

ALEMBIC LIMITED



ANNUAL REPORT 2012-13

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ALCHEMY
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ALEMBIC GROUP

Site Office: Canal Road
Nizampura Chhani Area, Vadodara.
Tel.: 3007900

M.: +91 96876 39701/702/703
www.alchemyindia.com

Board of Directors

Mr. Chirayu R. Amin

Chairman

Mrs. Malika Amin

Director

(Whole-time Director - Upto 30-06-2012)

Mr. Udit Amin

Director and President -

Real Estate Business (w.e.f. 24-04-2013)

Dr. B. R. Patel

Director (Upto 13-08-2012)

Mr. Milin Mehta

Director

Mr. R. M. Kapadia

Director

Mr. C. P. Buch

Director (w.e.f. 14-08-2012)

Mr. Ashok Tulankar

Director

Company Secretary

Mr. Chirag K. Shukla

Regd. Office

Alembic Road, Vadodara - 390 003

Tel : (0265) 2280550, 2280880

Fax : (0265) 2282506

E-mail : alembic.investors@alembic.co.in

Statutory Auditors

K. S. Aiyar & Co.

Chartered Accountants

Laxmi Estate No. F-07/08

Shakti Mills Lane

Off Dr. E. Moses Road,

Mahalaxmi, Mumbai - 400 011.

Bankers

Bank of Baroda

Axis Bank Limited

HDFC Bank Limited

Yes Bank Limited

Registrar & Transfer Agents

Link Intime India Pvt. Limited

B-102 & 103, Shangrila Complex,

First Floor, Opp. HDFC Bank,

Near Radhakrishna Char Rasta,

Akota, Vadodara 390 020.

Tel:(0265) 2356573, 2356794

Fax:(0265) 2356791

Email: vadodara@linkintime.co.in

Manufacturing Facility

Alembic Road, Vadodara - 390 003. Gujarat

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This 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.



Notice

ALEMBIC LIMITED, Alembic Road, Vadodara - 390 003.

Notice is hereby given that the 106th Annual General Meeting of the Members of Alembic Limited will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003, on Friday, the 6th September, 2013 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

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

SPECIAL BUSINESS

To transact the following business as special business:

6. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. C. P. Buch, who was appointed as an Additional Director of the Company w.e.f. 14th August, 2012 and who vacates his office at this Annual General Meeting, be and is hereby appointed as the Director of the Company liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Udit Amin, who was appointed as an Additional Director of the Company w.e.f. 24th April, 2013 and who vacates his office at this Annual General Meeting, be and is hereby appointed as the Director of the Company not liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the approval of the shareholders be and is hereby accorded to the appointment of Mr. Ashok Tulankar as Manager of the Company for a period from 1st September, 2012 upto 30th April, 2013."
9. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the approval of the shareholders be and is hereby accorded to the appointment of Mr. Udit Amin as Director & President – Real Estate Business of the Company for a period of 5 years effective from 24th April, 2013 on the remuneration and on such terms and conditions as set out herein below with liberty and authority to the Board of Directors to alter and vary the terms and conditions of said appointment from time to time within the provisions of the Companies Act, 1956 or any amendment thereto or any re-enactment thereof and as may be approved by the Board of Directors.

Terms and Conditions of Appointment:

1. **Term of Appointment :** 5 years from 24th April, 2013 to 23rd April, 2018. He shall not be liable to retire by rotation.
2. **Remuneration :**
 Basic Salary, Perquisites and other allowance/benefits up to maximum Cost to Company (CTC) of Rs. 2.50 Crores per annum or such higher amount as may be decided by the Board of Directors of the Company, from time to time.

Notice

Perquisites and Allowances:

- a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
- b) Leave Travel Concession for self and family as per rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Free Telephone Facility at the residence as per rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company. Privilege Leave accumulated and not availed of during this tenure as Director & President-Branded Formulations Business may be allowed to be encashed as per rules of the Company.
- h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time

3. Minimum Remuneration:

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

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

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

NOTES:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from Friday, the 30th August, 2013 to Friday the 6th September, 2013, (both days inclusive), for the purpose of Annual General Meeting and payment of dividend.
4. Shareholders who have not encashed the dividend warrants for the financial year ended on 31st March, 2006 are requested to approach the Registrar/Company immediately.
5. The dividend if approved will be made payable on or after 11th September, 2013 to those members whose names stand on the Register of Members of the Company on Friday, the 6th September, 2013. Members are requested to notify promptly any change in their registered addresses.
6. All the work related to share registry in terms of both - physical and electronic – are being conducted by R & T Agents of the Company - 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.
7. The Equity Shares of the Company are compulsorily traded in dematerialized (demat) mode as mandated by the SEBI. Therefore, those members who hold shares in physical mode are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic mode) at the earliest.

Notice

8. The Ministry of Corporate Affairs has vide its Circulars No. 17/2011 dated 21st April, 2011 and No. 18/2011 dated 29th April, 2011 has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies by way of service of notice/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, members holding shares in electronic mode are requested to register their e-mail address with their Depository Participants. Members holding shares in physical mode may submit their e-mail address to the R&T Agents of the Company.

Registered Office:
Alembic Road,
Vadodara - 390 003.
Date : 24th April, 2013

By Order of the Board,

Chirag K. Shukla
Company Secretary

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

Item No. 6

The Board of Directors at its meeting held on 13th August, 2012 has appointed Mr. C. P. Buch as an Additional Director of the Company w.e.f. 14th August, 2012. Mr. C. P. Buch is Chartered Accountant, Commerce and Law Graduate and also holds a Post Graduate Diploma in Taxation. He is a Practising Chartered Accountant by profession. Mr. Buch has more than 35 years of experience. His area of expertise is Corporate Taxation. He does not hold any other Directorships. He is member of Audit Committee, Shareholders/Investors Grievances Committee and Remuneration Committee of the Company. He does not hold any Shares of the Company.

As per provisions of section 260 of the Companies Act, 1956, he holds directorship upto the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹ 500/- from a member proposing his candidature as a Director of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. C. P. Buch.

Item No. 7

The Board of Directors at its meeting held on 24th April, 2013 has appointed Mr. Udit Amin as an Additional Director of the Company w.e.f. 24th April, 2013.

As per provisions of section 260 of the Companies Act, 1956, he holds directorship upto the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹ 500/- from a member proposing his candidature as a Director of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Udit Amin himself and Mrs. Malika Amin & Mr. Chirayu Amin being relatives of Mr. Udit Amin.

Item No. 8

Mr. Ashok Tulankar was appointed as Manager of the Company w.e.f. 1st September, 2012 by the Board of Directors at its meeting held on 13th August, 2012. Mr. Ashok Tulankar has resigned as Manager w.e.f. 30th April, 2013.

Mr. Ashok Tulankar was not paid any remuneration by way of Salary, however he was paid sitting fees for the Board and Committee Meetings attended by him in the capacity of Director.

As per the provisions of the Companies Act, 1956 approval of members is sought for appointment of Mr. Ashok Tulankar as Manager from 1st September, 2012 to 30th April, 2013.

The Directors recommend the special resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Ashok Tulankar.

Item No. 9

The Board of Directors at its meeting held on 24th April, 2013 considered it necessary to have a full time Executive Director to take care of large business operations of the Company. With this view and on the recommendation of the remuneration committee, the Board appointed Mr. Udit Amin as Director & President – Real Estate Business of the Company w.e.f. 24th April, 2013.

Notice

Mr. Udit Amin was Chief Business Development Officer of the Company during 1st September, 2005 upto 31st March, 2011 when he was transferred to Alembic Pharmaceuticals Limited pursuant to scheme of Demerger. During his tenure as Chief Business Development Officer of the Company, he has worked extensively on various projects and Research & Development activities.

During his tenure as Chief Business Development Officer at Alembic Pharmaceuticals Limited, he has worked on new projects. As the Real Estate Business of the Company has a good potential for the future, the Board of Directors consider Mr. Udit Amin as the suitable person for the position.

Mr. Udit Amin graduated with Economics as main subject with focus on International trade from University of Michigan, USA. He has worked in regulatory department at Ivax, UK. His job role at Ivax included, help management choose filing strategy for multiple countries within Europe. He has vast experience of a decade. He holds directorships in Gujarat Flying Club (Section 25 Company) and Paushak Limited. He holds 10,06,980 Equity Shares of the Company.

His terms and conditions for appointment are as under:

Terms and Conditions of Appointment:

1. **Term of Appointment :** 5 years from 24th April, 2013 to 23rd April, 2018. He shall not be liable to retire by rotation.

2. Remuneration :

Basic Salary, Perquisites and other allowance/benefits up to maximum Cost to Company (CTC) of Rs. 2.50 Crores per annum or such higher amount as may be decided by the Board of Directors of the Company, from time to time.

Perquisites and Allowances:

- a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
- b) Leave Travel Concession for self and family as per rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Free Telephone Facility at the residence as per rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company. Privilege Leave accumulated and not availed of during this tenure as Director & President-Branded Formulations Business may be allowed to be encashed as per rules of the Company.
- h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time

3. Minimum Remuneration:

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

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

Your Directors recommend the appointment of Mr. Udit Amin as Director & President – Real Estate Business for your approval. None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Udit Amin himself and Mrs. Malika Amin & Mr. Chirayu Amin being relatives of Mr. Udit Amin.

Registered Office:
Alembic Road,
Vadodara - 390 003.
Date : 24th April, 2013

By Order of the Board,

Chirag K. Shukla
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 106th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2013.

1 Financial Results :

(₹ in Lacs)

For the year ended 31st March	2013	2012
Profit for the year before Interest, Depreciation, Non Recurring Income or Expenses and Tax	2,600	500
Adjusting therefrom:		
Interest (net)	514	520
Depreciation	984	1,093
Non-recurring Income and expenses i.e. Expenses on Voluntary Retirement Scheme	-	248
Provision for deferred tax liabilities or (assets)	(75)	(142)
Provision for current tax	27	-
Net Profit (Loss)	1,149	(1,220)
Adding thereto:		
Balance brought forward from last year	4,880	6,100
The amount available is	6,029	4,880
Appropriating there from:		
Provision for Dividend on Equity Shares	267	-
Provision for Corporate Dividend Tax	45	-
Transfer to General Reserve	3,000	-
Balance carried forward to next year's accounts	2,717	4,880

2 Dividend :

Your Directors recommend Dividend on Equity Shares at ₹ 0.20 per share (i.e. 10 per cent) of face value of ₹ 2/- per share for the year ended on 31st March, 2013 as against NIL per share for the year ended 31st March, 2012.

3 Management's Discussion and Analysis:

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

DIRECTORS' REPORT

4 Operations :

The Company's Gross Revenues including export incentives were ₹190.01 Crores for the year ended 31st March, 2013 as compared to ₹131.20 Crores for the previous year.

The profit before Interest, Depreciation, Non-recurring Income and expenses and Taxes was ₹26.00 Crores for the year under review as compared to ₹5.00 Crores for the previous year.

During the year interest and financial cost was ₹5.14 Cr. as compared to ₹5.20 Cr. in previous year. The Company has registered a net profit of ₹11.49 Cr. as compared to a net loss of ₹12.20 Cr. for the previous year ended 31st March, 2012.

5 Fixed Deposits :

During the year under review the Company has not invited/accepted any deposits from public.

6 Directors :

During the year under review, Mrs. Malika Amin voluntarily retired as Whole-Time Director of the Company w.e.f. 30th June, 2012. She continues to be Non-Executive Director of the Company.

Dr. B. R. Patel resigned from Directorship w.e.f. 13th August, 2012.

The Board has appointed Mr. C. P. Buch as Additional Director w.e.f. 14th August, 2012. He holds office of Additional Director upto the ensuing Annual General Meeting of the Company. The Company has received a notice u/s 257 of the Companies Act, 1956 from a shareholder of the Company proposing the candidature of Mr. C. P. Buch as Director liable to retire by rotation. Mr. Ashok Tulankar was designated as Manager of the Company w.e.f. 1st September, 2012 and he has resigned from the post of Manager w.e.f. 30th April, 2013. He continues to be Non-Executive Director of the Company.

The Board at its meeting held on 24th April, 2013 has appointed Mr. Udit Amin as Additional Director and Director & President-Real Estate Business w.e.f. 24th April, 2013. He holds office of Additional Director upto ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956 from a shareholder of the Company proposing the

candidature of Mr. Udit Amin as Director.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C. R. Amin and Mrs. Malika Amin, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for re-appointment.

Mr. C. P. Buch and Mr. Udit Amin hold directorships upto the ensuing Annual General Meeting.

Brief resumes of Mr. C. R. Amin, Mrs. Malika Amin, Mr. Ashok Tulankar, Mr. C. P. Buch and Mr. Udit Amin are given in the Corporate Governance Report.

7 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 - B to this report.

8 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-C.

9 Corporate Governance :

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

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

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

and senior management personnel of the company have affirmed the requirements of the said code of conduct.

⑩ Audit Committee :

The Audit Committee comprises of 3 Directors viz. Mr. Milin Mehta, Mr. C. P. Buch and Mr. R. M. Kapadia. Mr. Milin Mehta is Chairman of the Audit Committee. During the year under review, Dr. B. R. Patel resigned w.e.f. 13-08-2012 and Mr. C. P. Buch was appointed w.e.f. 14-08-2012. All the Directors in Audit Committee are Non Executive - Independent Directors. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements.

⑪ Auditors :

M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, (Firm Regn. No. 100186W) the Company's Auditors, will retire at the conclusion of the ensuing Annual General meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them.

⑫ Cost Auditors :

The Central Government has directed that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs for the year ended on 31st March, 2013 be conducted by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board had appointed H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2013.

⑬ Human Resource Management :

Human capital has always been the most important and valuable asset to your Company. Your Company has enhanced its performance management process that motivates people to take ownership of their own performance and encourages innovation and meritocracy. Your Company has created people practices which enables it to attract and retain potential talents. Employee relations in your Company continue to be cordial and harmonious.

⑭ Directors' Responsibility Statement :

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

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

⑮ Acknowledgement :

Your Directors wish to place on record their appreciation and sincere thanks to the banks, customers, shareholders, vendors and other related organizations, who through their continued support and co-operation, have helped, as partners, in your Company's progress. Your Directors also acknowledge the hard work, dedication and commitment of the employees.

On behalf of the Board of Directors,

Chirayu R. Amin

Chairman

Vadodara, 24th April, 2013