meeting considering the ensuing AGM as first and to authorise the Board of Directors to fix their remuneration.

(b) Internal Auditors:

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

(c) Cost Auditors:

As per the order No. 52/26/CAB/2010 dated 2nd May, 2011 of the Ministry of Corporate Affairs, the Company is required to get Audited, the Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2014 by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board had appointed Mr. H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2014.

(d) Secretarial Auditors:

As per provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company is required to appoint Secretarial Auditor to carry out secretarial audit of the Company. The Company has appointed M/s. Samdani Shah & Associates, practising Company Secretaries as Secretarial Auditors of the Company for the F.Y. 2014-15.

13. Directors' Responsibility Statement:

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

- (a) that in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and on the profits of the Company for the year under review;
- (c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

On behalf of the Board of Directors,

Chirayu R. Amin
Chairman & Managing Director
28th April, 2014

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Tel. : 0265-2280550 • Fax : 0265 - 2281229
www.alembic-india.com • E-mail : apl.investors@alembic.co.in
CIN : L24230GJ2010PLC061123

ANNEXURE – A

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

(a) Energy Conservation measures during the year under review

- 1) Effective Load balancing exercise.
- 2) Increasing awareness about the lighting and other equipment and need base utilization.
- 3) Extensive use of VFDs on pumps.
- 4) Controlling operations of the HVAC resulting in power saving.

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

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption. Also Company purchases cheaper power through IEX to reduce cost of energy.

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

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

4) Effluent Treatment Plant load reduced by reutilization of Purified Water and Steam condensor.

5) Saving in power cost.

Efforts made in technology absorption: **Form B enclosed.**

1. The Export sales were ₹750.17 Crores (FOB) during the year under review. The Company has undertaken aggressive marketing strategies to increase share of export business.

2. Total Foreign exchange used and earned:

	₹ in lacs	
For the period ended on 31st March	2014	2013
Income		
Export (FOB basis)	75,017.48	46,501.58
Royalty	2,179.09	1,521.68
Expenditure		
Raw Materials (CIF basis)	17,649.20	15,541.82
Packing Material, Components and Spare Parts (CIF basis)	1,682.72	908.97
Professional and Consultancy fees	576.62	364.40
Interest	185.79	215.68
Others	6,181.34	4,958.85

Form A

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

A. Power and Fuel Consumption:

For the year ended 31st March	2013-14	2012-13
1. Electricity :		
(a) Purchased Units (KwH)	4,10,77,082	3,11,87,321
Total Amount ₹	22,06,48,388	16,76,04,358
Rate (₹/Unit)	5.372	5.374
(b) Own Generation :		
(i) Through diesel generator :		
Units (KwH)	3,81,195	4,13,494
Units per litre of diesel oil	3.07	3.29
Cost (₹/Unit)	15.67	12.13
2. Furnace Oil Qty. (K.Ltrs.)	377.967	843.684
Total Amount ₹	1,61,52,043	3,42,01,089
Average Rate (₹/KL)	42,734	40,538
3. Bio Mas Qty.(in Kgs)	5,52,042	53,91,012
Total Amount (₹)	41,72,551	3,74,67,351
Average Rate (₹/Kg)	7.56	6.95
4. HSD Qty. (K.Ltrs.)	321.693	305.290
Total Amount ₹	1,75,11,373	1,21,87,646
Average Rate (Rs./KL)	54,435	39,922
5. Coal (in Ton)	7,005.990	-
Total Amount ₹	3,63,19,107	-
Average Rate (₹/Ton)	5,184	-

B. Consumption per unit of production

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



Form B

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

A. Research and Development (R&D)

1. R&D's focus areas

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

2. Benefits derived as a result of R&D

- (a) The Company filed 4 ANDAs including 2 "First to File" ANDAs with US FDA and 8 DMFs in this fiscal year. The cumulative ANDA filings stood at 61 and 32 approvals have been received till 31st March 2014 including 1 NDA. The continuous research activities have lead to commercialization of 21 formulations for USA market.
- (b) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- (c) Till date 580 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 228 patents for formulations have been filed.
- (d) The Company has developed the skill set to create a wide range of pharmaceuticals across the value chain from complex APIs to Formulations. These projects typically work with a lead time of a few years, and power our growth plans across the world. The Company has close to 350 scientists working across two development centers.
- (e) With increase in thrust on cost optimization, 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; scale-up of 60 plus ANDAs have been completed during the year.
- (g) The company has marked its presence in Europe by launching the drug products like Losartan, Losartan and Hydrochlorthiazide and Pramipexole for the various customers.
- (h) High specialty Ophthalmic range has been introduced in Ophthalcare Division in the domestic market. We have been leveraging the R&D strength as a strong player in the domestic formulations.

3. Future plan of action

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

4. Expenditure on R&D

	₹ in lacs	
	2014	2013
a) Capital	1,313	264
b) Recurring	11,643	7,430
c) Total	12,956	7,694
d) Total R&D expenditure as a percentage of total turnover	6.95	5.06

Adaptation and Innovation

1) Efforts made towards technology absorption, adaptation and innovation

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

We, at Alembic, have chosen to develop some the techno sensitive niche products which offer high value advantage. Further, we have a special technology transfer team which has helped us in smooth transfer of the technology from lab to plant which is reflecting in the good number of DMF filing, which includes few very complex molecules, in this year.

New process developed using innovative technologies in the DMFs submitted such as 1. Fingolimod, 2. Dabigatran Etxilate Mesylate, 3. Agomelatine, 4. Asenapine, 5. Etoricoxib and 6. Rivaroxaban testify to the intensive pursuit of technological excellence at Alembic.

2) Benefits derived

(a) Reduction in cost of production for some of the revenue driven molecules such as Clarithromycin, Duloxetine and Quetiapine Fumarate etc.

(b) Novel processes developed for technically challenging molecules like Asenapine, Dabigatran, Fingolimod and Etoricoxib

(c) Increasing the production efficiency and consistency in the manufacturing cycle: The processes are improved in our Process Improvement Laboratory for

1. Raw Material cost

2. Cycle time for the batch,

3. Optimization of process resulting in increased batch size thus reducing the cost of production and

4. Nature and amount of effluents generated are all addressed in our process improvement and all these have been factored in our process improvement of current molecules.

(d) Information regarding technology imported during last five years.

Nil.



Report on Corporate Governance

1. Company's Philosophy

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

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

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

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

Alembic endeavors to make its management team 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 institutionalized 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 consists of Executive and Non-Executive & Independent Directors. During the year under review and as on date of this report, the Board meets the requirement of having at least 50% of the Board strength consisting of Independent Directors as 4 out of 8 Directors are Non-Executive Independent Directors.

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

Four (4) Board Meetings were held during the year ended 31st March, 2014 on 2nd May, 2013, 7th August, 2013, 25th October, 2013 and 22nd January, 2014.

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

Name of Director	Category	No. of Board Meetings held & attended during the Financial Year	Attendance at the last AGM	No. of other Directorships (excluding Directorships in foreign & Private Companies)	No. of Committees Membership / Chairmanship	
					As Chairman	As Member
Mr. C. R. Amin Chairman & Managing Director	Promoter Executive	4 of 4	Yes	11	1	2
Mr. Pranav Amin Director & President – International Business	Promoter Executive	4 of 4	Yes	1	-	1
Mr. Shaunak Amin Director & President-Branded Formulations Business	Promoter Executive	4 of 4	Yes	1	-	-
Mr. R. K. Baheti Director-Finance & Company Secretary	Executive	4 of 4	Yes	3	-	-
Mr. K. G. Ramanathan	NED (I)*	3 of 4	Yes	-	-	-
Mr. Pranav Parikh	NED (I)*	2 of 4	Yes	1	-	2
Mr. Paresh Saraiya	NED (I)*	4 of 4	Yes	4	3	1
Mr. Milin Mehta	NED (I)*	4 of 4	Yes	1	2	1

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

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

None of the non-executive Directors has any pecuniary relationship or transactions with the company and its associates except Mr. Milin Mehta where two other Companies under same management have paid a total of ₹4.00 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.

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. A declaration signed by the Chairman & Managing Director (CEO) on behalf of the Board of Directors is given below:

"We hereby confirm that:

As provided under Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March, 2014 and the copy of the code of conduct is put on the website of the Company viz. www.alembic-india.com"

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

CEO/CFO Certificate

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director (CEO) & Director-Finance (CFO) of the Company has certified to the Board regarding correctness of the financial statements for the year ended 31st March, 2014.

3. Audit Committee

• Composition & Terms of Reference

The Audit Committee comprises of 3 Non-Executive Independent Directors viz. Mr. Paresh Saraiya, Mr. Pranav Parikh and Mr. Milin Mehta. 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 Listing Agreement and the provisions of Companies Act, 2013 and rules made thereunder.

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 acts as Secretary to the Committee. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 7th August, 2013.

- Meetings and the attendance during the year
There were Five (5) meetings of the Audit Committee during the year held on 2nd May, 2013, 7th August, 2013, 25th October, 2013, 22nd January, 2014 and 7th March, 2014.

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

Name of Director	Category of Director	No. of Meetings Attended
Mr. Paresh Saraiya	Non-Executive - Independent	5
Mr. Milin Mehta	Non-Executive - Independent	5
Mr. Pranav Parikh	Non-Executive - Independent	2

4. Remuneration Committee

The Company's remuneration Committee of Directors consisting of Mr. K. G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta fix and finalize the remuneration of Managerial Personnel. Mr. K. G. Ramanathan is Chairman of the Remuneration Committee.

Meeting and the attendance during the year

One meeting of remuneration committee was held during the Financial Year – 2013-14 on 2nd May, 2013. Mr. K. G. Ramanathan, Mr. Paresh Saraiya and Mr. Milin Mehta were present at the Meeting.

- Details of Remuneration paid to Directors

a. Executive Directors

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

₹ in lacs

Name & Designation of Executive Director	Salary & Perquisites	Commission	Total
Mr. Chirayu Amin, Chairman & Managing Director	299.84	1,387.08	1,686.92
Mr. Pranav Amin, Director & President-International Business	345.59	-	345.59
Mr. Shaunak Amin, Director & President-Branded Formulations	338.05	-	338.05
Mr. R. K. Baheti, Director, President-Finance & Company Secretary	195.30	-	195.30
Total	1,178.78	1,387.08	2,565.86

Notes:

- Mr. C. R. Amin, Chairman & Managing Director: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. R. K. Baheti, Director, President-Finance & Company Secretary: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. Pranav Amin, Director & President-International Business: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. Shaunak Amin, Director & President-Branded Formulations Business: Appointed for a period of 5 years w.e.f. 2nd May, 2013.
- There is no provision for payment of severance fees.
- The Company does not have any Stock Options Scheme.

The Board of Directors of the Company has recommended a revision in remuneration payable to the Executive Directors w.e.f. 1st April, 2014 subject to approval of Shareholders at the ensuing Annual General Meeting. The details of the same are provided in the notice convening the AGM.

b. Non-Executive Directors

Non-Executive Directors are paid sitting fees of ₹20,000/- for attending Board and Committee Meetings. The Details of sitting fees paid to the Non-Executive Directors during the Financial Year 2013-14 are as under:

Name of Director	Sitting Fees for Board Meetings (₹)	Sitting Fees for Committee Meetings (₹)	Total Fees Paid (₹)
Mr. K.G. Ramanathan	60,000	20,000	80,000
Mr. Paresh Saraiya	80,000	3,60,000	4,40,000
Mr. Milin Mehta	80,000	1,20,000	2,00,000
Mr. Pranav Parikh	40,000	40,000	80,000

The Board has also approved payment of following commission to Non-Executive Independent Directors for the year 2013-14 which is within the limit approved by the members of the Company.

Name of Director	Commission
Mr. K.G. Ramanathan	4,00,000
Mr. Paresh Saraiya	4,00,000
Mr. Milin Mehta	4,00,000
Mr. Pranav Parikh	2,00,000
Total	14,00,000

5. Shareholders' / Investors' Committee

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

- Meetings and the attendance during the year

Twelve (12) meetings of Shareholders'/Investors' Committee were held during the year ended 31st March 2014.

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

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

6. General Body Meetings

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

No Extra Ordinary General Meeting was held during the Financial Year 2013-14.

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

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

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

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

Mr. Pranav Amin seeks reappointment at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Pranav Amin (DIN:00245099) has done Bachelors of Science in Economics/Industrial Management from the Carnegie Mellon University in Pittsburgh, USA. He worked as a Jr. Financial Analyst at Dendrite Inc. in New Jersey, USA. Dendrite focuses on Customer Relationship Management software catering mainly to Pharmaceutical Companies. He pursued his M.B.A in International Management from Thunderbird, The American Graduate School of International Management. He is Director & President - International Business of the Company. He holds Directorships in Gujarat Flying Club, Quick Flight Limited, Incozen Therapeutics Pvt. Limited and AG Research Pvt. Ltd. Mr. Amin is a member of shareholders' and investors' Grievances Committee of the Company. He holds 10,09,800 Equity Shares of the Company. He is son of Mr. Chirayu Amin - Chairman and Managing Director and brother of Mr. Shaunak Amin - Director and President - Branded Formulations Business of the Company.

In terms of requirements of the new Companies Act, 2013, Mr. Pranav Parikh, Mr. K. G. Ramanathan, Mr. Paresh Saraiya and Mr. Milin Mehta, Independent Directors seek appointment at the ensuing Annual General Meeting for a term of consecutive five years w.e.f. 1st April, 2014.

Mr. Pranav Parikh (DIN:00318726) is a Commerce Graduate and has done Business Administration Program at Harvard University, USA. He is an Industrialist and is Chairman of TechNova and Lemuir Group of companies. He has vast experience as an industrialist and has been an active participant in various industrial fora and organisations. He is also holding Directorships in Technova Imaging Systems Pvt. Ltd., Technova Graphics Pvt. Ltd., Lee & Muirhead Pvt. Ltd., Lemuir Containers Pvt. Ltd., LEFA freight Pvt. Ltd. and Shree Luxmi Wollen Mills Estate Ltd. Mr. Parikh is a member of Audit Committee, shareholders' and investors' Grievances Committee and Remuneration Committee of the Company.

Mr. K. G. Ramanathan (DIN:00243928) is a postgraduate

in Physics from University of Madras and is a Retd. IAS Officer. He has worked in senior administrative positions in the State of Gujarat and also in Government of India. He has wide industrial experience particularly in the fields of fertilizers, chemicals and petrochemicals. Before his retirement from Government service, he was the Chairman and Managing Director of erstwhile Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India. Mr. Ramanathan is the Chairman of Chemical and Petrochemical Manufacturers Association of India. He is also the founder President of Indian Centre for Plastics in the Environment (ICPE). He is also associated with several trade and industry associations and social organisations. He does not hold any other Directorships. Mr. Ramanathan is a member of Remuneration Committee of the Company.

Mr. Paresh Saraiya (DIN:00063971) is a Graduate in Mechanical Engineering with Distinction from the M.S. University of Vadodara. He is the Managing Director of Transpek-Silox Industry Limited, a joint venture Company between Silox S.A., Belgium and the Excel/Transpek Group. He has a vast experience in technical, management and corporate functions. He is also holding Directorships in Transpek-silox Industry Limited, Shroffs Engineering Limited., Dinesh Remedies Limited, Excel Genetics Limited, Technokraft Products Pvt. Limited. and SIAMP Sanitaryware Pvt. Limited. Mr. Saraiya is a member of Remuneration Committee of the Company and Audit Committee of Transpek-silox Industry Limited. He is chairman of Audit Committee and shareholders' and investors' Grievances Committee of the Company and chairman of Audit Committee of Dinesh Remedies Limited.

Mr. Milin Mehta (DIN:01297508) is a Senior Partner of M/s. K. C. Mehta & Co., a reputed Chartered Accountants' Firm, since more than 2 decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and holds a Masters Degree in Commerce. He has also co-authored a book on "Minimum Alternate Tax" published by the Bombay Chartered Accountants' Society. He is also active in social service and is presently heading a reputed educational institution involved in providing school education in Baroda. He holds Directorships in Alembic Limited, Startronic Investment Consultant Pvt. Limited, Technokraft Products Pvt. Limited. and Gujarat Life Sciences Pvt. Ltd. Mr. Mehta is the chairman of audit

Committee and shareholders' and investors' Grievances Committee of Alembic Limited and member of Audit and Remuneration Committee of the Company.

Shareholding of Non-Executive Directors:

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

7. Disclosure

Related Party Transactions

There were no materially significant related party transactions that may have potential conflict with the interest of the

Company at large. Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard AS-18 are disclosed in Note No.VII of the Notes forming part of Accounts.

8. Compliance

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

9. Means of Communication

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

10. Shareholders' Information

1. Annual General Meeting Date and Time Venue	28th July, 2014 at 4.00 p.m. "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.
2. Financial Calendar	Adoption of Results for the quarter:
Quarter ending June 30, 2014	by 14th August, 2014
Quarter ending Sept.30, 2014	by 14th November, 2014
Quarter ending Dec. 31, 2014	by 14th February, 2015
Quarter / Year ending 31st March, 2015	By 15th / 30th May, 2015
Annual General Meeting for the year ended 31st March, 2015	Between July to September, 2015
3. Date of Book Closure	21st July, 2014 to 28th July, 2014, both days inclusive
4. Dividend Payment Date	On or before 5th August, 2014
5. Registered Office	Alembic Road, Vadodara -390 003. Phone: (91-265) 2280550, Fax: (91-265) 2282506 E-mail: apl.investors@alembic.co.in Web: www.alembic-india.com
6. Listing Details	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. (Security Code: 533573) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051. (Security Code: APLLTD)

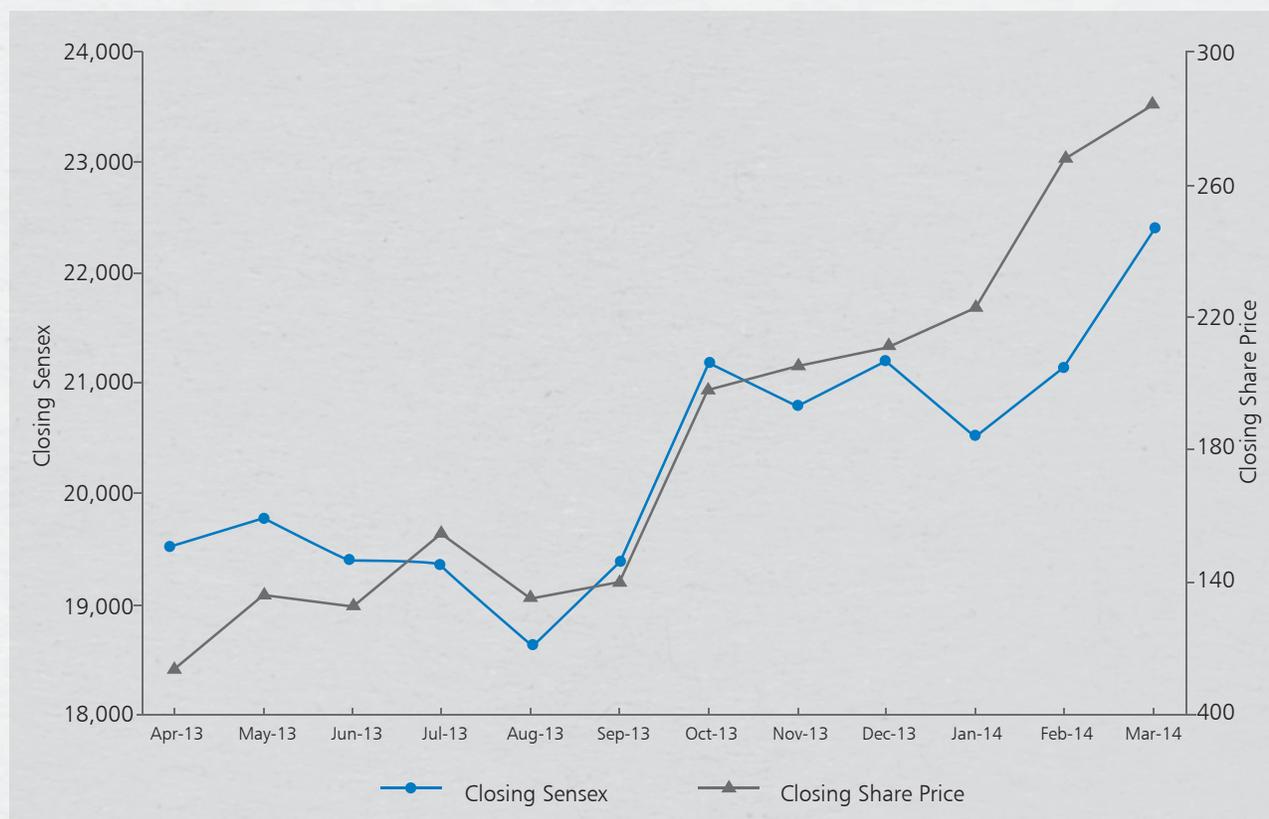
7. Stock Market Data

(in ₹)

Month	Bombay Stock Exchange		National Stock Exchange	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr-2013	120.00	103.15	120.00	102.05
May-2013	144.00	114.65	144.10	114.45
Jun-2013	148.80	117.85	148.55	99.50
Jul-2013	167.50	117.50	167.85	132.90
Aug-2013	164.00	125.50	164.50	120.30
Sep-2013	152.05	130.05	152.00	130.50
Oct-2013	204.20	139.90	204.50	138.10
Nov-2013	222.95	192.80	222.90	192.50
Dec-2013	221.30	190.00	221.80	190.05
Jan-2014	245.30	206.70	245.70	206.55
Feb-2014	273.00	215.15	273.75	215.25
Mar-2014	309.90	246.15	310.60	245.25

On 31st March, 2014, the closing price of the shares of the Company on BSE was ₹283.85 and on NSE was ₹285.05.

Share Performance of the Company in comparison to BSE Sensex



8. Registrar and Share transfer Agents	<p>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</p>
9. Share Transfer System	<p>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.</p> <p>The Shareholders/Investors Committee generally meet every month and transfers are also approved by Company Secretary/ Authorised representative of Registrar and Share Transfer Agent, generally at the interval of Fifteen days' time.</p> <p>Total number of shares transferred in physical form during the year were 1,01,630 (previous year 79,905).</p>

Distribution of Shareholding

The Distribution of Shareholdings as on 31st March, 2014 is given 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	39,867	83.94	60,77,684	3.22
501-1000	3,771	7.94	29,40,073	1.56
1001-2000	1,956	4.12	29,43,957	1.56
2001-3000	626	1.32	16,07,039	0.85
3001-4000	282	0.59	10,03,420	0.54
4001-5000	241	0.51	11,15,271	0.60
5001-10000	381	0.80	27,23,541	1.44
10001 and above	373	0.78	17,01,04,929	90.23
TOTAL	47,497	100.00	18,85,15,914	100.00

Shareholding pattern as on 31st March, 2014

Sr. No.	Category	No. of Shares Held	% of Voting Strength
1.	Promoters & Associates	13,97,38,620	74.13
2.	Mutual Funds & UTI	17,09,682	0.91
3.	Banks, Financial Institutions & Insurance Companies	8,74,871	0.46
4.	Foreign Institutional Investors	1,71,77,764	9.11
5.	Private Corporate Bodies	16,36,482	0.87
6.	Indian Public	2,65,70,915	14.09
7.	NRIs / OCBs	5,25,033	0.28
8.	Others (Clearing Members, Trusts etc.)	2,82,547	0.15
	Total	18,85,15,914	100.00
9.	Dematerialisation of Shares and Liquidity	As on 31st March 2014, 18,35,11,004 shares (97.34%) are held in dematerialised form by the shareholders.	
10.	Outstanding GDR/Warrants	Not applicable	
11.	Plant Location	a. Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat. b. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil -Nalagarh, Dist. Solan, Himachal Pradesh. c. Village Karakhadi, Tal. Padra, Dist. Vadodara.	
12.	Investor Correspondence	1. Alembic Pharmaceuticals Limited Alembic Road, Vadodara-390003 2. Link Intime India Private Ltd B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Radha Krishna Char Rasta, Akota – Vadodara-390020	

Auditors' Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by **Alembic Pharmaceuticals Limited**, for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement as prescribed by the stock exchange(s).

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

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

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

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

RAGHUVIR M. AIYAR
Partner
Membership No. - 38128

Mumbai
Date: 28th April, 2014



Independent Auditor's Report

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

We have audited the accompanying financial statements of Alembic Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act").

Read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Mumbai

Date: 28th April, 2014

Annexure to 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 has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. However, item wise value in respect of assets other than land, buildings and vehicles prior to 1982 are not available.
- (b) Fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified in three years time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956 wherein the balance recoverable as at the year end is ₹ Nil (Maximum balance during the year ₹ 4,205 Lacs).
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (c) In respect of the above loans granted, receipt/renewal of the principal amount and interest were regular, as stipulated.
- (d) There is no overdue amount of more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any unsecured loan from any party covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the requirement of clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding ₹ 5,00,000 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 58A and 58AA and any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the

Annexure to Auditor's Report

Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.

(ix) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income

Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.

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

Statute & Nature of dues	Amount not deposited in ₹	Forum where dispute is pending	Period
Sales Tax Act	4,82,244	Joint Commissioner Appeals	2008-09
Sales Tax, Interest and penalty	13,12,295	High Court	1999-2000
	1,63,84,603	Asst.Commissioner Demand	2003-04
	44,830	Additional Commissioner	2004-05
	1,53,406	Sr.Joint Commissioner	2006-07
	17,49,933	Joint Commissioner Appeals	2009-10
	1,84,321	Additional Commissioner	01-04-2006 to 30-11-2008
	24,654	Additional Commissioner	01-12-2008 to 31-10-2009
	34,11,482	Additional Commissioner	2007-08
	53,89,411	Additional Commissioner	2008-09
	64,32,292	Additional Commissioner	2009-10
	2,95,000	Joint Commissioner Appeals	2013-14
	9,56,484	Jt.Commissioner, Commercial Tax	2010-11
Central Sales Tax Act	1,51,971	Additional Commissioner	01-04-2006 to 30-11-2008
	75,612	Additional Commissioner	01-12-2008 to 31-10-2009
	2,46,931	Deputy Commissioner II	2003-04
	1,50,355	Joint Commissioner (Appeals)	2005-06
	10,93,955	Deputy Commissioner II	2006-07
	26,302	Additional Commissioner	2008-09
	28,481	Additional Commissioner	2009-10
	1,52,810	Jt.Commissioner, Commercial tax	2010-11
The Central Excise Act	2,13,95,574	CESTAT	2005-06
Excise Duty, Interest & Penalty	56,07,997	CESTAT	2007-08
	16,091	Commissioner (Appeal)	2007-08
	23,53,824	CESTAT	2001-02
	2,10,579	CESTAT	1998-99
	35,000	Commissioner (Appeal)	2009-10
	50,03,165	High Court	2005-06
	1,20,99,486	High Court	2005-06

Annexure to Auditor's Report

Statute & Nature of dues	Amount not deposited in ₹	Forum where dispute is pending	Period
	55,306	Commissioner (Appeals)	2008-09
	1,21,276	Commissioner (Appeals)	2010-11
	1,01,81,463	CESTAT	2006-11
	34,712	Asst. Commissioner	2007-08
	2,75,323	CESTAT	2007-08 to July 2011
	56,760	CESTAT	2011-12
	95,029	CESTAT	2011-12
The Bombay Stamp Act	5,01,18,535	Supreme Court	2011-12
Income Tax Act	3,19,955	Commissioner (Appeals)	2010-11
Income Tax	4,58,530	Commissioner (Appeals)	2011-12
	4,53,951	Commissioner (Appeals)	2012-13

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

For K.S.Aiyar & Co;
 Chartered Accountants
 Firm Registration No: 100186W
RAGHUVIR M. AIYAR
 Partner
 Membership No. 38128

Mumbai
 Date: 28th April, 2014



Balance Sheet

₹ in lacs

Particulars	Note No	As at 31st March, 2014		As at 31st March, 2013	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	59,199.28	62,969.60	42,206.06	45,976.38
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	5,222.00		7,053.47	
(b) Deferred Tax Liabilities (Net)	D	2,271.70		1,389.69	
(c) Other Long Term Liabilities	E	1,270.37		1,276.07	
(d) Long Term Provisions	F	668.06	9,432.13	606.06	10,325.29
(3) Current Liabilities					
(a) Short-Term Borrowings	G	2,542.37		7,011.45	
(b) Trade Payables	H	28,189.96		23,424.56	
(c) Other Current Liabilities	I	6,062.11		6,925.29	
(d) Short-Term Provisions	J	7,048.45	43,842.90	6,205.50	43,566.80
	Total		1,16,244.63		99,868.47
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	39,696.06		34,422.15	
(ii) Capital Work-in-Progress		2,066.92		3,226.18	
(b) Non-Current Investments	L	3,332.85		335.42	
(c) Long Term Loans and Advances	M	4,164.17	49,260.00	3,587.88	41,571.63
(2) Current Assets					
(a) Inventories	N	31,077.82		26,683.33	
(b) Trade Receivables	O	26,055.87		23,238.30	
(c) Cash and Bank Balances	P	533.85		424.97	
(d) Short-Term Loans and Advances	Q	9,317.10	66,984.63	7,950.24	58,296.84
	Total		1,16,244.63		99,868.47
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

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

As per our report of even date

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

CHIRAYU R. AMIN
Chairman & Managing
Director

PRANAV AMIN
Director & President
– International Business

SHAUNAK AMIN
Director & President
– Branded Formulation Business

RAGHUVIR M. AIYAR
Partner
Membership No 38128

K.G. RAMANATHAN
Director

PRANAV PARIKH
Director

R.K. BAHETI
Director, President
– Finance & Company Secretary

Mumbai: 28th April, 2014

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014

Statement of Profit and Loss

₹ in lacs

Particulars	Note No	Year ended 31st March, 2014		Year ended 31st March, 2013	
I. Revenue from Operations	R	1,85,149.71		1,50,138.83	
Less : Excise Duty		771.00	1,84,378.71	875.00	1,49,263.83
II. Other Income	S		319.27		393.20
III. Total Revenue (I + II)			1,84,697.98		1,49,657.03
IV. Expenses					
Cost of materials consumed	T	55,592.93		47,029.77	
Purchase of Finished Goods		19,806.75		16,559.05	
Changes in Inventories of Finished Goods and Work in Process	T	(4,064.84)		2,134.01	
Employee Benefit Expenses	U	24,445.94		19,378.97	
Research and Development Expenses	V	10,509.63		7,363.28	
Other Expenses	W	42,186.12	1,48,476.53	32,422.27	1,24,887.35
V. Profit Before Interest, Depreciation and Tax			36,221.45		24,769.68
Finance costs	X		980.89		1,457.43
Depreciation			4,048.72		3,496.46
VI. Profit Before Tax			31,191.85		19,815.79
VII. Tax Expense					
Current tax		6,700.00		3,975.00	
Deferred tax		663.21	7,363.21	96.43	4,071.43
VIII. Profit for the year			23,828.64		15,744.36
IX. Earning per equity share (FV ₹ 2/- per share)					
Basic & Diluted (In ₹)			12.64		8.35
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

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

As per our report of even date

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

CHIRAYU R. AMIN
Chairman & Managing
Director

PRANAV AMIN
Director & President
– International Business

SHAUNAK AMIN
Director & President
– Branded Formulation Business

RAGHUVIR M. AIYAR
Partner
Membership No 38128

K.G. RAMANATHAN
Director

PRANAV PARIKH
Director

R.K. BAHETI
Director, President
– Finance & Company Secretary

Mumbai: 28th April, 2014

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014



Cash Flow Statement

₹ in lacs

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		31,191.85		19,815.79
Add:				
1 Depreciation	4,048.72		3,496.46	
2 Interest Charged	1,039.98		2,398.20	
3 Unrealised Foreign Exchange Loss / (Gain)	1,194.71		793.32	
4 (Gain)/Loss on Sale of Fixed Assets	22.74	6,306.15	3.39	6,691.37
Less:				
1 Interest Income	59.10		940.77	
2 Dividend Income	2.84	61.94	22.70	963.47
Operating Profit before change in Working Capital		37,436.06		25,543.69
Working capital changes:				
Add / (Less):				
1 (Increase) / Decrease in Inventories	(4,394.48)		(809.18)	
2 (Increase) / Decrease in Trade Receivables	(3,173.06)		(4,814.46)	
3 (Increase) / Decrease in Short-Term Loans and Advances	(1,384.83)		6,596.68	
4 (Increase) / Decrease in Long-Term Loans and Advances	(576.29)		(88.75)	
5 Increase / (Decrease) in Trade Payables	4,729.74		5,114.07	
6 Increase / (Decrease) in Other Current Liabilities	578.82		(456.27)	
7 Increase / (Decrease) in Short Term Provisions	(194.12)		108.32	
8 Increase / (Decrease) in Long Term Provisions	62.00	(4,352.21)	67.02	5,717.45
Cash generated from Operations		33,083.85		31,261.14
Add / (Less):				
Direct Taxes paid (Net of refunds)		(6,765.70)		(3,829.56)
Net Cash inflow from Operating Activities (A)		26,318.15		27,431.58
B CASH FLOW FROM INVESTING ACTIVITIES:				
Add:				
1 Proceeds from Sale of Fixed Assets	10.16		54.97	
2 Interest Received	77.07		1,817.51	
3 Dividend Received	2.84	90.07	22.70	1,895.18
Less:				
1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress	8,196.27		8,597.33	
2 Purchase of Investments (Net)	2,997.43	11,193.70	-	8,597.33
Net Cash inflow from Investing Activities (B)		(11,103.63)		(6,702.15)

Cash Flow Statement (Contd.)

₹ in lacs

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
C CASH FLOW FROM FINANCIAL ACTIVITIES:				
Add:				
1 Increase / (Decrease) in Other Long Term Liabilities		(5.70)		47.00
Less:				
1 Repayment of Long-Term Borrowings	4,073.90		10,177.02	
2 Repayment of Short-Term Borrowings	4,469.08		6,832.04	
3 Dividends Paid (including Distribution Tax)	5,457.79		3,036.23	
4 Interest and Other Finance Costs	1,099.17	15,099.94	2,879.56	22,924.85
Net Cash Inflow from Financing Activities (C)		(15,105.64)		(22,877.85)
I Net (decrease)/increase in Cash and Cash Equivalents		108.88		(2,148.42)
II Add: Cash and Cash Equivalents at the Beginning of the Period	367.34		2,546.90	
Other Bank Balances	57.63	424.97	26.49	2,573.39
III Cash and Cash Equivalents at the End of the Period	420.15		367.34	
Other Bank Balances	113.70	533.85	57.63	424.97

As per our report of even date

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

RAGHUVIR M. AIYAR
Partner
Membership No 38128

Mumbai: 28th April, 2014

CHIRAYU R. AMIN
Chairman & Managing
Director

K.G. RAMANATHAN
Director

PARESH SARAIYA
Director

PRANAV AMIN
Director & President
– International Business

PRANAV PARIKH
Director

MILIN MEHTA
Director

SHAUNAK AMIN
Director & President
– Branded Formulation Business

R.K. BAHETI
Director, President
- Finance & Company Secretary

Vadodara : 28th April, 2014

Notes to Balance Sheet

A Share Capital :

₹ in lacs

As at 31st March	2014	2013
(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 ;

	2013-14		2012-13	
	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
Issued during the period	-	-	-	-
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, 2014 an amount of ₹ 3.00 of dividend per equity share was proposed for the equity shareholders (P.Y ₹ 2.50 per equity share).

(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	2014		2013	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,50,00,000	29.18%	5,50,00,000	29.18%
2 Shreno Limited	1,83,68,780	9.74%	1,83,68,780	9.74%
3 Sierra Investments Limited	1,71,67,670	9.11%	1,71,67,670	9.11%
4 Whitefield Chemtech Limited	1,82,85,230	9.70%	1,82,85,230	9.70%
5 Nirayu Private Limited	1,62,13,755	8.60%	1,62,13,755	8.60%

Notes to Balance Sheet

B Reserves and Surplus

₹ in lacs

As at 31st March	2014		2013	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) Debenture Redemption Reserve				
Balance as per the last financial statements		-		3,125.00
Less : Transferred to General Reserve		-		3,125.00
(c) General Reserve				
Balance as per the last financial statements		34,582.99		23,798.35
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court		218.80		340.36
Add : Transfer from Debenture Redemption Reserve		-		3,125.00
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss		10,000.00	44,364.19	8,000.00
				34,582.99
(d) Surplus / (deficit) in the Statement of Profit and Loss				
Balance as per last financial statements		7,593.07		5,362.57
Profit for the year		23,828.64		15,744.36
		31,421.71		21,106.93
Appropriations				
Less : Proposed final Equity Dividend amount per share ₹ 3.00 (PY : ₹ 2.50)		5,655.48		4,712.90
Tax on Proposed Equity Dividend		961.15		800.96
Transfer to General Reserve		10,000.00		8,000.00
		16,616.63		13,513.86
Net Surplus in the Statement of Profit and Loss		14,805.09		7,593.07
Total Reserves and Surplus		59,199.28		42,206.06

Notes to Balance Sheet

C Long-Term Borrowings :

₹ in lacs

As at 31st March	Non-Current Maturities		Current Maturities	
	2014	2013	2014	2013
(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 from May-13	4,194.70	5,970.80	2,395.60	2,171.20
(b) Deposits (Unsecured)				
Deposits from Shareholders	99.80	419.30	397.00	210.20
Deposits from Public	927.50	663.37	382.77	2,229.99
Interest rate varying from 9% to 11% and maturity period is 12 / 24 / 36 months				
(c) Others (Unsecured)				
Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from Oct-2004. Interest rate 3%	-	-	-	2.85
	5,222.00	7,053.47	3,175.37	4,614.24
The above amount includes amount disclosed under the head Other Current Liabilities (Note I)	-	-	(3,175.37)	(4,614.24)
	5,222.00	7,053.47	-	-

D Deferred Tax Liabilities (Net) :

As at 31st March	2014	2013
(a) Deferred Tax Assets		
Provision for Doubtful debts	232.04	175.83
Preliminary Expense and Demerger Expense	19.44	32.76
Intangible Asset	802.29	1,021.09
Others	578.21	1,631.98
(b) Deferred Tax Liabilities		
Depreciation	3,903.68	3,045.58
	2,271.70	1,389.69

E Other Long Term Liabilities :

As at 31st March	2014	2013
Trade Deposits	1,270.37	1,276.07
	1,270.37	1,276.07

Notes to Balance Sheet

F Long Term Provisions :

₹ in lacs

As at 31st March	Long Term		Short Term	
	2014	2013	2014	2013
(a) Provision for Employee Benefits				
Provision for Gratuity	-	-	29.32	304.48
Provision for Leave benefits	668.06	606.06	383.85	302.81
	668.06	606.06	413.17	607.29
Amount disclosed under the head Short Term Provisions (Note J)	-	-	(413.17)	(607.29)
	668.06	606.06	-	-
(b) Others				
Proposed Equity Dividend	-	-	5,655.48	4,712.90
Provision of Tax on Proposed Equity Dividend	-	-	961.15	800.96
	-	-	6,616.63	5,513.86
Amount disclosed under the head Short Term Provisions (Note J)	-	-	(6,616.63)	(5,513.86)
	668.06	606.06	-	-

G Short Term Borrowings :

As at 31st March	2014	2013
From Banks		
a) Working Capital facilities (Secured)	543.81	1,040.65
Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand		
b) Others (Unsecured)	1,998.57	5,970.80
Varying Coupon repayable within 180 days with an option of roll over		
	2,542.37	7,011.45

H Trade Payables :

As at 31st March	2014	2013
(a) Due to Micro and Small Enterprises	88.31	55.65
(b) Other Trade Payables	28,101.65	23,368.91
	28,189.96	23,424.56

Notes to Balance Sheet

I Other Current Liabilities :

₹ in lacs

As at 31st March	2014	2013
(a) Current maturities of long-term debt (Note C)	3,175.37	4,614.24
(b) Interest accrued but not due on borrowings	133.61	193.69
(c) Unpaid dividends	113.70	57.63
(d) Unpaid / Unclaimed matured deposits and interest accrued thereon		
Unclaimed matured Deposits	49.43	48.03
Interest accrued thereon	3.03	2.13
(e) Other payables / liabilities		
Statutory	981.82	748.42
Others	1,605.16	1,261.15
	6,062.11	6,925.29

J Short Term Provisions :

As at 31st March	2014	2013
(a) Provision for Employee Benefits (Note F)	413.17	607.29
(b) Others		
Proposed equity dividend and Tax thereon (Note F)	6,616.63	5,513.86
Provision for Income Tax	15,478.25	8,778.50
Less : Income Tax paid	(15,459.60)	(8,694.15)
	7,048.45	6,205.50

K Tangible Assets :

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01/04/13	Addition	Deductions	As on 31/03/14	As on 01/04/13	Deductions	During the Year	As on 31/03/14	As on 31/03/14	As on 31/03/13
Free Hold Land	192.44	-	-	192.44	-	-	-	-	192.44	192.44
Lease Hold Land	1,634.78	-	-	1,634.78	80.47	-	17.21	97.68	1,537.10	1,554.31
Buildings	14,646.09	1,050.89	2.50	15,694.48	2,135.02	0.07	494.56	2,629.51	13,064.97	12,511.07
Employees Quarters	28.30	-	-	28.30	6.59	-	-	6.59	21.71	21.71
Plant & Equipments	29,654.46	6,838.29	48.59	36,444.16	14,294.44	41.71	2,762.35	17,015.08	19,429.08	15,360.02
R&D Equipments	7,504.96	1,312.53	-	8,817.49	5,215.17	-	557.17	5,772.34	3,045.15	2,289.79
Furniture & Fixtures	687.73	33.23	26.03	694.93	296.58	2.88	39.72	333.42	361.51	391.15
Vehicles	2,452.42	51.48	18.10	2,485.80	651.73	17.66	156.16	790.23	1,695.57	1,800.69
Office Equipments	444.95	69.11	-	514.06	143.98	-	21.55	165.53	348.53	300.97
TOTAL	57,246.13	9,355.53	95.22	66,506.44	22,823.98	62.32	4,048.72	26,810.38	39,696.06	34,422.15
Previous Year	46,289.39	11,195.12	238.38	57,246.13	19,507.53	180.02	3,496.47	22,823.98	34,422.15	-

Notes:

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

Notes to Balance Sheet

L Non Current Investments (Long Term Investments - At Cost) :

₹ in lacs

As at 31st March	2014	2013
(a) Trade Investments		
Unquoted equity instruments		
Investment in wholly owned subsidiary		
45,00,000 (PY: 1,00,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA	3,031.05	33.62
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. towards seed funding for Contract Research	300.00	300.00
(b) Non - Trade Investments		
Unquoted equity instruments	1.80	1.80
18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.		
	3,332.85	335.42

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

As at 31st March	2014	2013
(a) Capital Advances	757.24	625.42
(b) Security Deposits	3,406.93	2,962.46
	4,164.17	3,587.88

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

As at 31st March	2014		2013	
(a) Raw materials				
API, Chemicals and Intermediates	4,371.53		5,127.14	
Excipients	3,808.44		3,032.87	
Solvents & Catalyst	929.17	9,109.14	609.06	8,769.07
(b) Packing materials		1,639.14		1,669.10
(c) Work-in-process		1,676.36		1,448.48
(d) Finished goods				
API, Chemicals and Intermediates	9,946.58		7,422.15	
Formulations - Tablets and Capsules	2,460.54		1,043.35	
Formulations - Injectables	153.75		425.42	
Formulations - Oral Preparation and Ointments	853.70		587.05	
Others	2,635.20	16,049.77	2,799.11	12,277.08
(e) Traded goods				
Formulations - Tablets and Capsules	1,167.22		1,153.71	
Formulations - Injectables	280.69		362.56	
Formulations - Oral Preparation and Ointments	881.35	2,329.26	748.72	2,264.99
(f) Stores and Spares		274.15		254.61
		31,077.82		26,683.33

Notes to Balance Sheet

O Trade Receivables (Unsecured) :

₹ in lacs

As at 31st March	2014		2013	
(a) Over Six months from the due date				
Considered good	610.20		901.66	
Considered doubtful	682.68		541.94	
Less : Provision for doubtful debts	682.68	610.20	541.94	901.66
(b) Others Considered good		25,445.67		22,336.64
		26,055.87		23,238.30

P Cash and Bank Balances :

As at 31st March	2014		2013	
(a) Cash and Cash Equivalents				
Bank deposits with less than 3 months maturity from the origin date	5.22		5.15	
Balances with banks	380.91		338.34	
Cash on hand	34.01	420.14	23.85	367.34
(b) Other Bank Balances				
Unpaid Dividend Account		113.70		57.63
		533.85		424.97

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

As at 31st March	2014		2013	
(a) Others				
Advance against Expenses - Employees		350.50		430.02
Advance recoverable in cash or in kind		8,966.60		7,520.22
		9,317.10		7,950.24

Notes to Statement of Profit and Loss

R Revenue from Operations :

₹ in lacs

For the year ended 31st March	2014		2013	
(a) Sale of products				
Domestic	1,04,105.85		1,00,877.42	
Exports	77,158.40	1,81,264.26	46,641.53	1,47,518.95
Export Incentives		1,455.44		789.27
Royalty		2,179.08		1,521.68
(b) Other Operating Revenues				
Others		250.92		308.93
		<u>1,85,149.71</u>		<u>1,50,138.83</u>
Sale of Products - Broad head wise				
Bulk Drugs, Chemicals and Intermediates	33,729.76		32,286.04	
Formulations - Tablets and Capsules	1,05,987.17		77,090.99	
Formulations - Injectables	11,045.83		11,055.23	
Formulations - Oral Preparation and Ointments	30,501.50		27,086.69	
		<u>1,81,264.26</u>		<u>1,47,518.95</u>

S Other Income :

For the year ended 31st March	2014		2013	
(a) Dividend		2.84		22.70
(b) Other Miscellaneous Income		100.42		-
(c) Insurance Claims		216.01		370.50
		<u>319.27</u>		<u>393.20</u>

Notes to Statement of Profit and Loss

T Cost of Material Consumed :

₹ in lacs

For the year ended 31st March	2014		2013	
Inventory at the beginning of the year	10,438.17		7,469.32	
Add : Purchases	55,903.04		49,998.62	
	66,341.21		57,467.94	
Less : Inventory at the end of the year	10,748.28	55,592.93	10,438.17	47,029.77
Details of Material Consumed				
Bulk Drug and Drug intermediates	29,205.15		26,092.43	
Excipients	8,780.94		7,052.23	
Solvents & Catalyst	6,705.41		5,260.90	
Packing Material	9,057.80		7,213.90	
Others	1,843.63		1,410.31	
	55,592.93		47,029.77	
Changes in inventories of Finished Goods, Work in process				
(a) Inventory at the end of the year				
Work in Process	1,676.36		1,448.48	
Finished Goods	18,379.03	20,055.39	14,542.07	15,990.55
(b) Inventory at the beginning of the year				
Work in Process	1,448.48		994.08	
Finished Goods	14,542.07	15,990.55	17,130.48	18,124.56
		(4,064.84)		2,134.01

U Employee Benefit Expenses :

For the year ended 31st March	2014		2013	
(a) Salaries and Wages	23,401.57		18,168.23	
(b) Contribution / Provisions for Provident and other funds	672.58		854.89	
(c) Staff welfare expense	371.79		355.85	
	24,445.94		19,378.97	

V Research & Development Expenses :

For the year ended 31st March	2014		2013	
(a) Material Consumption	2,231.31		1,416.08	
(b) Employees' Cost				
Salaries and Wages	2,723.94		2,238.00	
Contribution / Provisions for Provident and other funds	110.01	2,833.95	91.94	2,329.94
(c) Utilities				
Power	477.71		345.69	
Others	41.49	519.20	87.50	433.19
(d) Bio-Study Expense & Filing Fees	1,206.96		781.78	
(e) Others	3,718.20		2,402.29	
	10,509.63		7,363.28	

Notes to Statement of Profit and Loss

W Other Expenses :

₹ in lacs

For the year ended 31st March	2014	2013
(a) Consumption of Stores, Spares, Laboratory Material and Analytical Expense	3,059.93	1,738.52
(b) Power and Fuel	3,206.36	2,665.51
(c) Manufacturing and Labour Charges	1,520.21	1,794.05
(d) Repairs and Maintenance		
Machinery	590.17	509.88
Buildings	799.82	241.73
Others	569.15	266.37
	1,959.14	1,017.98
(e) Freight and Forwarding Charges	2,785.64	2,128.11
(f) Marketing and Publicity Expense and Selling Commission	16,075.13	13,350.22
(g) Excise Duty	424.67	100.49
(h) Rent	408.18	314.71
(i) Rates and Taxes	1,098.62	497.94
(j) Insurance	309.46	218.59
(k) Travelling Expense	6,837.54	5,888.19
(l) Communication Expenses	1,360.90	1,055.21
(m) Legal & Professional Fees	1,225.71	687.08
(n) Payment to Auditor	61.12	57.32
(o) Exchange Difference (net)	750.45	224.12
(p) Bad Debts written off	65.55	40.02
Less : Bad Debts Provision Utilised	65.55	40.02
	-	-
(q) Provision for Doubtful Debts	206.30	50.00
(r) Miscellaneous Expenses	896.78	634.23
	42,186.12	32,422.27

X Finance Costs :

For the year ended 31st March	2014	2013
Interest Expense	1,039.98	2,398.20
Less : Interest Income	59.10	940.77
	980.89	1,457.43

Notes to Balance Sheet

Y I Significant Accounting Policies:

a) Basis of Accounting:

The Financial Statements are prepared as per historical cost convention and on accrual basis and are in conformity with the Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b) Fixed Assets:

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

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

c) Depreciation / Amortisation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold Land is amortized over the period of Lease.

d) Investments:

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

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

e) Inventories:

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

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

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

Finished Goods 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.

f) Revenue from Operations:

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

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

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

g) R & D Expenses:

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

h) Foreign Exchange Transactions:

Foreign Currency transactions are initially recorded at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are converted at year end exchange rates.

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

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

i) Employee benefits:

Defined Contribution plan:

Contribution to pension fund, Superannuation payable as per superannuation scheme is provided by payment to superannuation trust fund, administered by the HDFC Standard Life Insurance 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.

Notes to Balance Sheet

Y I Significant Accounting Policies: (Contd.)

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 Company Limited and the amounts paid / provided under the scheme are charged to Statement of Profit and Loss.

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

j) Taxes on Income:

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 (Accounting Standards) Rules, 2006, 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 recognized 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 years and same will be accounted for when actually arised

k) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations

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

l) Measurement of EBITDA:

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

m) 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 recognized in the Statement of 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.

n) 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 Balance Sheet

Y II Other Explanatory Notes and Information :

₹ in lacs

As at 31st March	2014	2013
I Estimated amount of contracts net of advances remaining to be executed on capital accounts	1,123.34	1,197.58
II Contingent liabilities not provided for		
(a) Letter of credit, Guarantees and counter guarantees	4,150.32	1,921.70
(b) Liabilities Disputed in appeals		
Excise duty	762.96	759.83
Sales Tax	397.98	383.93
Income Tax	12.32	4.58
Stamp Duty	-	501.19
(c) Claims against the company not acknowledged as debt	342.64	342.64
(d) Non fulfilment of export obligation against advance licence	35.92	23.73
(e) 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	2014	2013
Expense recognised in the Statement of Profit & Loss		
Current Service Cost	190.60	174.60
Interest Cost	97.62	83.01
Employer Contributions	-	-
Expected return on plan assets	(100.17)	(76.74)
Net Actuarial (Gains) / Losses	(161.75)	46.03
Past Service Cost	-	-
Settlement Cost	-	-
Total expense	26.31	226.90
Net Asset / (Liability) recognised		
Present value of Defined Benefit Obligation	1,283.11	1224.41
Fair value of plan assets	1,329.23	996.83
Funded status [Surplus / (Deficit)]	46.11	(227.58)
Net asset / (liability)	46.11	(227.58)
Change in Obligation		
Present value of Defined Benefit Obligation at the beginning of the year	1,224.41	1036.11
Current Service Cost	190.60	174.60
Interest Cost	97.62	83.01
Settlement Cost	-	-

Notes to Balance Sheet

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

₹ in lacs

As at 31st March	Gratuity Funded	
	2014	2013
Past Service Cost	-	-
Employer Contributions	-	-
Acturial (Gains) / Losses	(161.75)	49.71
Benefits Payments	(67.77)	(119.01)
Present value of Defined Benefit Obligation at the end of the year	1,283.11	1,224.41
Change in Assets		
Plan assets at the beginning of the year	996.83	785.43
Employer Contributions	300.00	250.00
Assets acquired in amalgamation in previous year	-	-
Settlements	-	-
Expected return on plan assets	100.17	76.74
Funds to be transfer as per the Scheme of Arrangement	-	-
Actual benefits paid	(67.77)	(119.01)
Acturial (Gains) / Losses	-	3.68
Plan assets at the end of the year	1,329.23	996.83
Acturial Assumptions:		
Discount Rate	9.10%	8.20%
Expected rate of return on plan assets	9.00%	9.00%
Mortality pre retirement	*LIC Rates	*LIC Rates
Mortality post retirement	NA	NA
Turnover rate	5% to 1%	5% to 1%
Medical premium inflation	NA	NA
Rate of escalation in salary (p.a.)	4.75%	4.75%
* Indian Assured Lives Mortality (2006-08) Ult.		
As at 31st March	Leave Encashment	
	2014	2013
Expense recognised in the Statement of Profit & Loss		
Current Service Cost	103.97	112.24
Interest Cost	44.65	38.87
Employer Contributions	-	-
Expected return on plan assets	-	-
Net Acturial (Gains) / Losses	147.48	165.94
Past Service Cost	-	-
Settlement Cost	-	-
Total expense	296.10	317.05

Notes to Balance Sheet

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

₹ in lacs

As at 31st March	Leave Encashment	
	2014	2013
Net Asset / (Liability) recognised in the Balance Sheet		
Present value of Defined Benefit Obligation	734.20	650.87
Fair value of plan assets	-	-
Funded status [Surplus / (Deficit)]	(734.20)	(650.87)
Net asset / (liability)	(734.20)	(650.87)
Change in Obligation		
Present value of Defined Benefit Obligation at beginning of the year	650.87	580.81
Current Service Cost	103.97	112.24
Interest Cost	44.65	38.87
Settlement Cost	-	-
Past Service Cost	-	-
Employer Contributions	-	-
Actuarial (Gains) / Losses	147.48	165.94
Benefits Payments	(212.77)	(247.00)
Present value of Defined Benefit Obligation at the end of the year	734.20	650.87

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

in lacs

As at 31st March	2014		2013	
(a) Amount receivable in foreign currency on account of the following				
Export of Goods and Services	USD	243.93	USD	212.57
	EUR	29.10	EUR	28.32
	GBP	0.64	GBP	0.68
	AUD	-	AUD	0.25
Advance to Suppliers	USD	13.07	USD	9.91
	JPY	17.05	JPY	-
	EUR	2.39	EUR	1.96
	GBP	0.20	GBP	0.24
	CHF	0.39	CHF	0.03
	AUD	0.01	AUD	-
(b) Amount payable in foreign currency on account of the following				
Purchase of Goods and Services	USD	36.76	USD	70.06
	EUR	1.14	EUR	1.38
	GBP	0.10	GBP	0.03
	CHF	0.01	CHF	0.01
Advance from Customers	USD	7.60	USD	4.36
	EUR	1.03	EUR	0.42
	GBP	0.05	GBP	0.05
Loans payable	USD	110.04	USD	260.00

Notes to Balance Sheet

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

₹ in lacs

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

As at 31st March	2014	2013
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	35.80	55.65
(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	0.99	0.97
(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	0.99	0.97

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 2006 are as follows

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

(a) Controlling Companies: There is no controlling Company

(b) Subsidiary and Fellow Subsidiary:

- 1 Alembic Global Holding SA (Subsidiary of Alembic Pharmaceuticals Limited)
- 2 Alembic Pharmaceuticals Australia Pty Ltd (Subsidiary of Alembic Global Holding SA)
- 3 Alembic Pharmaceuticals Europe Limited (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)

(c) Associate Companies:

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

Notes to Balance Sheet

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

(d) Key Management Personnel

1	Shri C .R. Amin	Chairman and Managing Director
2	Shri R. K. Baheti	Director, President - Finance & Company Secretary
3	Shri Pranav Amin	Director, President - International Business
4	Shri Shaunak Amin	Director, President - Formulations

(e) Relatives of Key Management Personnel

1	Smt. Malika Amin
2	Shri Udit Amin
3	Ms. Yera Amin
4	Ms. Jyoti Patel
5	Ms. Ninochaka Kothari
6	Ms. Shreya Mukherjee

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

₹ in lacs

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2014	2013	2014	2013	2014	2013
(a) Purchase of Goods/DEPB						
-Individually more than 10%						
Alembic Limited	5,943.34	9,416.98	-	-	-	-
Sierra Investments Limited	1,351.12	-	-	-	-	-
-Others	491.68	1,446.91	-	-	-	-
(b) Sale of Goods/DEPB						
-Individually more than 10%						
Alembic Limited	854.75	387.03	-	-	-	-
Alembic Global Holding SA (Raktz Branch)	-	-	1,476.41	-	-	-
-Others	222.93	11.63	-	-	-	-
(c) Purchase of Fixed Assets						
-Individually more than 10%						
Shreno Limited	279.73	-	-	-	-	-
-Others	14.70	-	-	-	-	-
(d) Rendering of services						
-Individually more than 10%						
Paushak Limited	261.37	270.51	-	-	-	-
-Others	2.56	0.85	-	-	-	-
(e) Receiving of services						
-Individually more than 10%						
Alembic Limited	943.29	605.61	-	-	-	-

Notes to Balance Sheet

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

₹ in lacs

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2014	2013	2014	2013	2014	2013
Shreno Limited	633.49	-	-	-	-	-
Quick Flight Limited	-	644.60	-	-	-	-
-Others	185.14	75.60	-	-	-	-
(f) Rent Paid						
-Individually more than 10%						
Alembic Limited	206.83	96.45	-	-	-	-
Shreno Limited	42.00	24.50	-	-	-	-
-Others	-	7.50	-	-	-	-
(g) Deposit Given						
-Individually more than 10%						
Alembic Limited	397.00	-	-	-	-	-
-Others	-	-	-	-	-	-
(h) Interest Received						
-Individually more than 10%						
Alembic Limited	50.65	875.76	-	-	-	-
-Others	-	-	-	-	-	-
(i) Dividend Paid						
-Individually more than 10%						
Alembic Limited	1,375.00	770.00	-	-	-	-
Shreno Limited	459.22	257.17	-	-	-	-
Sierra Investments Limited	429.19	240.35	-	-	-	-
Nirayu Pvt Limited	405.34	226.99	-	-	-	-
Whitefield Chemtech Pvt Limited	457.13	255.99	-	-	-	-
Shri C .R. Amin	-	-	-	-	113.79	63.72
Shri Pranav Amin	-	-	-	-	25.25	14.14
Shri Shaunak Amin	-	-	-	-	25.17	14.10
-Others	0.04	0.02	-	-	-	-
(j) Loans Given						
-Individually more than 10%						
Alembic Limited	4,205.00	14,800.00	-	-	-	-
-Others	-	-	-	-	-	-
(k) Corporate Guarantee Given						
-Individually more than 10%						
Shreno Limited	1,000.00	-	-	-	-	-
Quick Flight Limited	-	1,000.00	-	-	-	-
-Others	-	-	-	-	-	-

Notes to Balance Sheet

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

₹ in lacs

For the year ended 31st March	Associates		Subsidiaries		Key Management Personnel	
	2014	2013	2014	2013	2014	2013
(l) Equity Contributions						
-Individually more than 10%						
Alembic Global Holding SA	-	-	2,997.43	-	-	-
(m) Managerial Remuneration						
Salary & Perquisites						
Shri C .R. Amin	-	-	-	-	299.84	299.84
Shri Pranav Amin	-	-	-	-	345.59	234.55
Shri Shaunak Amin	-	-	-	-	338.05	96.93
Shri R. K. Baheti	-	-	-	-	195.30	176.01
Commission						
Shri C .R. Amin	-	-	-	-	1,387.08	741.34
(n) Outstanding balance as at 31st March	2014	2013	2014	2013	2014	2013
Advances						
-Individually more than 10%						
Alembic Limited	136.57	500.01	-	-	-	-
Shreno Limited	131.72	-	-	-	-	-
Paushak Limited	52.28	-	-	-	-	-
-Others	5.13	43.24	-	-	-	-
Creditors						
-Individually more than 10%						
Alembic Limited	884.09	81.66	-	-	-	-
Paushak Limited	-	31.62	-	-	-	-
Sierra Investments Limited	201.73	55.77	-	-	-	-
Viramya Packlight Ltd	-	56.72	-	-	-	-
Quick Flight Limited	-	53.45	-	-	-	-
-Others	127.69	2.55	-	-	-	-
Deposit Given						
-Individually more than 10%						
Alembic Limited	3,146.67	2,749.67	-	-	-	-
Investments						
-Individually more than 10%						
Incozen Therapeutics Pvt. Limited	300.00	300.00	-	-	-	-
Debtors						
-Individually more than 10%						
Alembic Global Holding SA (Raktz Branch)	-	-	1,476.41	-	-	-
Rhizen Pharmaceuticals SA	194.64	-	-	-	-	-
-Others	18.93	-	-	-	-	-

Notes to Balance Sheet

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

₹ in lacs

For the year ended on 31st March	Relatives of Key Managerial Personnel	
	2014	2013
(o) Dividend Paid		
-Individually more than 10%		
Smt. Malika Amin	75.14	41.90
Shri Udit Amin	25.17	14.10
Ms. Yera Amin	27.02	15.13
-Others	38.77	20.45
Salary & Perquisites		
Shri Udit Amin	-	88.31

(VIII) Listing Agreement clause 32 disclosure

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

(IX) Earning Per Share (EPS)

For the year ended on 31st March	2014	2013
Profit after tax but before Non -Recurring Items available for equity shareholders	23,828.64	15,744.36
Profit after Tax available for equity shareholders	23,828.64	15,744.36
Weighted Average number of equity shares	18,85,15,914	18,85,15,914
Basic and Diluted Earnings per share before Non-Recurring Items (Face value per share ₹ 2/- each)	12.64	8.35
Basic and Diluted Earnings per share after Non-Recurring Items (Face value per share ₹ 2/- each)	12.64	8.35

(X) Auditors Fees and Expenses

For the year ended on 31st March	2014	2013
(a) Statutory Auditors		
As Auditors	27.00	25.00
In Other Capacity		
i) Other Services		
a Limited Review	22.50	19.50
b Others	6.50	6.50
ii) Reimbursement of expenses	1.87	3.07
(b) Cost Auditors		
As Cost Auditors	1.25	1.25
(c) Tax Auditor		
Tax Audit Fee	2.00	2.00
	61.12	57.32

Notes to Balance Sheet

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

₹ in lacs

(XI) Income in Foreign Currency

For the year ended on 31st March	2014	2013
Export (FOB basis)	75,017.48	46,501.58
Royalty	2,179.09	1,521.68
	77,196.58	48,023.26

(XII) Expenditure in foreign currency

For the year ended on 31st March	2014	2013
Raw Materials (CIF basis)	17,649.20	15,541.82
Packing Material, Components and Spare parts (CIF basis)	1,682.72	908.97
Professional and Consultancy Fees	576.62	364.40
Interest	185.79	215.68
Others	6,181.34	4,958.85
	26,275.67	21,989.72

(XIII) Break up of Imported /Indigenous Material

For the year ended on 31st March	2014	2013
(a) Value of imported raw materials, spares parts and components consumed	21,915.41	14,593.67
(b) Value of indigenous raw materials, spare parts and components consumed	35,673.80	33,544.32
(c) Percentage of above to total consumption:		
i) Imported raw materials, spare parts and components consumed	38%	30%
ii) Indigenous raw materials, spare parts and components consumed	62%	70%

(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 & Managing
Director

PRANAV AMIN
Director & President
– International Business

SHAUNAK AMIN
Director & President
– Branded Formulation Business

RAGHUVIR M. AIYAR
Partner
Membership No 38128

K.G. RAMANATHAN
Director

PRANAV PARIKH
Director

R.K. BAHETI
Director, President
– Finance & Company Secretary

Mumbai: 28th April, 2014

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014

Statement Pursuant to Section 212 of the Companies Act, 1956

₹ in lacs

Name of the Subsidiary	ALEMBIC GLOBAL HOLDING SA
1 Accounting year of the Subsidiary ended on	31st March 2014
2 Share of the Subsidiary held by the Company on above date	
(a) Number	45,00,000
(b) Extent of holding	100%
3 Net aggregate amount of profit of the subsidiary for above accounting period, of the subsidiary so far as they concern the members of company:	
(a) dealt with in account of the Company for the year ended on 31st March 2014	-
(b) not dealt with in account of the Company for the year ended on 31st March 2014	(277.81)
4 Net aggregate amount of profit of the subsidiary for previous financial year of the subsidiary since it becomes a Subsidiary so far as they concern the members of company:	
(a) dealt with in account of the Company for the year ended on 31st March 2013	-
(b) not dealt with in account of the Company for the year ended on 31st March 2013	781.11

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Director

PRANAV PARIKH
Director

R.K. BAHETI
Director, President
- Finance & Company Secretary

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014

Information on the Financials of the Subsidiary Company

₹ in lacs

Name of the Subsidiary	ALEMBIC GLOBAL HOLDING SA	
	2014	2013
For the year ended on 31st March		
Capital	3,038.85	56.96
Reserves	4,579.57	4,294.55
Total Liabilities	2,424.58	596.06
Total Assets	10,009.24	4,919.09
Investment (Other than in subsidiaries)	33.77	28.48
Turnover (Net)	3,419.30	2,770.86
Profit / (Loss) before tax	(130.74)	819.63
Provision for Tax	147.07	38.52
Profit / (Loss) after tax	(277.81)	781.11
Proposed Dividend	-	-

Note

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

Independent Auditor's Report

To the Board of Directors of Alembic Pharmaceuticals Limited

We have audited the accompanying consolidated financial statements of Alembic Pharmaceuticals Limited ("the Company") wherein are included financial statements of its

- (a) 100% subsidiary i.e. Alembic Global Holding SA, Switzerland and it's branch office at UAE and
- (b) Step down subsidiaries of Alembic Global Holding SA, Switzerland, namely (i) Alembic Pharmaceuticals Australia PTY Ltd, (ii) Alembic Pharmaceuticals Europe Limited, Malta and (iii) Alnova Pharmaceuticals SA, Switzerland.

There are two subsidiaries of Alembic Global Holding SA, Switzerland namely (i) Alembic Pharmaceuticals Inc. USA and (ii) Alembic Pharmaceuticals Canada Ltd which we are informed have been incorporated but are not yet operational and there were no financial transactions.

These consolidated financial statements comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this include the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

This consolidated financial statements are prepared by the management based on standalone financial statements of (a) 100% subsidiary i.e. Alembic Global Holding SA, Switzerland and it's branch office at UAE (b) Step down subsidiaries namely (i) Alembic Pharmaceuticals Australia PTY Ltd, (ii) Alembic Pharmaceuticals Europe Limited, Malta and (iii) Alnova Pharmaceuticals SA, Switzerland duly reviewed/audited by local auditors as per local applicable laws and their report thereon was furnished to us and has been considered by us while preparing this report.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For K.S.Aiyar & Co;

Chartered Accountants

Firm Registration No: 100186W

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Mumbai

Date: 28th April, 2014

Consolidated Balance Sheet

₹ in lacs

Particulars	Note No	As at 31st March, 2014		As at 31st March, 2013	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	62,379.95		45,854.35	
(c) Foreign Currency Translation Reserve		1,406.69	67,556.96	669.60	50,294.27
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	5,222.00		7,053.47	
(b) Deferred Tax Liabilities (Net)	D	2,271.70		1,389.69	
(c) Other Long Term Liabilities	E	1,270.37		1,276.07	
(d) Long Term Provisions	F	668.06	9,432.13	606.06	10,325.29
(3) Current Liabilities					
(a) Short-Term Borrowings	G	2,542.37		7,011.45	
(b) Trade Payables	H	28,843.95		23,996.43	
(c) Other Current Liabilities	I	6,062.11		6,925.29	
(d) Short-Term Provisions	J	7,342.65	44,791.09	6,229.69	44,162.86
Total			1,21,780.18		1,04,782.42
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	39,696.06		34,422.15	
(ii) Capital Work-in-Progress		2,066.92		3,226.18	
(b) Non-Current Investments	L	335.57		330.28	
(c) Long Term Loans and Advances	M	4,164.17	46,262.71	3,587.88	41,566.49
(2) Current Assets					
(a) Inventories	N	31,077.82		26,683.33	
(b) Trade Receivables	O	27,337.29		23,287.08	
(c) Cash and Bank Balances	P	2,396.13		1,610.60	
(d) Short-Term Loans and Advances	Q	14,706.23	75,517.46	11,634.92	63,215.93
Total			1,21,780.18		1,04,782.42
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

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

As per our report of even date

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

CHIRAYU R. AMIN
Chairman & Managing
Director

PRANAV AMIN
Director & President
– International Business

SHAUNAK AMIN
Director & President
– Branded Formulation Business

RAGHUVIR M. AIYAR
Partner
Membership No 38128

K.G. RAMANATHAN
Director

PRANAV PARIKH
Director

R.K. BAHETI
Director, President
– Finance & Company Secretary

Mumbai: 28th April, 2014

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014

Consolidated Statement of Profit and Loss

₹ in lacs

Particulars	Note No	Year ended 31st March, 2014		Year ended 31st March, 2013	
I. Revenue from Operations	R	1,87,092.61		1,52,909.69	
Less : Excise Duty		771.00	1,86,321.61	875.00	1,52,034.69
II. Other Income	S	319.27		393.20	
III. Total Revenue (I + II)		1,86,640.88		1,52,427.89	
IV. Expenses					
Cost of materials consumed	T	55,592.93		47,029.77	
Purchase of Finished Goods		19,806.75		18,905.90	
Changes in Inventories of Finished Goods and Work in Process	T	(4,064.84)		2,134.01	
Employee Benefit Expenses	U	24,700.43		19,378.97	
Research and Development Expenses	V	11,643.22		7,430.42	
Other Expenses	W	42,871.66	1,50,550.16	31,959.11	1,26,838.19
V. Profit Before Interest, Depreciation and Tax		36,090.72		25,589.71	
Finance costs	X	980.89		1,457.43	
Depreciation		4,048.72		3,496.86	
VI. Profit Before Tax		31,061.12		20,635.42	
VII. Tax Expense					
Current tax		6,847.07		4,013.52	
Deferred tax		663.21	7,510.28	96.43	4109.95
VIII. Profit for the year		23,550.84		16,525.47	
IX. Earning per equity share (FV ₹ 2/- per share)					
Basic & Diluted (In ₹)		12.49		8.77	
Significant Accounting Policies and Other Explanatory Notes and Information	Y				

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

As per our report of even date

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

RAGHUVIR M. AIYAR
Partner
Membership No 38128

Mumbai: 28th April, 2014

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Director, President
- Finance & Company Secretary

Vadodara : 28th April, 2014



Consolidated Cash Flow Statement

₹ in lacs

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013		
A CASH FLOW FROM OPERATING ACTIVITIES:					
Net Profit Before Tax		31,061.11		20,635.42	
Add:					
1 Depreciation		4,048.72		3,496.86	
2 Interest Charged		1,039.98		2,398.20	
3 Unrealised Foreign Exchange Loss / (Gain)		819.39		272.02	
4 Foreign Currency Translation Reserve		731.84		122.82	
5 (Gain)/Loss on Sale of Fixed Assets		22.74	6,662.67	3.39	6,293.29
Less:					
1 Interest Income		59.10		940.77	
2 Dividend Income		2.84	61.94	22.70	963.47
Operating Profit before change in Working Capital		37,661.84		25,965.24	
Working capital changes:					
Add / (Less):					
1 (Increase) / Decrease in Inventories		(4,394.48)		(809.18)	
2 (Increase) / Decrease in Trade Receivables		(5,882.10)		(3,613.41)	
3 (Increase) / Decrease in Short-Term Loans and Advances		(3,089.28)		5,692.72	
4 (Increase) / Decrease in Long-Term Loans and Advances		(576.29)		(88.75)	
5 Increase / (Decrease) in Trade Payables		6,288.25		3,485.46	
6 Increase / (Decrease) in Other Current Liabilities		578.82		(456.25)	
7 Increase / (Decrease) in Short Term Provisions		(194.12)		108.32	
8 Increase / (Decrease) in Long Term Provisions		62.00	(7,207.20)	67.02	4,385.92
Cash generated from Operations		30,454.64		30,351.17	
Add / (Less):					
Direct Taxes paid (Net of refunds)		(6,832.56)		(3,869.54)	
Net Cash inflow from Operating Activities (A)		23,622.08		26,481.63	
B CASH FLOW FROM INVESTING ACTIVITIES:					
Add:					
1 Proceeds from Sale of Fixed Assets		10.16		54.97	
2 Interest Received		77.07		1,817.51	
3 Dividend Received		2.84	90.07	22.70	1,895.18
Less:					
1 Purchase of Tangible Assets / Increase in Capital Work-in-Progress		8,196.27		8,597.33	
2 Purchase of Investments (Net)		-	8,196.27	-	8,597.33
Net Cash inflow from Investing Activities (B)		(8,106.20)		(6,702.15)	

Consolidated Cash Flow Statement (Contd.)

₹ in lacs

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
C CASH FLOW FROM FINANCIAL ACTIVITIES:				
Add:				
1 Increase / (Decrease) in Other Long Term Liabilities		(5.70)		47.00
Less:				
1 Repayment of Long-Term Borrowings	4,073.90		10,177.02	
2 Repayment of Short-Term Borrowings	4,469.08		6,832.04	
3 Dividends Paid (including Distribution Tax)	5,457.79		3,036.23	
4 Interest and Other Finance Costs	1,099.17	15,099.94	2,879.56	22,924.85
Net Cash inflow from Financing Activities (C)		(15,105.64)		(22,877.85)
I Net (decrease)/increase in Cash and Cash Equivalents		410.24		(3,098.37)
II Add: Cash and Cash Equivalents at the Beginning of the period	1,552.97		4,682.48	
Other Bank Balances	57.63	1,610.60	26.49	4,708.97
III Cash and Cash Equivalents at the End of the Period	1,907.13		1,552.97	
Other Bank Balances	113.70	2,020.83	57.63	1,610.60

As per our report of even date

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

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Director, President
– Finance & Company Secretary

Mumbai: 28th April, 2014

PARESH SARAIYA
Director

MILIN MEHTA
Director

Vadodara : 28th April, 2014

Consolidated Notes to Balance Sheet

A Share Capital :

₹ in lacs

As at 31st March	2014	2013
(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

	2013-14		2012-13	
	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
Issued during the period	-	-	-	-
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, 2014 an amount of ₹ 3.00 of dividend per equity share was proposed for the equity shareholders (P.Y ₹ 2.50 per equity share).

(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	2014		2013	
	Numbers	% held	Numbers	% held
1 Alembic Limited	5,50,00,000	29.18%	5,50,00,000	29.18%
2 Shreno Limited	1,83,68,780	9.74%	1,83,68,780	9.74%
3 Sierra Investments Limited	1,71,67,670	9.11%	1,71,67,670	9.11%
4 Whitefield Chemtech Limited	1,82,85,230	9.70%	1,82,85,230	9.70%
5 Nirayu Private Limited	1,62,13,755	8.60%	1,62,13,755	8.60%

Consolidated Notes to Balance Sheet

B Reserves and Surplus :

₹ in lacs

As at 31st March	2014		2013	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) Debenture Redemption Reserve				
Balance as per the last financial statements		-		3,125.00
Less : Transferred to General Reserve		-		3,125.00
(c) General Reserve				
Balance as per the last financial statements		34,582.99		23,798.35
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court		218.80		340.36
Add : Transfer from Debenture Redemption Reserve		-		3,125.00
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss		10,000.00	44,364.19	8,000.00
				34,582.99
(d) Surplus / (deficit) in the Statement of Profit and Loss				
Balance as per last financial statements		11,241.36		8,229.74
Profit for the year		23,550.84		16,525.47
		34,792.20		24,755.21
Appropriations				
Less: Proposed final Equity Dividend amount per share ₹ 3.00 (PY : ₹ 2.50)		5,655.48		4,712.90
Proposed final Equity Dividend from Subsidiary (Malta)		189.81		-
Tax on Proposed Equity Dividend		961.15		800.96
Transfer to General Reserve		10,000.00		8,000.00
		16,806.43		13,513.86
Net Surplus in the Statement of Profit and Loss		17,985.76		11,241.36
Total Reserves and Surplus		62,379.95		45,854.35

Consolidated Notes to Balance Sheet

C Long-Term Borrowings :

₹ in lacs

As at 31st March	Non-Current Maturities		Current Maturities	
	2014	2013	2014	2013
(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 from May-13	4,194.70	5,970.80	2,395.60	2,171.20
(b) Deposits (Unsecured)				
Deposits from Shareholders	99.80	419.30	397.00	210.20
Deposits from Public	927.50	663.37	382.77	2,229.99
Interest rate varying from 9% to 11% and maturity period is 12 / 24 / 36 months				
(c) Others (Unsecured)				
Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from Oct-2004. Interest rate 3%	-	-	-	2.85
	5,222.00	7,053.47	3,175.37	4,614.24
The above amount includes amount disclosed under the head Other Current Liabilities (Note I)	-	-	(3,175.37)	(4,614.24)
	5,222.00	7,053.47	-	-

D Deferred Tax Liabilities (Net) :

As at 31st March	2014	2013
(a) Deferred Tax Assets		
Provision for Doubtful debts	232.04	175.83
Preliminary Expense and Demerger Expense	19.44	32.76
Intangible Asset	802.29	1,021.09
Others	578.21	1,631.98
(b) Deferred Tax Liabilities		
Depreciation	3,903.68	3,045.58
	2,271.70	1,389.69

E Other Long Term Liabilities :

As at 31st March	2014	2013
Trade Deposits	1,270.37	1,276.07
	1,270.37	1,276.07

Consolidated Notes to Balance Sheet

F Long Term Provisions :

₹ in lacs

As at 31st March	Long Term		Short Term	
	2014	2013	2014	2013
(a) Provision for Employee Benefits				
Provision for Gratuity	-	-	29.32	304.48
Provision for Leave benefits	668.06	606.06	383.85	302.81
	668.06	606.06	413.17	607.29
Amount disclosed under the head Short Term Provisions (Note J)	-	-	(413.17)	(607.29)
	668.06	606.06	-	-
(b) Others				
Proposed Equity Dividend	-	-	5,845.28	4,712.90
Provision of Tax on Proposed Equity Dividend	-	-	961.15	800.96
	-	-	6,806.43	5,513.86
Amount disclosed under the head Short Term Provisions (Note J)	-	-	(6,806.43)	(5,513.86)
	668.06	606.06	-	-

G Short Term Borrowings :

As at 31st March	2014	2013
From Banks		
(a) Working Capital facilities (Secured)	543.81	1,040.65
Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand		
(b) Others (Unsecured)	1,998.57	5,970.80
Varying Coupon repayable within 180 days with an option of roll over		
	2,542.37	7,011.45

H Trade Payables :

As at 31st March	2014	2013
(a) Due to Micro and Small Enterprises	88.31	55.65
(b) Other Trade Payables	28,755.64	23,940.78
	28,843.95	23,996.43

Consolidated Notes to Balance Sheet

I Other Current Liabilities :

₹ in lacs

As at 31st March	2014	2013
(a) Current maturities of long-term debt (Note C)	3,175.37	4,614.24
(b) Interest accrued but not due on borrowings	133.61	193.69
(c) Unpaid dividends	113.70	57.63
(d) Unpaid / Unclaimed matured deposits and interest accrued thereon		
Unclaimed matured Deposits	49.43	48.03
Interest accrued thereon	3.03	2.13
(e) Other payables / liabilities		
Statutory	981.82	748.42
Others	1,605.16	1,261.15
	6,062.11	6,925.29

J Short Term Provisions :

As at 31st March	2014	2013
(a) Provision for Employee Benefits (Note F)	413.17	607.29
(b) Others		
Proposed equity dividend and Tax thereon (Note F)	6,806.43	5,513.86
Provision for Income Tax	15,582.65	8,802.69
Less : Income Tax paid	(15,459.60)	(8,694.15)
	7,342.65	6,229.69

K Tangible Assets :

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01/04/13	Addition	Deductions	As on 31/03/14	As on 01/04/13	Deductions	During the Year	As on 31/03/14	As on 31/03/14	As on 31/03/13
Free Hold Land	192.44	-	-	192.44	-	-	-	-	192.44	192.44
Lease Hold Land	1,634.78	-	-	1,634.78	80.47	-	17.21	97.68	1,537.10	1,554.31
Buildings	14,646.09	1,050.89	2.50	15,694.48	2,135.02	0.07	494.56	2,629.51	13,064.97	12,511.07
Employees Quarters	28.30	-	-	28.30	6.59	-	-	6.59	21.71	21.71
Plant & Equipments	29,654.46	6,838.29	48.59	36,444.16	14,294.44	41.71	2,762.35	17,015.08	19,429.08	15,360.02
R&D Equipments	7,504.96	1,312.53	-	8,817.49	5,215.17	-	557.17	5,772.34	3,045.15	2,289.79
Furniture & Fixtures	687.73	33.23	26.03	694.93	296.58	2.88	39.72	333.42	361.51	391.15
Vehicles	2,452.42	51.48	18.10	2,485.80	651.73	17.66	156.16	790.23	1,695.57	1,800.69
Office Equipments	444.95	69.11	-	514.06	143.98	-	21.55	165.53	348.53	300.97
Pre-operative expences	1.71	-	-	1.71	1.71	-	-	1.71	-	-
TOTAL	57,247.84	9,355.53	95.22	66,508.15	22,825.69	62.32	4,048.72	26,812.09	39,696.06	34,422.15
Previous Year	46,291.10	11,195.12	238.38	57,247.84	19,508.91	180.02	3,496.80	22,825.69	34,422.15	-

Notes:

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

Consolidated Notes to Balance Sheet

L Non Current Investments (Long Term Investments - At Cost) :

₹ in lacs

As at 31st March	2014	2013
(a) Trade Investments		
Unquoted equity instruments		
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. towards seed funding for Contract Research	300.00	300.00
50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA for development activities in area of drug discovery and clinical development	33.77	28.48
(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
	335.57	330.28

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

As at 31st March	2014	2013
(a) Capital Advances	757.24	625.42
(b) Security Deposits	3,406.93	2,962.46
	4,164.17	3,587.88

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

As at 31st March	2014		2013	
(a) Raw materials				
API, Chemicals and Intermediates	4,371.53		5,127.14	
Excipients	3,808.44		3,032.87	
Solvents & Catalyst	929.17	9,109.14	609.06	8,769.07
(b) Packing materials		1,639.14		1,669.10
(c) Work-in-process		1,676.36		1,448.48
(d) Finished goods				
API, Chemicals and Intermediates	9,946.58		7,422.15	
Formulations - Tablets and Capsules	2,460.54		1,043.35	
Formulations - Injectables	153.75		425.42	
Formulations - Oral Preparation and Ointments	853.70		587.05	
Others	2,635.20	16,049.77	2,799.11	12,277.08
(e) Traded goods				
Formulations - Tablets and Capsules	1,167.22		1,153.71	
Formulations - Injectables	280.69		362.56	
Formulations - Oral Preparation and Ointments	881.35	2,329.26	748.72	2,264.99
(f) Stores and Spares		274.15		254.61
		31,077.82		26,683.33

Consolidated Notes to Balance Sheet

O Trade Receivables (Unsecured) :

₹ in lacs

As at 31st March	2014		2013	
(a) Over Six months from the due date				
Considered good	610.20		901.66	
Considered doubtful	682.68		541.94	
Less : Provision for doubtful debts	682.68	610.20	541.94	901.66
(b) Others Considered good		26,727.08		22,385.42
		27,337.29		23,287.08

P Cash and Bank Balances :

As at 31st March	2014		2013	
(a) Cash and Cash Equivalents				
Bank deposits with less than 3 months maturity from the origin date	5.22		5.15	
Balances with banks	2,241.93		1,523.97	
Cash on hand	35.28	2,282.43	23.85	1,552.97
(b) Other Bank Balances				
Unpaid Dividend Account		113.70		57.63
		2,396.13		1,610.60

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

As at 31st March	2014		2013	
Others				
Advance against Expenses - Employees		350.50		430.02
Advance recoverable in cash or in kind		14,355.73		11,204.90
		14,706.23		11,634.92

Consolidated Notes to Statement of Profit and Loss

R Revenue from Operations :

₹ in lacs

For the year ended 31st March	2014		2013	
(a) Sale of products				
Domestic	1,04,105.85		1,00,877.42	
Exports	79,101.30	1,83,207.16	49,412.39	1,50,289.81
Export Incentives		1,455.44		789.27
Royalty		2,179.08		1,521.68
(b) Other Operating Revenues				
Others		250.92		308.93
		1,87,092.61		1,52,909.69
Sale of Products - Broad head wise				
Bulk Drugs, Chemicals and Intermediates	33,740.42		35,056.90	
Formulations - Tablets and Capsules	1,07,007.26		77,090.99	
Formulations - Injectables	11,722.19		11,055.23	
Formulations - Oral Preparation and Ointments	30,737.29		27,086.69	
	1,83,207.16		1,50,289.81	

S Other Income :

For the year ended 31st March	2014		2013	
(a) Dividend		2.84		22.70
(b) Other Miscellaneous Income		100.42		-
(c) Insurance Claims		216.01		370.50
		319.27		393.20

Consolidated Notes to Statement of Profit and Loss

T Cost of Material Consumed :

₹ in lacs

For the year ended 31st March	2014		2013	
Inventory at the beginning of the year	10,438.17		7,469.32	
Add : Purchases	55,903.04		49,998.62	
	66,341.21		57,467.94	
Less : Inventory at the end of the year	10,748.28	55,592.93	10,438.17	47,029.77
Details of Material Consumed				
API Drug and Drug intermediates	29,205.15		26,092.43	
Excipients	8,780.94		7,052.23	
Solvents & Catalyst	6,705.41		5,260.90	
Packing Material	9,057.80		7,213.90	
Others	1,843.63		1,410.31	
	55,592.93		47,029.77	
Changes in inventories of Finished Goods, Work in process :				
(a) Inventory at the end of the year				
Work in Process	1,676.36		1,448.48	
Finished Goods	18,379.03	20,055.39	14,542.07	15,990.55
(b) Inventory at the beginning of the year				
Work in Process	1,448.48		994.08	
Finished Goods	14,542.07	15,990.55	17,130.48	18,124.56
		(4,064.84)		2,134.01

U Employee Benefit Expenses :

For the year ended 31st March	2014		2013	
(a) Salaries and Wages	23,656.06		18,168.23	
(b) Contribution / Provisions for Provident and other funds	672.58		854.89	
(c) Staff welfare expense	371.79		355.85	
	24,700.43		19,378.97	

V Research & Development Expenses :

For the year ended 31st March	2014		2013	
(a) Material Consumption	2,231.31		1,416.08	
(b) Employees' Cost				
Salaries and Wages	2,723.94		2,238.00	
Contribution / Provisions for Provident and other funds	110.01	2,833.95	91.94	2,329.94
(c) Utilities				
Power	477.71		345.69	
Others	41.49	519.20	87.50	433.19
(d) Bio-Study Expense & Filing Fees	2,340.55		848.91	
(e) Others	3,718.20		2,402.29	
	11,643.22		7,430.42	

Consolidated Notes to Statement of Profit and Loss

W Other Expenses :

₹ in lacs

For the year ended 31st March	2014	2013
(a) Consumption of Stores, spares, Laboratory Material and Analytical Expense	3,059.93	1,738.52
(b) Power and Fuel	3,206.92	2,665.51
(c) Manufacturing and Labour Charges	1,520.21	1,794.05
(d) Repairs and Maintenance		
Machinery	590.17	509.88
Buildings	799.82	241.73
Others	572.52	266.96
	1,962.51	1,018.57
(e) Freight and Forwarding Charges	2,785.64	2,128.11
(f) Marketing and Publicity Expense and Selling Commission	16,617.57	13,350.22
(g) Excise Duty	424.67	100.49
(h) Rent	449.60	335.96
(i) Rates and Taxes	1,098.62	497.94
(j) Insurance	312.97	220.78
(k) Travelling Expense	6,905.70	5,888.19
(l) Communication Expenses	1,377.02	1,058.35
(m) Legal & Professional Fees	1,564.55	714.08
(n) Payment to Auditor	64.83	58.17
(o) Exchange Difference (net)	375.13	(297.18)
(p) Bad Debts written off	65.55	40.02
Less : Bad Debts Provision Utilised	65.55	40.02
	-	-
(q) Provision for Doubtful Debts	206.30	50.00
(r) Miscellaneous Expenses	939.50	637.37
	42,871.66	31,959.11

X Finance Costs :

For the year ended 31st March	2014	2013
Interest Expense	1,039.98	2,398.20
Less : Interest Income	59.10	940.77
	980.89	1,457.43

Consolidated Notes to Balance Sheet

Y NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION :

- (a) The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the Alembic Pharmaceuticals Limited ("the Company"), namely March 31, 2014

2. PRINCIPLES OF CONSOLIDATION :

- (a) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard 21 (AS) "Consolidated Financial Statements" issued by the Central government pursuant to Companies (Accounting) Standard Rules 2006 on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances, intra group transactions and the unrealised profit / losses.
- (b) The financial statements of the Company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

3. COMPANIES INCLUDED IN CONSOLIDATION :

Subsidiary	Country of Incorporation	Proportion of Ownership Interest as on 31st March 2014
Alembic Global Holding SA	Switzerland	100% subsidiary of Alembic Pharmaceuticals Limited
Alembic Global Holding SA (RAKTZ Branch)	Dubai, UAE	Branch of Alembic Global Holding SA
Alembic Pharmaceuticals Australia Pty Ltd	Australia	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceuticals Europe Limited	Malta	100% subsidiary of Alembic Global Holding SA
Alnova Pharmaceuticals SA	Switzerland	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceuticals Inc	USA	100% subsidiary of Alembic Global Holding SA
Alembic Pharmaceuticals Canada Ltd	Canada	100% subsidiary of Alembic Global Holding SA

4. ACCOUNTING POLICIES :

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

5. TRANSLATION OF ACCOUNTS :

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

Consolidated Notes to Balance Sheet

Y NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

6. EPS :

Particulars	Year ended 31st March 2014
Profit After Tax but Before Non Recurring Items available for Equity Shareholders	23,550.84
Profit After Tax available for Equity Shareholders	23,550.84
Weighted Average Numbers of Equity Shares	18,85,15,914
Basic and Diluted Earnings per share Before Non – Recurring Items (Face Value per share ₹ 2/- each)	12.49
Basic and Diluted Earnings per share After Non – Recurring Items (Face Value per share ₹ 2/- each)	12.49

As per our report of even date

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

RAGHUVIR M. AIYAR
Partner
Membership No 38128

Mumbai: 28th April, 2014

CHIRAYU R. AMIN
Chairman & Managing
Director

K.G. RAMANATHAN
Director

PARESH SARAIYA
Director

PRANAV AMIN
Director & President
– International Business

PRANAV PARIKH
Director

MILIN MEHTA
Director

SHAUNAK AMIN
Director & President
– Branded Formulation Business

R.K. BAHETI
Director, President
- Finance & Company Secretary

Vadodara : 28th April, 2014



INDIVIDUAL COMMITMENT TO A GROUP EFFORT -
THAT IS WHAT MAKES A TEAM WORK, A COMPANY
WORK, A SOCIETY WORK, A CIVILIZATION WORK.

- Vince Lombardi

Notice

Notice is hereby given that the 4th 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 Monday, the 28th July, 2014 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the financial statements of the company for the year ended on 31st March, 2014 including Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss 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. Pranav Amin, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. K. S. Aiyar & Co., Chartered Accountants (FRN: 100186W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till Conclusion of sixth AGM, with this AGM being counted as the first AGM and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To transact the following business as special business:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pranav Parikh (DIN 00318726), Director of the Company whose period of office was liable to be determined by retirement of directors by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment

Alembic Pharmaceuticals Limited

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Tel. : 0265-2280550 • Fax : 0265 - 2281229
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CIN : L24230GJ2010PLC061123

thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. G. Ramanathan (DIN 00243928), Director of the Company whose period of office was liable to be determined by retirement of directors by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Paresh Saraiya (DIN 00063971), Director of the Company whose period of office was liable to be determined by retirement of directors by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Milin Mehta (DIN 01297508), Director of the Company whose period of office was liable to be determined by retirement of directors by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to 31st March, 2019."

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

Revision in Remuneration payable to Mr. Chirayu Amin, Chairman and Managing Director:

"RESOLVED THAT subject to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rule made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') approval of the members of the Company be and is hereby accorded to revision in remuneration payable to Mr.

Chirayu Amin as Chairman and Managing Director of the Company w.e.f. 1st April, 2014 for the remaining period of his appointment upto 31st March, 2016, as recommended by the Board of Directors in their meeting held on 28th April, 2014 and set out hereunder with liberty and authority to the Board of Directors to alter and vary such remuneration from time to time within permissible limits of the Act and as may be agreed between the Board of Directors and Mr. Chirayu Amin.

Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹600 Lacs 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 the rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per the rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Free Telephone Facility at the residence as per the rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per the rules of the Company.
- g) Leave: As per the rules of the Company.
Privilege Leave accumulated and not availed of during this tenure as Managing Director may be allowed to be encashed as per the 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:

The Chairman and Managing Director 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 Sections 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT the total remuneration including commission, payable to the Chairman and Managing 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 of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

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

"RESOLVED THAT subject to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') approval of the members of the Company be and is hereby accorded to revision in remuneration payable to Mr. Pranav Amin as Director & President-International Business of the Company w.e.f. 1st April, 2014 for the remaining period of his appointment upto 31st March, 2016, as recommended by the Board of Directors in their meeting held on 28th April, 2014 and set out hereunder with liberty and authority to the Board of Directors to alter and vary such remuneration from time to time within permissible limits of the Act and as may be agreed between the Board of Directors and Mr. Pranav Amin.

Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹600 Lacs 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 the rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.

- d) Conveyance: As per the rules of the Company.
- e) Free Telephone Facility at the residence as per the rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company.

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

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

Commission:

The Director & President-International Business 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, not exceeding 1 Percent of Net Profits of the Company for respective Financial Years, subject to overall ceilings stipulated in Sections 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 Companies Act, 2013 or any statutory modification or re-enactment thereof and subject to necessary approvals, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

Revision in Remuneration payable to Mr. Shaunak Amin, Director & President-Branded Formulations Business:

"**RESOLVED THAT** subject to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ("the

Act') approval of the members of the Company be and is hereby accorded to revision in remuneration payable to Mr. Shaunak Amin as Director & President-Branded Formulations Business of the Company w.e.f. 1st April, 2014 for the remaining period of his appointment upto 1st May, 2018, as recommended by the Board of Directors in their meeting held on 28th April, 2014 and set out hereunder with liberty and authority to the Board of Directors to alter and vary such remuneration from time to time within permissible limits of the Act and as may be agreed between the Board of Directors and Mr. Shaunak Amin.

Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹600 Lacs 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 the rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per the rules of the Company.
- d) Conveyance: As per the rules of the Company.
- e) Free Telephone Facility at the residence as per the rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per the rules of the Company.
- g) Leave: As per the rules of the Company.
Privilege Leave accumulated and not availed of during this tenure as Director & President-Branded Formulations Business may be allowed to be encashed as per the 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:

The Director & President-Branded Formulations Business 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, not exceeding 1 percent of Net Profits of the Company for respective financial years, subject to overall ceilings stipulated in Sections 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 of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

Revision in Remuneration payable to Mr. R. K. Baheti, Director, President - Finance & Company Secretary:

RESOLVED THAT subject to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') approval of the members of the Company be and is hereby accorded to revision in remuneration payable to Mr. R. K. Baheti, Director, President - Finance & Company Secretary of the Company w.e.f. 1st April, 2014 for the remaining period of his appointment upto 31st March, 2016, as recommended by the Board of Directors in their meeting held on 28th April, 2014 and set out hereunder with liberty and authority to the Board of Directors to alter and vary such remuneration from time to time within permissible limits of the Act and as may be agreed between the Board of Directors and Mr. R. K. Baheti.

Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹400 Lacs 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 the rules of the Company.

c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.

d) Conveyance: As per the rules of the Company.

e) Free Telephone Facility at the residence as per the rules of the Company.

f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per the rules of the Company.

g) Leave: As per the rules of the Company.

Privilege Leave accumulated and not availed of during this tenure as Director, President - Finance & Company Secretary 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 of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

To reconfirm authority to the Board of Directors for borrowing money upto ₹1500 Crores:

"RESOLVED THAT in supersession of resolution passed in this regard at the Extraordinary General Meeting of the Company held on 28th June, 2010 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') and other applicable provisions, if any, of the Act and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based

banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporate, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up Capital of the Company and its Free Reserves (reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹1500 crores (Rupees One Thousand Five Hundred Crores only)

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

To approve creation of charge/security over the assets/undertaking of the Company in respect of borrowings:

"RESOLVED THAT in supersession of resolution passed in this regard at the Extraordinary General Meeting of the Company held on 28th June, 2010 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') and other applicable provisions, if any, of the Act, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company, both present and future and /or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by

the Company, by way of loans, debentures or any other securities or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange .

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

To approve alteration of Articles of Association of the Company:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act'), Articles 159, 214 and 215 of the Articles of Association of the Company be and is hereby altered and replaced with following:

'159. Board may appoint Managing Director or Managing Directors or Whole-time Directors

Subject to the provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors on Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Provided that an individual can be appointed or reappointed or continue as Chairperson of the Company as well as Managing Director or Chief Executive Officer of the Company at the same time.'

'214. Registers and documents to be maintained by the Company

The Company shall keep and maintain Registers, Books and Documents required by the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) to the extent applicable to the Company from time to time.

215. Inspection of Registers:

The Registers Books and Documents as provided in the foregoing Article shall (a) subject to such restrictions as provided in the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment thereof) and on payment of such fees as may be decided by the Board of Directors of the Company, be open to persons so authorized/entitled for inspection and extracts may be taken therefrom on working days except Saturdays and Sundays between 11.00 AM to 1.00 PM and (b) copy thereof may be required by such persons who are entitled for the same and on payment of such fees as may be decided by the Board of Directors of the Company.

Provided that the fees (in case of (a) or (b) above) so decided by the Board, in any case shall not exceed the maximum fees prescribed, in respect of inspection or for copies thereof, as the case may be, for respective document/register, under the Companies Act, 2013 and rules made thereunder from time to time (including any statutory modification or re-enactment thereof).'

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution."

NOTES:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **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 voating 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 21st July, 2014 to 28th July, 2014 (both days inclusive), for the purpose of payment of dividend.
5. The dividend when sanctioned will be made payable on or before 5th August, 2014, to those members whose names stand on the Register of Members of the Company on 21st July, 2014 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.
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 up to the date of Annual General Meeting.
7. All the work related to share registry in terms of both - physical and electronic – is being conducted by Company's R & T Agents – M/s. Link-Intime India Pvt. Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara 390020 Tel:(0265) 2356573, 2356794 Fax:(0265) 2356791 Email: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address in future.

Voting through electronic means:

The Company is pleased to offer e-Voting facility for its Members to enable them to cast their votes electronically and the business may be transacted through electronic voting system.

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

- Step-1 Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- Step-2 Now click on "Shareholders" to cast your votes
- Step-3 Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- Step-4 Now, fill up the following details in the appropriate boxes:

EVSN	140531002
User-ID	For Members holding shares in Demat Form:- a) For CDSL :- 16 digits beneficiary ID b) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID
	For Members holding shares in Physical Form:- ● Folio Number registered with the Company

PAN*	Enter your 10 digit 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)
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 the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

*Members who have not updated their PAN with the Company / Depository Participant are requested to use default number 'APLAGM2014' in the PAN field.

Please enter any one of the details in order to login.

Step-5 After entering these details appropriately, click on "SUBMIT" tab.

Step-6 Members holding shares in physical form will then reach directly the EVSN 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. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is also to be used by the demat holders for voting for resolutions of the company or of any other company on which they are eligible to vote, provided that 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.

Step-7 Click on the relevant EVSN on which you choose to vote.

Step-8 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.

Step-9 Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

Step-10 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.

Step-11 Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

B. Other instructions for E-voting :

1. The voting period begins on 23rd July, 2014 (9:00 am) and ends on 24th July, 2014 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 13th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
2. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 13th June, 2014.
3. Mr. Sushil Samdani, Partner, M/s Samdani Shah & Associates, Practising Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-Voting process.
4. If you are holding shares in Demat form and had logged on to www.evotingindia.com and cast your vote earlier for any company, then your existing login id and password are to be used.
5. For Members holding shares in physical form, the folio number and PAN / default number can be used only for e-Voting on the resolutions given in this notice.
6. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote
7. 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 under help section or write an email to helpdesk.evoting@cdslindia.com

Registered Office:
Alembic Road,
Vadodara - 390 003

Date: 28th April, 2014

By Order of the Board,

R. K. Baheti
Director-Finance & Company Secretary

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

Item No. 5

Mr. Pranav Parikh is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Parikh as an Independent Director for a term of five consecutive years upto 31st March, 2019.

Brief resume of Mr. Parikh together with other details as required under clause 49 of the Listing Agreement is provided in the Corporate Governance Report. In the opinion of the Board, Mr. Parikh fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Parikh as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Parikh as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Parikh as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Pranav Parikh, has any concern or interest, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

Mr. K. G. Ramanathan is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Ramanathan as an Independent Director for a term of five consecutive years upto 31st March, 2019.

Brief resume of Mr. Ramanathan together with other details

as required under clause 49 of the Listing Agreement is provided in the Corporate Governance Report. In the opinion of the Board, Mr. Ramanathan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Ramanathan as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ramanathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ramanathan as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. K. G. Ramanathan, has any concern or interest, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

Mr. Paresh Saraiya is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Saraiya as an Independent Director for a term of five consecutive years upto 31st March, 2019.

Brief resume of Mr. Saraiya together with other details as required under clause 49 of the Listing Agreement is provided in the Corporate Governance Report. In the opinion of the Board, Mr. Saraiya fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Saraiya as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of

immense benefit to the Company and it is desirable to continue to avail services of Mr. Saraiya as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Saraiya as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Paresh Saraiya, has any concern or interest, financial or otherwise, in the resolution set out at Item No. 7.

Item No. 8

Mr. Milin Mehta is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Mehta as an Independent Director for a term of five consecutive years upto 31st March, 2019.

Brief resume of Mr. Mehta together with other details as required under clause 49 of the Listing Agreement is provided in the Corporate Governance Report. In the opinion of the Board, Mr. Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Mehta as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mehta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Mehta as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Milin Mehta, has any concern or interest, financial or otherwise, in the resolution set out at Item No. 8.

Item No. 9 to 12

The Board of Directors of the Company at its meeting held on 28th April, 2014 has, on the basis of recommendation of the

Nomination and Remuneration Committee, approved, subject to approval of shareholders in General Meeting, revision in remuneration payable to the Managing Director and Executive Directors (Managerial Personnel) of the Company w.e.f. 1st April, 2014.

The Company has made fast progress since last three years and has shown healthy growth in terms of Revenues from ₹1165 Crores in 2010-11 to ₹1852 Crores in 2013-14 as well as in terms of profits from ₹81.50 Crores to ₹235 Crores during the same period.

For the F. Y. 2012-13, the Company has paid dividends to the shareholders of the Company of ₹55 Crores and for the financial year 2013-14 the proposed dividend outlay amount is around ₹66 Crores.

Considering the significant progress made by the Company under the management of the Managerial Personnel of the Company and considering the Industry benchmarks for the remuneration of similar positions, the Board has approved the revision in remuneration to Managerial Personnel.

The actual remuneration shall be decided by the Board at the end of every financial year which shall be within overall limits of remuneration prescribed under the Companies Act, 2013 and rules made thereunder.

(i) Directors Interested:

Mr. Chirayu Amin, Mr. Pranav Amin, Mr. Shaunak Amin and Mr. R. K. Baheti have financial interests in their respective resolutions.

(ii) Key Managerial Personnel Interested:

Mr. Chirayu Amin, Mr. Pranav Amin, Mr. Shaunak Amin and Mr. R. K. Baheti, being KMPs of the Company, have financial interest in their respective resolutions.

(iii) Relatives of persons mentioned in (i) and (ii) above:

Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin being relatives of each other, have financial interest in item No. 9 to 11.

None of the other Directors, KMPs or their relatives, except as above, has any concern or interest, financial or otherwise, in the resolutions set out at Item No. 9 to 12.

Item Nos 13 & 14

In terms of the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors



of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up capital and its free reserves (section 180(1)(c)) nor the Board can create security or create mortgages, charges and hypothecations over the assets of the Company which would be required to secure aforesaid borrowings(section 180(1)(a)).

The above section 180 of the Companies Act, 2013 corresponds to section 293 of Companies Act, 1956 under which the consent of the Company was required by ordinary resolution.

Accordingly, the shareholders of the Company had accorded consent by ordinary resolutions to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹1500 Crores (Rupees One Thousand Five Hundred Crores only) and to create security or create mortgages, charges and hypothecations over the assets of the Company to secure above borrowings, at the Extraordinary General Meeting of the Company held on 28th June, 2010.

However, the Ministry of Corporate Affairs, New Delhi vide its General Circular No. 4/2014 dated 25th March, 2014 has stated that such ordinary resolutions passed under old Companies Act, 1956 for borrowing money in excess of limits and to create security on undertaking of the Company, shall remain valid upto one year from the commencement of the Companies Act, 2013 i.e. upto 11th September, 2014.

Therefore, it is proposed to reconfirm the limit of such borrowing power of ₹1500 Crores.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolutions.

The Board recommends the resolution set out in Item no. 13 & 14 for the approval of the members.

Item No. 15:

The article 159 contains provisions for appointment of Managing Director and Whole-Time Directors of the

Company. The provisions of the Companies Act, 2013 provides that an individual shall not be appointed or reappointed as Chairperson and Managing Director or CEO at the same time unless the articles of the Company provides otherwise or where the Company is not engaged in multiple business.

Presently, the Company is not engaged in the multiple business activities and hence it can continue to have an individual as Chairperson as well as Managing Director of the Company at the same time. However, it is proposed to amend article 159 so as to enable to Company to avail any new business opportunity that may occur in future without disturbing the Management Structure of the Company.

The Articles 214 and 215 of the present Articles of Association of the Company contains provisions for Registers and documents maintained by the Company and inspection thereof as required by the provisions of Companies Act, 1956.

The provisions of Companies Act, 2013 and rules made thereunder have prescribed various requirements and formats for maintenance and inspection of registers. The Board of Directors felt it prudent to amend the relevant clauses of Articles of Association to align it with the requirements of the new Companies Act. Therefore it is proposed to alter the Articles of Association by replacing the relevant clauses of Articles of Association.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolution.

The Board recommends the resolution set out in Item no. 15 for the approval of the members.

Registered Office:

Alembic Road,
Vadodara - 390 003
Date: 28th April, 2014

By Order of the Board,

R. K. Baheti
Director – Finance & Company Secretary

PROXY FORM

CIN : L24230GJ2010PLC061123
 Name of the company : Alembic Pharmaceuticals Limited
 Registered office : Alembic Road, Vadodara – 390003, Gujarat, India.
 Tel. : 0265-2280550 • Fax : 0265 - 2281229 • www.alembic-india.com • E-mail : apl.investors@alembic.co.in

Name of the Member (s):			
Registered Address:			
Email-Id:			
Folio No./Client ID:		DP 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 4th Annual General Meeting, Alembic Pharmaceuticals Ltd. to be held on the 28th day of July, 2014 At 4.00 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
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31st March, 2014.
2	Declaration of dividend on Equity Shares
3	Reappointment of Mr. Pranav Amin, who retires by rotation.
4	Appointment of M/s. K. S. Aiyar & Co. Chartered Accountants as Auditors and fixing their remuneration.
Special Business	
5	Appointment of Mr. Pranav Parikh as Independent Director.
6	Appointment of Mr. K. G. Ramanathan as Independent Director.
7	Appointment of Mr. Paresb Saraiya as Independent Director.
8	Appointment of Mr. Milin Mehta as Independent Director.
9	Approval of revision in remuneration of Mr. Chirayu Amin, Chairman & Managing Director.
10	Approval of revision in remuneration of Mr. Pranav Amin, Director & President-International Business.
11	Approval of revision in remuneration of Mr. Shaunak Amin, Director & President-Branded Formulations Business.
12	Approval of revision in remuneration of Mr. R. K. Baheti Director, President-Finance & Company Secretary.
13	Reconfirmation of authority to the Board of Directors for borrowing money upto ₹ 1500 Crores.
14	Approval of creation of charge/security over the assets of the Company in respect of borrowings.
15	Approval of Alteration of Articles of Association

Signed this..... day of..... 2014.

Signature of shareholder(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.

Please Affix
Re.1
Revenue
Stamp





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 – 390003, Gujarat, India.
Tel. : 0265-2280550 • Fax : 0265 - 2281229 • www.alembic-india.com • E-mail : apl.investors@alembic.co.in

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 4th Annual General Meeting of the Company at "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 on Monday, the 28th July, 2014 at 4.00 p.m.

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.



www.alembic-india.com