



# **Ahlcon Parenterals (India) Limited**

**23<sup>RD</sup> ANNUAL REPORT 2014-15**

# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

Mr. Anand Chandrashekhar Apte, Chairman

Mr. Arun Mudgal, Managing Director

Mr. Manfred Gregor Mahrle, Director

Mr. Arun Kumar Gupta, Director

Dr. S.C.L. Gupta, Director

Dr. S.S. Arora, Director

## REGISTERED OFFICE

Unit No. 201- 205, IIInd Floor,  
ND Mall- 1, Plot No. 2- 4, Wazirpur District Centre,  
Netaji Subhash Place,  
Delhi- 110034  
Tel No.+91-11-42344234,

## COMPANY SECRETARY

Mr. Ranjan Kumar Sahu

## BANKERS

Mizuho Bank  
Deutsche Bank  
HDFC Bank Ltd.  
Syndicate Bank  
State Bank of Bikaner & Jaipur

## MANUFACTURING FACILITIES

SP-917 & 918, Phase III, Industrial Area,  
Bhiwadi - 301019  
Dist. Alwar, Rajasthan  
Tel: +91- 01493 - 305300,  
Fax: +91-01493 - 221045

## AUDITORS

M/s. Arun K. Gupta & Associates  
Chartered Accountants,  
D-58, East of Kailash,  
New Delhi - 110065

## WEBSITE

[www.ahlconindia.com](http://www.ahlconindia.com)  
email: [ranjan.sahu@ahlconindia.com](mailto:ranjan.sahu@ahlconindia.com)

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# NOTICE

Notice is hereby given that the 23rd Annual General Meeting of Ahlcon Parenterals (India) Limited will be held on Tuesday, the 29th day of September, 2015 at 3.00 PM at B2, Lawrence Road Industrial Area, Main Ring Road, Delhi-110035 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2015, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Arun Mudgal, DIN: 06366992, who retire by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of Statutory Auditor, M/s Arun K. Gupta & Associates, Chartered Accountants of the Company (already re-appointed for three consecutive years by the Shareholders in the 22nd AGM), to hold office from the conclusion of this Annual General Meeting until the conclusion of 25th Annual General Meeting subject to ratification of appointment every year and to fix their remuneration and authorise the Board of Directors/Audit Committee to fix their remuneration and in this regard 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 Section 139, 141 and other applicable provisions, if any of the Companies Act, 2013 and pursuant to the recommendations of Audit Committee of the Board, the appointment of M/s. Arun K. Gupta & Associates., Chartered Accountants (Registration No. 000605N), be and is hereby ratified as the Statutory Auditors of the Company, to hold office from the conclusion of this AGM till the conclusion of the next AGM of the Company at such remuneration as shall be fixed by the Board of Directors of the Company upon recommendations of the Audit Committee."

## SPECIAL BUSINESS

4. 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 Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of M/s. Kabra and Associates, Cost Accountants, as Cost Auditors as appointed by the Board of Directors of the Company as such to conduct the audit of the cost records of the Company for the financial year 2015-16 and the payment of a remuneration as mentioned in the explanatory statement (including out of pocket expenses as may be incurred in connection with the audit but excluding out of pocket expenses as may be incurred in connection with the outstation travels as per actuals) and Service Tax as may be applicable.

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

By order of the Board

For AHLCON PARENTERALS (INDIA) LIMITED

Place : New Delhi

Dated: 03.09.2015

Ranjan Kumar Sahu

Company Secretary

PAN: ATDPS7346D

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Proxies shall not have any voting rights except on a poll.
3. Only bonafide members of the company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The company reserves its right to take all steps as may be deemed necessary to restrict non members (excluding valid proxy holder) from attending the meeting.
4. The Register of Members and Share Transfer Books of the company shall remain closed from 23rd September 2015 to 29th September 2015 (both days inclusive) for the purpose of Annual General Meeting.
5. While approving the Final Accounts Statements for the year ended on 31st March 2015, the Board has not recommended any dividend on the Equity Shares.
6. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to section 124 of the Companies Act, 2013 on the respective dates mentioned there against. Intimation in this regard is being sent to the concerned shareholders periodically. Kindly note that after such dates, members will lose their right to claim such dividend.

FINANCIAL YEAR ENDED FINIAL DIVIDEND	AGM DATE	DUE DATE
31.03.2008	30.09.2008	05.11.2015
31.03.2009	30.09.2009	05.11.2016
31.03.2010	17.09.2010	23.10.2017
31.03.2011	30.09.2011	05.11.2018
FINANCIAL YEAR ENDED INTERIM DIVIDEND	BOARD MEETING DATE	DUE DATE
31.03.2012	13.02.2012	20.03.2019

7. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the unpaid /unclaimed Dividend for the year 2004-05, 2005-06 and 2006-2007 was transferred to the Investor Education and Protection Fund of the Central Government on 05.11.2012, 05.11.2013 and 05.11.2014 respectively and the unpaid/unclaimed

Dividend for the year 2007-08 will be transferred to Investor Education and Protection Fund of the Central Government on the due date.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA for registration of transmission/transposition, deletion of name etc.
9. All documents referred in the notice are open for inspection at the Registered Office of the company at : Unit No. 201-205, IIInd Floor, ND Mall-1, Plot No. 2-4, Wazirpur District Centre, Netaji Subhash Place, Delhi-110034 between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Annual General Meeting.
10. Members / Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the corporate office of the company ten days in advance of the meeting so that the information may be made readily available.
12. Shareholders are requested to immediately intimate the change in email address, correspondence address and bank details, if any, to the Company's Registrar and Share Transfer Agent M/s MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110020 for payment of dividend, Annual Report and other documents from time to time. Those who are holding their shares in dematerialized form should notify to their Depository Participants, change/correction in their address/bank account particulars etc.
13. The Annual Report of the Company for the year ended March 31st, 2015 and the Notice convening 23rd Annual General Meeting (AGM) of the Company is attached herewith together with the Attendance Slip, E-voting Instructions and Proxy Form (in Annual Report). These documents are also available at the Registered Office of the Company for inspection during 11:00 A.M. to 1:00 P.M on any working day except Saturdays and Sundays. If you desire to have a copy of Annual Report in physical form, kindly write to the MAS SERVICES LTD (Registrar and Transfer Agent), T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi-110020 email:- info@masserv.com or sm@masserv.com or to Company at above address, e-mail:- ranjan.sahu@ahlconindia.com and the same will be provided free of cost.
14. The Resolutions proposed at the 23rd AGM of the Company will be transacted through remote e-voting (facility to cast vote from a place other than the venue of the AGM) and through Ballot Paper at the AGM in terms of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015. The Company has engaged the services of National Securities Depository Limited (NSDL) for this purpose. The remote e-voting facility is available at the link <https://www.evoting.nsdl.com>.

The remote e-voting facility will be available during the following voting period:

**Commencement of remote e-voting**

Saturday, September 26, 2015 at 09.00 a.m. (IST)

**End of remote e-voting**

Monday, September 28, 2015 at 5.00 p.m. (IST)

The cut-off date (i.e. the record date) for the purpose of remote e-voting is September 22, 2015.

**The details and instructions for remote e-voting forms an integral part of the Notice convening the 23rd AGM to be held on September 29th, 2015.**

- a. The initial password is provided in the box overleaf.
- b. Open e-mail and open PDF file viz. "APL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
- c. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- d. Click on Shareholder-Login.
- e. Put user ID and password as initial password noted in step (a) above. Click Login.
- f. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- g. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- h. Select "EVEN" of "AHLCON PARENTERALS (INDIA) LIMITED".
- i. Now you are ready for remote e-voting as Cast Vote page opens.
- j. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- k. Upon confirmation, the message "Vote cast successfully" will be displayed.
- l. Once you have voted on the resolution, you will not be allowed to modify your vote.
- m. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [santosh@kritiadvisory.com](mailto:santosh@kritiadvisory.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- o. If you are already registered with NSDL for remote e-voting then you



can use your existing user ID and password/PIN for casting your vote.

- p. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- q. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22 September, 2015.
- r. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22 September, 2015, will be provided the notice through by post after the cut-off date. Such members may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@masserv.com](mailto:info@masserv.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- s. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- t. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- u. Mr. Santosh Pradhan, Practicing Company Secretary (Membership No. FCS-6973 & CP No. 7647) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- v. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- w. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- x. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.ahlconindia.com](http://www.ahlconindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman.

- 15. Members may also note that Notice of 23rd Annual General Meeting and Annual Report for 2014-15 will also be available on Company's website at [www.ahlconindia.com](http://www.ahlconindia.com) for their download.
- 16. Shareholders are requested to bring their copy of Annual Report to the meeting.
- 17. **An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in relation to the Special Business is annexed hereto and forms part of this Notice.**

#### Item No. 4

#### Ratification of Remuneration of Cost Auditor

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors M/s Kabra and Associates, Cost Accountant, New Delhi, holding valid certificate of practice no.000075 to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2015 at a remuneration of ₹ 50000/-plus applicable taxes and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31st, 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set out at Item No. 4 of the Notice.

The company has received a letter from the Cost Auditor that the appointment, if made, will be within the prescribed limit under the section 224 (1B) of the Act.

The Board recommends Ordinary Resolutions set out at Item No. 4 of the Notice for approval by the shareholders.

#### For AHLCON PARENTERALS (INDIA) LIMITED

Place: New Delhi

Dated: 03.09.2015

Ranjan Kumar Sahu

(Company Secretary)

PAN: ATDPS7346D

# DIRECTORS' REPORT

## To the Members,

Your Directors have pleasure in presenting the 23rd Annual Report on the business and operations of the Company for the financial year ended 31st March 2015.

## FINANCIAL RESULTS

(₹ in lacs)

FOR THE YEAR ENDED	31.03.2015 CURRENT YEAR	31.03.2014 PREVIOUS YEAR
Sales (including excise) and other Income	12966.48	13358.71
Gross operating Profit	2731.39	3451.84
Financial Charges	62.81	158.33
Cash Profit	2668.58	3293.51
Deprecation	460.76	344.09
Provision for doubtful debts/ obsolete Stock	147.91	(42.95)
Provision for doubtful debts written back	28.94	(16.17)
Prior period Adjustments	-	2.22
Profit before Tax	2088.85	3006.32
Provision for Deferred Tax	(100.26)	89.82
Provision for Current Tax	487.48	1008.39
Income Tax Paid for earlier years	-	(42.31)
Profit after Tax	1701.64	1950.41
Balance brought forward from previous year	5768.96	3913.17
Depreciation Adjustment	73.88	-
Profit available for appropriation	7396.73	5863.58
Final Dividend on Preference Shares	-	3.95
Tax on Dividend on Preference Shares	-	0.67
Profits transferred to General Reserve	-	90.00
Profit carried forward	7396.73	5768.96

## OPERATIONAL PERFORMANCE

Your Directors present the Operational performance of the company, which in the company has achieved a sales turnover of ₹ 11598 lacs (net of excise) as compared to the previous year sales turnover of ₹ 11996 lacs (net of excise) leading to a decline in sales by 3.31% due to the unrest in some of the export market and non award of government tenders.

The company's Net Profit during the year recorded ₹ 1701.64 lacs as compare to previous year figure of ₹ 1950.4 lacs, hereby a leading to a decline of profit to ₹ 248.7 lacs.

Directors are putting constant thrust on productivity enhancement, cost optimization and customer satisfaction by producing their quality

products enabling continues growth track, in the operational results of the company.

## SHARE CAPITAL

The paid up equity share capital as at 31st March, 2015 is ₹ 72,001,500/-. During the year under review, your Company has not issued any shares with differential rights, sweat equity shares and equity shares under employees stock option scheme.

Your Company has not bought back its own shares during the year under review.

## TRANSFER TO RESERVES

No amount was transfer to the reserves during the year under review.

## DIVIDEND

While approving the Final Accounts Statements for the year ended on 31st March 2015, the Board has not recommended any dividend on the Equity shares.

This is keeping in view of the company's need for upgradation of existing facilities and the expansion with intent to finance such plans through internal accruals to the maximum. Your directors certainly believe that this would increase shareholder value and eventually lead to a higher return threshold.

## EARNING PER SHARE

EPS (Earning Per Share) is ₹ 23.63, as compared to the previous year's figure of ₹ 27.02 hereby a leading to a decline of 12.54 % as compare to the previous year.

## MATERIAL CHANGES DURING THE FINANCIAL YEAR TO WHICH THE BALANCE-SHEET RELATES:

### FINAL DELISTING APPROVAL OF ALL STOCK EXCHANGES

It was informed to the Board that The Offer ("Offer") to voluntarily delist the shares of Ahlcon Parenterals (India) Limited ("Company") by B. Braun Singapore Pte Ltd ("Acquirer"/promoter company) pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time ("Regulations") was filed before BSE, CSE, JSE and DSE.

The Company had thereafter applied for the delisting of its Shares from the Bombay Stock Exchange ("BSE") on 28.01.2014, Calcutta Stock Exchange ("CSE") on 28.01.2014, Delhi Stock Exchange ("DSE") on 30.01.2014 and the Jaipur Stock Exchange ("JSE") on 24.01.2014 (collectively referred to as the "Stock Exchanges"), where the Shares of the Company were listed.

BSE vide its notice no. DCS/DL/RK/RBBSFL/841/2014-15 dated January 16, 2015 informed their members about discontinuation of trading of the Shares of the Company with effect from January 22, 2015 and the delisting of Shares with effect from January 30th, 2015.

CSE, vide its notice dated February 9, 2015, informed their members





about the delisting of Shares from CSE with effect from February 10th, 2015.

SEBI, vide its order no. WTM/PS /45/MRD/DSA/NOV/2014 dated November 19, 2014, withdrew the recognition granted to DSE.

JSE, vide its notice no. JSEL/2015/151 dated March 12, 2015 informed their members about the delisting of Shares from JSE with effect from March 25th, 2015.

For the purpose of date of delisting as mentioned in Regulation 21 of SEBI Regulations, SEBI, via its letter no. CFD / DCR1 / SG / OW / 3119 / 2015 dated February 3, 2015 directed the acquirer to consider the date of delisting as the date on which Shares are delisted from all the stock exchanges recognised by SEBI.

Accordingly, the date of delisting has been taken as March 25th, 2015, being the later of the date of delisting as intimated by BSE, CSE, DSE and JSE.

#### **EXIT OFFER TO THE PUBLIC SHAREHOLDERS OF THE COMPANY BY B BRAUN SINGAPORE PTE LTD (ACQUIRER / PROMOTER).**

The Company Secretary informed to the Board that in accordance with regulation 21 of the SEBI Regulations, the acquirer hereby provides an exit opportunity ("Exit Offer") to the remaining public shareholders holding shares in the company ("Residual Shareholders"). The residual Shareholders of the company can tender their shares to the acquirer - M/s B. BRAUN SINGAPORE PTE LTD at the Final Price of ₹ 525/- (Rupees Five Hundred and Twenty Five only) per share at any time from March 25th, 2015 ("Offer Opening Date") till March 24th, 2016 ("offer closing date") (such period being the "Exit Period"), as per the terms and conditions set out in this Exit Offer Letter. The details of Exit offer letter uploaded in the website of the company and also available with the RTA.

#### **EXPANSION / PRODUCT DEVELOPMENT**

During the year under review, the Company has completed the expansion project by addition of capacity of 42 million through installation of Rommelag FFS Technology - High capacity Machines, with a mission to achieve value added products in its products portfolio to meet the incremental demand of local and international markets, at its existing Bhiwadi plant in Rajasthan, the total cost of the project is ₹ 23680/- Lacs, met through debts/internal accruals.

#### **RESEARCH & DEVELOPMENT**

The company has R & D division at Bhiwadi, duly recognized by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research (DSIR).

The Company's in house R & D Division is having a dedicated team of highly qualified, skilled scientists engaged in developing the formulations and products for its strategic portfolio management. R & D is also well on its way to realize the potential by innovating with various drug delivery technologies. The company is in the process of research to development of new formulations and registrations of products. The

details of R & D are as per Form-B, forming part to the Annexure to the Director's Report.

#### **EXPORTS**

Your directors are putting constant efforts for increasing the export sales component on the total turnover to mitigate the risk posed by various domestic markets and factors, which are resulting into price discrimination, cut throat competition, entry of new entities in the market, government price regulatory mechanism.

Taking advantage of the increased demand of Indian pharmaceutical products, in the international market, the company has carried on registration and arrangement with several international agencies for increasing the base of export markets. Further plans are underway to increase the direct and indirect exports to various countries. As a result of this, during the year under review, the export sales were ₹ 3776.64 lacs as compared to the previous year's figure of ₹ 3538.15 lacs achieving a growth of 6.74 % approx.

As informed in our previous reports, to further expand the company's export activities, your company is in the process of registration of its new product dossiers, in both the regulated as well as unregulated markets and the registration formalities with number of countries are well in progress. We have obtained orders from some parties and as some countries registration process is in the pipe line and hence soon after these registration certificates are obtained, company shall be able to grab the export earnings by exporting to those countries.

#### **BANKERS:**

We are banking with the Mizuho Bank Ltd and Deutsche Bank which has been providing financial assistance to our company for various purposes and for which we express our hearty commends.

#### **DIRECTORS:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013.

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the company, Mr. Arun Mudgal, Managing Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Necessary resolutions seeking the approval of the shareholders for the aforesaid appointment & reappointment of directors, form part of the notice, convening the Annual General Meeting.

#### **NUMBER OF MEETINGS OF THE BOARD**

Five Board meetings of the Company were held during the year on the following dates:

I. 13-05-2014, II. 12-06-2014, III. 12.08.2014 IV. 13.11..2014, V. 13-02-2015

## AUDIT COMMITTEE

The Chairman informed to the Board that it is required to reconstitute a Audit Committee in accordance with Sec 177 of the Company's Act 2013.

The Board reconstituted the committee with the following members:

NAME OF THE DIRECTOR	DESIGNATION	NATURE OF DIRECTORSHIP
Mr. Arun Kumar Gupta	Chairman	Independent Director
Dr. S. C.L. Gupta	Member	Independent Director
Dr. S. S. Arora	Member	Independent Director
Mr. Anand Apte	Member	Non Executive Director
Mr. Arun Mudgal	Member	Executive Director

Statutory Auditors and the Internal Auditors of the Company were also invited to attend the Audit Committee meetings along with the Incharge of Finance (CFO) and Company Secretary. As per the need, other key functionaries of the company were also invited to attend the meetings.

Under sec 177(4) : Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,-

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.

The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full

access to information contained in the records of the company.

The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

The Board's report under sub-section (3) of section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons therefor.

The committee meets from time to time with the terms of reference specified in writing by the Board which shall, inter alia, include other activities as specified under sec 177(4) of the Companies Act 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that;

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgements 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 of the company for the year under review.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions under the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts for the financial year ended 31st March, 2015 on a going concern basis; and
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149;

Every independent director have shall give disclosure at their first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013.





## THE EXTRACT OF THE ANNUAL RETURN AS PROVIDED UNDER SUB-SECTION (3) OF SECTION 92;

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2015 made under provisions of Section 92 (3) of the Act is attached as "Annexure I" which forms part of this Report.

## COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178;

The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) confirmed that-

- In the Company, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

The Board has set up a Nomination & Remuneration Committee to formulate company's policy on remuneration packages of the executive directors and determine the same from time to time.

The Committee has been reconstituted by the board and the composition and other details of the Nomination and Remuneration Committee are as follows:

### Details of remuneration paid to Executive Director, for the year 2014-15 :

(In ₹)

Basic Salary		1,808,736
HRA		9,04,368
Perquisites		1,72,501
Performance Incentives		1,059,888
Other		2,244,504
Total Remuneration		6,189,997

Other terms, if any.

The Payment of remuneration as per the Managing director Agreement 1.10.2012 and as per limit provided under section 197 and schedule V of the Companies Act 2013.

## Statement of sitting fees paid to Non-Executive Director for the year 2014-15 and their shareholding position as on 31.03.2015.

NON EXECUTIVE DIRECTOR	SITTING REES ₹	SHARE HOLDING
Mr. Anand Chandrashekhar Apte	NIL	NIL
Mr Manfred Gregor Mahrle	NIL	NIL
Mr. Arun Kumar Gupta	110,000	NIL
Dr. S. S. Arora	100,000	NIL
Dr. S. C. L. Gupta	1,10,000	NIL

The above figures are inclusive of fees paid for the attendance of the Committee meetings excluding service tax.

The committee meet from time to time for formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

## EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE-

The board confirm to the shareholders that there is no qualification, reservation or adverse remark or disclaimer by the auditors in his report;

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186;

The company disclosed that sec 186 not applicable to the company and the company shall not give any loans, made any investment or provide any security to any other company.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and Board of Directors for their approval. The Audit Committee has granted omnibus approval for Related Party Transactions as per the provisions and restrictions contained therein.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

The Company in the ordinary course of its business, enters into transactions relating to purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from B. Braun group companies, who is a 'Related Party' within the meaning Section 2 (76) of the Act.

## DEPOSITS

The Company has not accepted any deposit under section 73 of the Companies Act, 2013

## RISK MANAGEMENT

This Risk Management Policy is a formal acknowledgement of the commitment of the company to risk management. The aim of the policy is not to have risk eliminated completely from Companies activities, but rather to ensure that every effort is made by the company to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk.

## POLICY OBJECTIVES

To confirm and communicate the company's commitment to risk management to assist in achieving its strategic and operational goals and objectives.

To formalize and communicate a consistent approach to managing risk for all departmental activities and to establish a reporting protocol.

To ensure that all significant risks to the company are identified, assessed and where necessary treated and reported to the committee.

To assign accountability to all staff for the management of risks within their areas of control.

To provide a commitment to staff that risk management is a core management capability.

## SCOPE OF THE POLICY

Risk is an inherent aspect of all Company's, administrative and commercial business activities. Sound risk management principles must become part of routine management activity across the company. The key objective of this policy is to ensure the company has a consistent basis for measuring, controlling, monitoring and reporting risk across the company at all levels.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has actively supported various initiatives in the areas of health, education and environment over the years. With the introduction of Section 135 of the Act, which will come into effect during this financial year, the Company has already constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website. The CSR Committee will decide to implement the programmes as per the CSR project report and increase focus on health and education in the years ahead.

In addition to the above company plans to implement our CSR Project through NGOs as approved by our CSR committee in rural health near by our Factory and offices. The details of Project, and its application in CSR will be placed in the next Directors Report.

Pursuant to Section 135 of the Companies Act, 2013 and rule made thereunder, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee. The Committee has adopted a Corporate Social Responsibility Policy. As per Section 135(5) of the Act, the Company needs to ensure at least 2% of the average net profit of preceding three financial years is spent on CSR activities as mentioned in CSR Policy. The average result of preceding three financial years (2011-12, 2012-13 and 2013-14) was ₹ 189,367,581/- and the CSR obligations was ₹3751981/- (P.Y. ₹ Nil).

However the Company has not spent any amount on CSR during the current year.

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

The company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. 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. The Company did not receive any complain during the year 2014-15.

## CORPORATE GOVERNANCE

Since the company delisted from all stock exchanges w.e.f 25th March, 2015, there is no need of disclosure under clause 49 of the listing agreement.

But, the best corporate governance practices have been adopted by Ahlcon Parenterals (India) Ltd and the same is being continuously reviewed to ensure that they adhere to the latest corporate developments and conform to the best corporate governance ethics.

## STATE OF COMPANY'S AFFAIRS

A brief state of company's affairs as given below aims to be helpful to the Shareholders of the company and provide them with an in-depth Analysis of the business prospects.

Ahlcon Parenterals (India) Limited is one of the leading manufacturing Company in the Indian Pharmaceutical Industry. The Company's revenues are mainly from Contract Manufacturing, Institutional sales and ethical sale of branded-generic and unbranded-generic manufactured pharmaceutical products. A further break down of pharmaceutical sales can be done as, Domestic formulations (comprising branded pharmaceuticals formulations sold in the domestic market), Contract manufacturing (comprising sourcing, manufacturing and supplying pharmaceutical formulations to giant pharma company under their brand name) and direct export to International market comprising exports of branded and generic manufactured pharmaceutical formulations. The operating costs primarily comprise raw and packing materials, purchase of finished goods, staff cost, selling and marketing expenses, manufacturing, Research & Development expenses and general overheads.