

26TH
ANNUAL REPORT
2014-15



ALCHEMIST LIMITED

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CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATE INFORMATION

| | |
|---|---|
| Board of Directors | Mr. Pavan Kumar Verma, Whole Time Director Mr. Asoke Kr. Chatterjee, Independent Director Ms. Maria Fernandes, Additional Director (Independent) Mr. Vinay Kumar Mittal, Additional Director (Non-Executive) |
| Chief Financial Officer | Mr. Bikram Bhattacharya |
| Company Secretary & Compliance Officer | Mr. Vimal Kr. Sharma |
| Statutory Auditors | M/s N. Kumar Chhabra & Co. Chartered Accountants, Chandigarh. |
| Bankers | Punjab National Bank Bank of India HDFC Bank |
| Registrar & Share Transfer Agents | M/s. Link Intime Private Limited |
| Registered & Head Office | 23, Nehru Place, New Delhi- 110019 Phone: 011-40600800 Fax: 40600888 E-mail: investors@alchemist.co.in website: www.alchemist.co.in |
| Chandigarh office | SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh-160009 Phone: 0172-4680000 Fax: 2740099 |
| Works Pharma Unit | Electronic Complex, Chambaghat, Solan, Himachal Pradesh |
| Steel Unit | Chanalon, Near Kurali, District :Ropar, Punjab Phone: +91-0160-5003184-85. |
| Floriculture Unit | Dappar, Ambala Chandigarh Highway, District Mohali, Punjab Phone: +91-1762-248666-248668, Village Kanogata, Rajgarh, District Sirmour (Himachal Pradesh) |

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 26th Annual Report on the business and operations of the Company along with the Audited Annual Financial Statements and the Auditors' Report thereon for the financial year ended 31st March, 2015. The financial highlights for the year under review are given below:

FINANCIAL HIGHLIGHTS**(Rs. in lacs)**

| Particulars | Financial Year | Financial Year |
|---|----------------|----------------|
| | 2014-15 | 2013-14 |
| Revenue from Operations& Other Income | 27,414 | 84,785 |
| Operating Profit /(Loss) | (1,018) | 3,320 |
| Finance Charges | 196 | 242 |
| Profit (Loss) before depreciation & Tax | (1,214) | 3,078 |
| Depreciation | 682 | 429 |
| Profit/ (Loss)before Tax | (1,896) | 2,649 |
| Taxation | 100 | 983 |
| Profit/ (Loss) for the year | (1,996) | 1,666 |
| Proposed Dividend | Nil | 136* |
| Tax on Dividend | Nil | 23* |

*The Company has reversed the dividend and the corporate dividend tax thereon as declared in the previous year as the same was not approved by the shareholders in the AGM dated 26th September, 2014.

The volatility and uncertainty in the economy continued during the year. Due to slow down in the markets across the world and decline in the export the net revenue of the Company was Rs. 27,414 lacs as compared to Rs. 84,785 lacs during the previous year. The Operating profit/(loss) i.e profit/ (loss) before interest, depreciation& Tax during the year was Rs. (1,018) lacs as compared to Rs. 3,320 lacs during the previous year. The net profit/ (loss) after tax was Rs. (1,996) lacs during the year as compared to Rs. 1,666 lacs during the previous year.

CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the Company during the year.

DIVIDEND

Considering the continued weak operating environment in the standalone business and in view of the losses for the year, no dividend is permitted to be paid to the Members for Financial Year 2014-15, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

SHARE CAPITAL

The paid up Equity Share Capital was Rs. 1355.98 Lacs and paid up Preference Share capital was 35.70 Lacs as on 31st March, 2015.

DEPOSITORY SYSTEM

As the members are aware, the Company's equity shares are tradable in electronic form. As on 31st March, 2015, 12,769,161 (94.17%) of the Company's total paid-up capital representing 13,559,800 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

LISTING

The Shares of your Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange India Limited (NSE). The Listing fee for the year 2015-16 has been paid to the Stock Exchanges. Annual custodian charges of Depository have also been paid to NSDL and CDSL for the same period.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year the Company has transferred the unpaid or unclaimed dividends for the financial year 2006-2007 amounting to Rs. 12,00,280/- (Twelve Lacs, Two Hundred & Eighty Only) to Investor Education & Protection Fund (IEPF). This amount was due & payable and remained unclaimed and unpaid for a period of seven years as per relevant provisions of Companies Act, 2013 and rules made thereunder.

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Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company.

The amount of dividend for the subsequent years i.e from the financial year ended 31st March, 2008 and onwards, remaining unclaimed for a period of seven years from the date of transfer to Unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims.

SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS

As on 31st March, 2015, the company has four subsidiary companies namely Alchemist Foods Limited, Alchemist Infrastructures Private Limited, Alchemist Hospitality Group Limited and Alchemist Enterprise (S) Pte Ltd, Singapore.

The Foods division continues its efforts to add newer products and business models to meet the demands of customers and to increase its presence in India through more stores and sale outlets across the country. A detailed write up on the company's divisions is contained in the section on Management Discussion and Analysis elsewhere in this report.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the Financial Statements in Form AOC-1. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of the Company or its subsidiary companies. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial statements of its subsidiary companies.

DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

PERFORMANCE REVIEW:

The company's main business segments are Agri Business comprising largely floriculture, Steel and Chemicals pharma division comprising the manufacturing and trading. The company's subsidiaries are in the business of foods and food processing.

PHARMA DIVISION:

Alchemist Pharma division is a strong vertical of Alchemist Group with around 200 SKU's and promoted through a very strong committed field force. Pharma division enjoys tremendous respect with the medical fraternity and covering a universe of around 40,000 Doctors and 20,000 retailers across the country. Alchemist's Molecules have been acknowledged with tremendous response at the market place. A detailed write up on the pharma divisions is contained in the section on Management Discussion and Analysis elsewhere in this report.

AGRI DIVISION

The company continued to mark its presence in business of Global Agri Trade.

STEEL DIVISION

Steel business segment is consistently making achievement and the production efforts are now supplemented by trading activity as well.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Particulars of loans/ guarantee given and investments made are given in the financial statements.

RELATED PARTY TRANSACTION

All the related party transactions are entered on arm's length basis and are in compliance with applicable provisions of the Act and Listing Agreement.

All related party transactions are presented to the Audit Committee and the Board. Approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee periodically, specifying the nature, value and terms and conditions of the transactions.

Related Party Transaction Policy as approved by the Board is uploaded on Company's Website i.e <http://www.alchemist.co.in>. The details of the transactions with the Related Party are provided in the accompanying financial statements. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

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

All possible measures have been undertaken successfully by your Company to achieve the desired objective of energy conservation and technology absorption. Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 is annexed as **Annexure-I**

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website i.e. <http://www.alchemist.co.in>.

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The Annual Report on CSR activities is annexed herewith marked as **Annexure II**.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED/RETIRED DURING THE YEAR

In accordance with the provisions of Companies Act, 2013 and Article of Association of the Company, Mr. Pavan Kumar Verma (DIN-00213365) will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The Board recommends his re-appointment as a Director of the Company.

The Board has appointed Ms. Maria Fernandes as an Independent Director of the Company effective from 24th March, 2015 to 23rd March, 2020, subject to the approval of the shareholders. Ms. Maria Fernandes, appointed as an Additional Director, will hold office till the ensuing AGM and is eligible for appointment. The Company has received requisite request in writing from a member of the Company proposing the candidature of Ms. Maria Fernandes for the office of Independent Director. The Board recommends her re-appointment as an Independent Director of the Company.

The Board has appointed Mr. Vinay Kumar Mittal as Additional Director of the Company effective from 13th August, 2015 who will hold office till the ensuing AGM and is eligible for appointment. The Company has received requisite request in writing from a member of the Company proposing the candidature of Mr. Vinay Kumar Mittal for the office of Director. The Board recommends his re-appointment as a Director of the Company.

During the year following Directors resigned from the Board -

- Mr. Karan Deep Singh with effect from 26th September, 2014.
- Ms. Kaajal Aijaz Ilmi with effect from 30th October, 2014
- Mr. Tarlochan Singh and Mr. R. P. Chhabrawith effect from 15th April, 2015 and 5th June, 2015 respectively. .
- Major Gen. (Retd.) Anil Kumar Oberoi and Mr. Jaspreet Singh Jolly with effect from 18th April, 2015 and 20th May, 2015 respectively.

The Board places on record its appreciation of the immense contribution made by above Directors to the Company.

At the Board Meeting held on 28th May, 2015, Mr. Bikram Bhattacharya, Chief Financial Officer (CFO) was appointed and designated as "Key Managerial Personnel" of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges. All independent directors shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

The details of program for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.alchemist.co.in. All the independent directors of the Company are made aware of their role, responsibilities & liabilities at the time of their appointment /re-appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

MEETINGS

During the year 7 (Seven) Board Meetings and 4 (four) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Agreement.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has in place a Nomination & Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Clause 49 of the Listing Agreement. The details relating to the same are given in Report on Corporate Governance forming part of this Report.

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and Senior Management, board diversity, composition and the criteria for determining qualifications, positive attributes and independence of a Director.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information (UPPSI) in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

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VIGIL MECHANISM / WHISTLE BLOWER POLICY/ RISK MANAGEMENT

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a Vigil Mechanism Policy/ Whistle Blower policy.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. These risks are assessed and steps as appropriate are taken to mitigate the same.

INTERNAL CONTROL SYSTEM

Details of internal control system and its adequacy are included in the Management Discussion and Analysis Report, which forms part of this Report.

OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2014-2015, no complaints were received by the Company related to sexual harassment.

STATUTORY AUDITORS

M/s N. Kumar Chhabra & Co., Chartered Accountants, have been appointed as statutory auditors of the Company at the last Annual General Meeting held on September 26, 2014 for a period of three years subject to ratification by members at every subsequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

The Company has received a certificate from M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013 and they are not disqualified to be re-appointed as Statutory Auditors.

EXPLANATION TO AUDITOR'S REMARKS

Your Directors noted for future guidance the observations of Statutory Auditors in the Auditors Report-

Reply to Auditors qualifications / observations-

- **Regarding redemption of preference shares otherwise than out of the profits**-The Company was in profit of Rs. 40.67 Lacs (cash profits Rs. 470.50 Lacs) till period ended 31st December, 2014 and thereafter there was a net loss of Rs. (1996.33) Lacs (cash loss of Rs 1313.98 lacs) for the period ended 31st March, 2015. The redemption process had largely been completed by December 2014 as part of contractual obligations on due dates. The amount is not material in the overall context and the company shall make up the reserves in the next financial year without fail.
- **Regarding interest free unsecured loans**- The Company has given these loans in accordance with agreements which inter-alia provides that these shall be interest free in lieu of options to convert them into shares at valuations which will compensate the company for the interest component. Hence no interest has been provided as due from these borrowers in these annual accounts in view of our contractual terms of lending.
- **Regarding computation of the Depreciation**-The Company had to make some assumptions about life of assets in view of the changes in the laws and has made a best judgment assessment keeping in view all the circumstances. Besides it has charged adequate depreciation of Rs. 682.34 Lacs for the financial year 2014-15 against Rs. 482.57 Lacs for the previous financial year 2013-14. There is no cause of concern that depreciation has been under provided in the books as compared to the requirements of law.
- **Regarding loan to Alchemist Foods Limited, subsidiary of the Company**-The documents in question have been misplaced by a former employee and efforts are being made to recreate these documents with retrospective effect and will be made available to the auditors at the earliest.
- **Regarding amount of Rs. 1.79 lacs pertaining to labour cess outstanding as on 31st March, 2015, for a period of more than six months from the date it became payable**- This small amount seems to be an oversight / inadvertent error in the system and the same has been paid as on date.
- **Regarding default in repayment of loans and interest**-All the outstanding amounts has been paid as on date. Rest of the observations of the Auditors are self-explanatory and do not need further comment from the management and they are noted for future guidance and compliance.

SECRETARIAL AUDITORS

The Board has appointed M/s Tannu Mehta, Company Secretary to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended 31st March, 2015 is annexed herewith marked as **Annexure-III** to this Report.

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INTERNAL AUDITORS

The Company has a separate internal audit department constituting of professionals undertaking audit exercise.

COST AUDITORS

M/s. SDM & Associates, Cost Accountants, Chandigarh, is being appointed as the Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year the for financial year 2014-15.

The Board of Directors at its meeting held on 28th May, 2015, has approved the appointment of M/s. SDM & Associates, Cost Accountants as the Cost Auditors of the Company, for conducting audit of cost records for the financial year ending 31st March, 2016. A proposal for ratification of remuneration of the Cost Auditors for Financial Year 2015-16 is placed before the shareholders.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section-134 (3) (q) and Section 197(12) of the Act read with Rule 5(1) & Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as **Annexure IV** to the Directors' Report.

HUMAN RESOURCES

Your Company treats its "Human Resources" as one of its most important assets. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, quality and accountability at functional levels.

INDUSTRIAL RELATIONS

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

INSURANCE

Your Company has taken reasonable steps to prevent risks and the Board is kept apprised of the risk assessment and minimization procedure. The assets of the Company have been adequately covered under insurance. The policy values have been enhanced taking into consideration the expanded and upgraded facilities of the Company.

INFORMATION TECHNOLOGY

The Company continues to derive its business and service functions through deployment of a strong Information Technology network across its offices, verticals, outlets etc. to inculcate efficiency and discipline at all levels. In pursuit of this, the Company has further strengthened its Human Resource Information System (HRIS) viz. My Adrenalin, which is web portal dedicated to employees. The employee's information like personal data (personal information, qualification and remuneration details etc.), employee data (current & past employment and training details), self-task (attendance, leave and training request, IT declarations etc.) and MIS continue to be coordinated through this System. The Chairman of the Company interacts with the employees with regular thoughts and messages on this portal. Also Monthly Newsletter of the Company and other significant information are posted on the same. This initiative of the company is a move towards paperless regime, reduction in costs, saving of trees and thereby environment. A detailed write up on the IT Business is contained in the section on Management Discussion and Analysis.

RESEARCH AND DEVELOPMENT

The Company continues to give significant attention to Research & Development which has been providing significant support to the manufacturing capabilities of the Company and has helped the company in expanding its product basket significantly. This has also enabled the Company to become the most preferred source for its customers and also launch global associations.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **ANNEXURE-V**.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report and marked as **Annexure-VI**.

CORPORATE GOVERNANCE

As required by the existing clause 49 of the listing agreements with the stock exchanges, a detailed report of Corporate Governance as well as Corporate Governance Compliance Certificate is included in the Annual Report and marked as **Annexure-VII**.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- accounting policies have been selected and applied them consistently and made judgments and estimates that are 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 of the profit and loss of the company for that period.

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- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- the annual accounts have been prepared on a going concern basis; and;
- Internal financial controls followed by the company and those internal financial controls are adequate and were operating effectively.
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

We thank the Government of India and Governments of various states, where the company has its operations. We also take this opportunity to thank our bankers Punjab National Bank, UCOBank, Bank of India, State Bank of India, HDFC Bank Ltd and other banks for their continuous support to the company.

We also thank our esteemed customers & clients, vendors, and investors for their continued support during the year. We also take this opportunity to place on record appreciation of the contribution made by our employees at all levels. Our growth demonstrates their commitment, handwork, support, and cooperation.

For and on behalf of the Board of Directors
ALCHEMIST LIMITED

Date: 13th August, 2015

Place: New Delhi

Pavan Kumar Verma
(Whole time Director)
DIN-00213365