

29TH
ANNUAL REPORT
2017-2018



ALCHEMIST LIMITED

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CORPORATE INFORMATION

Board of Directors	Mr. Bikram Bhattacharya Mr. Vinay Kumar Mittal Prof. Maria Fernandes Ms. Ambika Chowdhary	Whole Time Director Director (Non- Executive) Director (Independent) Director (Independent)
Chief Financial Officer	Mr. Dinesh Kumar	
Company Secretary & Compliance Officer	Mr. Hemant Kumar Mangal	
Statutory Auditors	M/s.Anu and Associates Chartered Accountants, Chandigarh.	
Bankers	Punjab National Bank Bank of India HDFC Bank	
Registrar & Share Transfer Agents	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083	
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	Plot No. F-5, Rajiv Gandhi, I T Park, Chandigarh-160101 Phone: 0172-4266666	
Works Pharma Unit	Electronic Complex, Chambaghat, Solan, Himachal Pradesh Phone: 0179-2230500-2230800	
Steel Unit	C-29, Village Chanalon, Near Kurali, District: Mohali, Punjab Phone: 0160-2641170.	
Floriculture Unit	Dappar, Ambala Chandigarh Highway, District Mohali, Punjab Phone: 0176-2248666-2248668 Village Kanogata, Rajgarh, District Sirmour (Himachal Pradesh)	

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 29th 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, 2018. The financial highlights for the year under review are given below:

1. FINANCIAL HIGHLIGHTS

Financial Results are presented in the table below:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations including other Income	2843.40	2708.78	2,843.40	2,708.78
Less Expenses:				
Cost of Material Consumed	509.42	444.78	509.42	444.78
Purchase of Stock in Trade	945.09	1403.56	945.09	1403.56
Change in Inventories	449.65	45.65	449.65	45.65
Employees Benefit Expenses	955.74	1474.27	955.74	1474.27
Finance Cost	171.53	225.65	171.53	225.65
Depreciation & Amortization Expenses	776.21	795.86	776.21	795.86
Other Expenses	746.74	1972.23	745.43	1971.57
Total Expenses	4554.37	6362.00	4553.07	6361.35
Profit/(Loss) Before Exceptional Items & Taxes	(1710.98)	(3653.22)	(1709.67)	(3652.57)
Exceptional Items	(71.31)	7194.51	(71.14)	7194.95
Profit/(Loss) Before Tax	(1639.67)	(10847.73)	(1638.53)	(10847.52)
Tax Expenses	42.07	(115.54)	42.07	(115.54)
Profit/(Loss) after Tax	(1681.73)	(10732.20)	(1680.60)	(10731.98)
Profit/(Loss) transferred to Minority (Non Controlling Interest)	(0.20)	(0.14)	(0.00)	(0.00)
Net Profit/(Loss) for the year	(1681.53)	(10732.06)	(1680.60)	(10731.98)
Items that will not be reclassified to profit or loss	49.14	30.51	49.14	30.51
Income tax relating to these items	(12.78)	(7.86)	(12.78)	(7.86)
Total other comprehensive income	36.37	22.65	36.37	22.65
Total comprehensive income for the year	(1645.37)	(10709.54)	(1644.23)	(10709.33)
Paid-Up equity share capital (Face value ₹ 10/- each)	1355.98	1355.98	1355.98	1355.98
Earnings per share (of ₹ 10/- each)				
Basic	(12.40)	(79.15)	(12.39)	(79.15)
Diluted	(12.40)	(79.15)	(12.39)	(79.15)

2. OPERATIONS

The net revenue of the Company was ₹ 2843.40 Lakhs as compared to ₹ 2708.78 Lakhs in the previous year. The Operating profit/(loss) i.e profit/(loss) before Interest, Depreciation & Tax during the year was ₹ (1709.67) Lakhs as compared to ₹ (3652.57) Lakhs in the previous year. The net profit/(loss) after tax was ₹ (1680.60) Lakhs during the year as compared to ₹ (10731.98) Lakhs in the previous year.

3. 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 Pharma, Infrastructures and Hospitality.

- PHARMA DIVISION**

Alchemist Pharma division is a strong vertical of Alchemist Group with around 300 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 20,000 Doctors and 30,000 retailers across the country. Alchemist's Molecules have been acknowledged with tremendous response at the market place. A detailed write up on the Pharma division is contained in the Section on Management Discussion and Analysis elsewhere in this report.

- **STEEL DIVISION**

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

- **AGRI DIVISION**

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

4. SHARE CAPITAL

The paid up Equity Share Capital was ₹ 1355.98 Lakhs and paid up Preference Share Capital was ₹ 31.72 Lakhs as on March 31, 2018.

5. CHANGE IN NATURE OF BUSINESS, IF ANY

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

6. 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 2017-18, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

7. DEPOSITS

The Company has not accepted any deposits from the public during the financial year under review as per Section 73 & 76 and other applicable provisions of Companies Act, 2013.

8. DEPOSITORY SYSTEM

As the members are aware, the Company's equity shares are compulsorily tradable in electronic form. As on March 31, 2018, 12902061 shares (95.15%) 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.

9. LISTING

The Shares of your Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Listing fee for the year 2018-19 has been paid to the Stock Exchanges. Annual custodian charges of Depository have also been paid to NSDL and CDSL for the same period.

10. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year the Company has transferred the unpaid or unclaimed dividends for the financial year 2009-2010 amounting to ₹ 7,93,780/- 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.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2016, 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 01st April, 2011 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.

11. SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS

As on 31st March, 2018, the Company has three Subsidiary Companies namely Alchemist Healthcare Limited, Alchemist Infrastructures Private Limited and Alchemist Hospitality Group Limited. Financial Statements of the above mentioned Subsidiaries are consolidated as per the requirements of the Companies Act, 2013, accounting standards and accounting policies applicable to the Company.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the Subsidiary and Associate Companies is attached to the Financial Statements in **Form AOC-1 (Annexure-I)**. 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.

****The financial statements of one Associate, ROC Foods Limited (formerly Known as Alchemist Foods Limited) is still under compilation. Accordingly, the same is not forming part of the consolidated financial results.***

***** Alchemist Limited wholly owned foreign Subsidiary i.e. Alchemist Enterprise (S) PTE Ltd has now been wound up therefore the financials of the same has not been consolidated.***

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans given, Investments/guarantees made or securities provided by the Company are given in the financial statements.

13. RELATED PARTY TRANSACTION

All the related party transactions are entered on arm's length basis and are in compliance with applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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 at the web link i.e. <http://www.alchemist.co.in/investors.html>.

The details of the transactions with the Related Parties are provided in the accompanying Financial Statements. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

14. 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-II**.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review the Company does not fall under the criteria prescribed under Section 135(1) of Companies Act, 2013 and other relevant rules framed thereunder, hence the Company is not required to constitute Corporate Social Responsibility Committee.

16. MEETINGS

During the year 6 (Six) Board Meetings, 4 (Four) Audit Committee Meetings, 4 (Four) Stakeholders Relationship Committee and 4 (Four) Nomination and Remuneration 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 Regulations.

17. DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED/RETIRED DURING THE YEAR

Appointment/reappointment of Director

- In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Vinay Kumar Mittal (DIN:00287042) 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.

Changes in Directors & Key Managerial Personnel (KMP)

- Mr. Tanveer Gill (Independent Director) has resigned from the Company w.e.f. 6th June, 2017.
- The Board has appointed Ms. Ambika Chowdhary (DIN:07887565) as an Independent Director of the Company w.e.f. 26th July, 2017.
- The Board has appointed Mr. Bikram Bhattacharya (DIN:03595530) as Whole Time Director of the Company w.e.f. 10th August, 2017 for the period of five years.
- Mr. Pavan Kumar Verma (Whole Time Director) has resigned from the Company w.e.f. 15th September, 2017.
- Mr. Bikram Bhattacharya has ceased to be a Chief Financial Officer (CFO) of the Company w.e.f. 10th August, 2017.
- Mr. Debasish Basu has been appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 10th August, 2017 and has resigned w.e.f. 2nd September, 2017.
- Mr. Gurprit Singh has been appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 2nd September, 2017 and has resigned w.e.f. 09th November, 2017.
- Mr. Dinesh Kumar has been appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 09th November, 2017.

- Mr. Vinay Singh, Company Secretary & Compliance Officer of the Company has resigned w.e.f 09th March, 2018. There after the Board has appointed Mr. Hemant Kumar Mangal as Company Secretary & Compliance Officer of the Company w.e.f 02nd April, 2018.

18. 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 there under and Regulation 19 of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015. 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.

19. DECLARATION BY INDEPENDENT DIRECTORS

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 relevant regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. All Independent Directors shall hold office for a term of upto five consecutive years on the Board of a Company, and 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 <http://www.alchemist.co.in/investors.html> . All the Independent Directors of the Company are made aware of their roles, 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.

20. SEPARATE MEETINGS OF INDEPENDENT DIRECTORS

In terms of requirements under Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on March 30, 2018.

The Independent Directors at the meeting, inter alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

21. MANAGERIAL REMUNERATION

The details required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Corporate Governance Report.

22. 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.

23. BOARD EVALUATION

An annual evaluation of the performances of the Board, its Committees and that of the individual Directors was undertaken during the year on the basis of the criteria such as the composition, structure, functioning, effectiveness of the Board, the Committee Meetings, the contribution and preparedness of individual Directors to the Board and Committees etc after seeking inputs from all the Directors. In a separate meeting of the Independent Directors the performance of Non-Independent Directors, the Chairman and the Board as a whole was evaluated.

24. 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 appropriate steps are taken to mitigate the same.

25. INTERNAL CONTROL SYSTEM

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this Annual Report.

26. DISCLOSURE 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 2017-2018, no complaints were received by the Company related to sexual harassment.

27. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. Anu & Associates, Chartered Accountants, were appointed as Statutory Auditor of the Company for a period of five years at 28th AGM of the Company held on 14th September 2017, subject to ratification by members at every Annual General Meeting, on such remuneration as may be recommended by the Audit Committee of the Board and decided by the Board of Directors of the Company.

EXPLANATION TO AUDITOR'S REMARKS

The Board has taken note of the Observations made by the Auditors in their Report.

Reply to Auditors qualifications/observations-

Regarding outstanding export receivable- The Company has extended credit from time to time as per the market practice for export receivables and regular follow up is being done to recover the same and the management is confident to recover the same in the FY 2018-19. Hence, no estimate/provision made by management. The Company has initiated legal recourse against the defaulting customers and is regularly following up on the same.

28. COST AUDITORS

Cost Audit is mandatory for Pharma and Steel Unit. 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 2017-18.

The Board of Directors at its meeting held on 21st May, 2018, 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, 2019. A proposal for ratification of remuneration of the Cost Auditors for Financial Year 2018-19 is placed before the Shareholders.

29. SECRETARIAL AUDITORS

The Board has appointed M/s. V Kapoor & Associates, Practicing Company Secretaries to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as **Annexure- III** to this Report.

30. INTERNAL AUDITORS

The Company has appointed Mr. Amardeep Singh, as Internal Auditor to undertake the audit exercise. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. This includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

31. 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.

32. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no such material changes and commitments which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

33. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the financial year no order has been passed by the authorities which impacts the going concern status and Company's operations in future.

34. 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.

35. INDUSTRIAL RELATIONS

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

36. 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.

37. 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. 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 a well established System. The Management of the Company interacts with the employees with regular thoughts and mails.

38. 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.

39. 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 annexed as **Annexure-V**.

40. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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**.

41. CORPORATE GOVERNANCE

As required by regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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**.

42. 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;
- 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.

43. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the banks and other authorities. Your Directors also thank the employees of the Company for their valuable service and support during the year. Your Directors also gratefully acknowledge with thanks the cooperation and support received from the shareholders of the Company.

**For and on behalf of the Board of Directors
Alchemist Limited**

**Date : 09th August, 2018
Place : New Delhi**

**Sd/-
Bikram Bhattacharya
(Whole Time Director)
DIN: 03595530**