Alembic
Touching Lives over 100 years

Date: 27th June, 2018

To,
The Manager,
Listing Department
National Stock Exchange of India Ltd.
'Exchange Plaza'
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Dear Sir/Madam,

Sub: Submission of Annual Report of the Company for the financial year ended 31st March, 2018

With reference to the captioned subject, please find enclosed herewith a copy of the Annual Report of the Company for the financial year ended 31st March, 2018.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Alembic Pharmaceuticals Limited

Charandeep Singh Saluja
Company Secretary

Encl.: A/a.

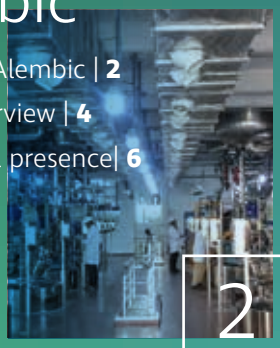
WELL ON OUR WAY

Alembic Pharmaceuticals Limited

Annual Report
2017-18

Alembic
Touching Lives over 100 years

About Alembic



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We are well on our way

The life sciences landscape is witnessing a dynamic transformation. With volatile political, socio-economic and scientific events clouding the spectrum there are many challenges. However, with every challenge, awaits a great opportunity at the horizon. And as the market dynamics change, Companies will need to employ innovative strategies for success. Successful implementation of these strategies requires constant re-evaluation and enhancement of processes.

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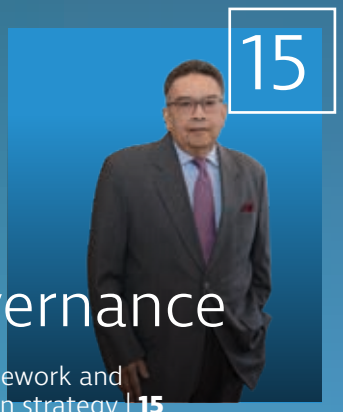

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A few years back, we at Alembic Pharmaceuticals Limited (Alembic) set out on a journey to strengthen our talent pool, expand our capabilities, create a steady growth strategy for the US and build a diverse basket of offerings for the domestic market. With an emphasis on innovation and technology our products cater to the medical needs of patients across the globe. Over the years, we have continued to leverage our technological proficiency and combined it with our manufacturing capabilities to enhance profitability.

As we continue to create solutions that make patients' lives more liveable and inspiring, we are proud to have achieved the financial targets that we set for ourselves for 2017-18. We remain committed to our strategy, including our core principles and values, strategic focus areas and core processes.

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Well on our way to find solutions to healthcare challenges

Oncology Plant at Panelav

General Injectable Plant at Karkhadi

Aleor's Derma Plant at Karkhadi

New API Facility at Karkhadi

Established in 1907
4 manufacturing facilities
3 well-equipped R&D centres

Carved out of a 110 years old history, Alembic is a leader in the Indian pharmaceutical industry. The Company's competencies include branded formulations, international generics and API.

With its diversified products basket, the Company is contributing to find solutions to some of the major health challenges faced across the globe.

Headquartered in Vadodara, Alembic has four state-of-the-art manufacturing facilities in Gujarat and Sikkim as well as three R&D centres in Vadodara, Hyderabad and USA. Having established a front-end setup in the US in 2015, the Company is now eager to grow its American footprint.

Our Mission

Improve healthcare with innovation, commitment and trust.

KEY HIGHLIGHTS – 2017-18

Revenue
₹3,131 Crores

Market Capitalisation
₹10,300 Crores

EPS
₹21.89

EBITDA
₹642 Crores

PAT
₹409 Crores

Our integrated businesses

INTERNATIONAL GENERICS

38%

Total Revenue

₹1,206 Crores

Manufacturing facility
Panelav, Gujarat

Products

Existing

Oral solids

Panelav

Soon to be launched

Oncology OSD

Panelav

Oncology injectables*

Panelav

BRANDED FORMULATIONS

41%

Total Revenue

₹1,274 Crores

Manufacturing facility
Sikkim

Therapies

Cardiology

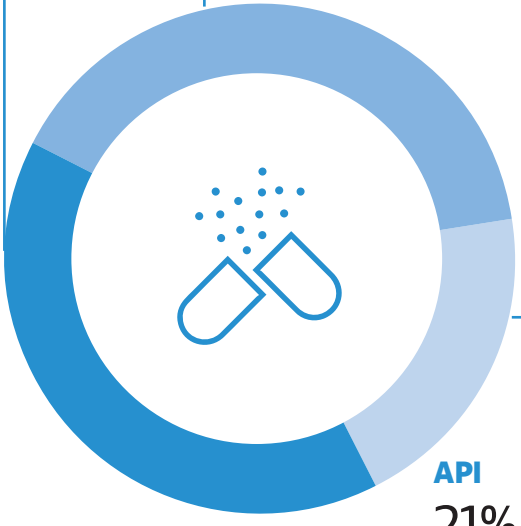
Anti-Diabetic

Gastrology

Dermatological

Brands

Azithral ROXID Althrocin



Revenue Share (%)

API

21%

Total Revenue

₹651 Crores

Manufacturing facilities
Panelav & Karkhadi, Gujarat

General injectables*	Derma	New oral solids**
Karkhadi	Karkhadi	Jarod

*Expected Project completion by H1 2018-19 ** Project completion by H2 2018-19

91 products **launched** so far

13 products **launched during** the year

10+ **new launches planned** in 2018-19

226 **cumulative filings**

Gynaecology

Ophthalmology

Cold & Cough

Orthopaedic

Nephro/Uro

Anti-Infective

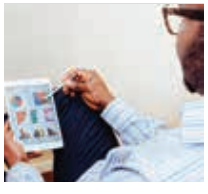
Products
170 products
15% of products in NLEM
Marketing team
5,000+
Marketing divisions
17+

Last 5 years new launches **cover 2% of market share** and contribute 19% of sales

90% **new launches** in specialty

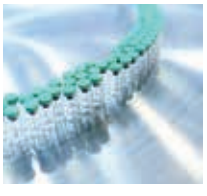
5 **brands** in top 300

WIKORYL® Rekool Rabeprazole EC 20mg/10mg Tablet TELLZY Telmisartan 20 mg / 40 mg / 80 mg ULGEL ZEET Gestofit SR 24 Hours Progesterone Protection



Cumulative DMF filings

94



New filings

10 DMF applications

Key markets

US & Europe

Expanding our presence

**** Contributed by Alembic's acquisition of US based Orit Laboratories LLC in October 2017**

11 Filings

7 Approvals +

1 USA

Filings 132**

Approvals 70*

Product launches 48

2 CANADA

Filings 21

Approvals 20

Product launches 12

3 LATAM

Filings 14

Approvals 4

Product launches 2

4 EUROPE

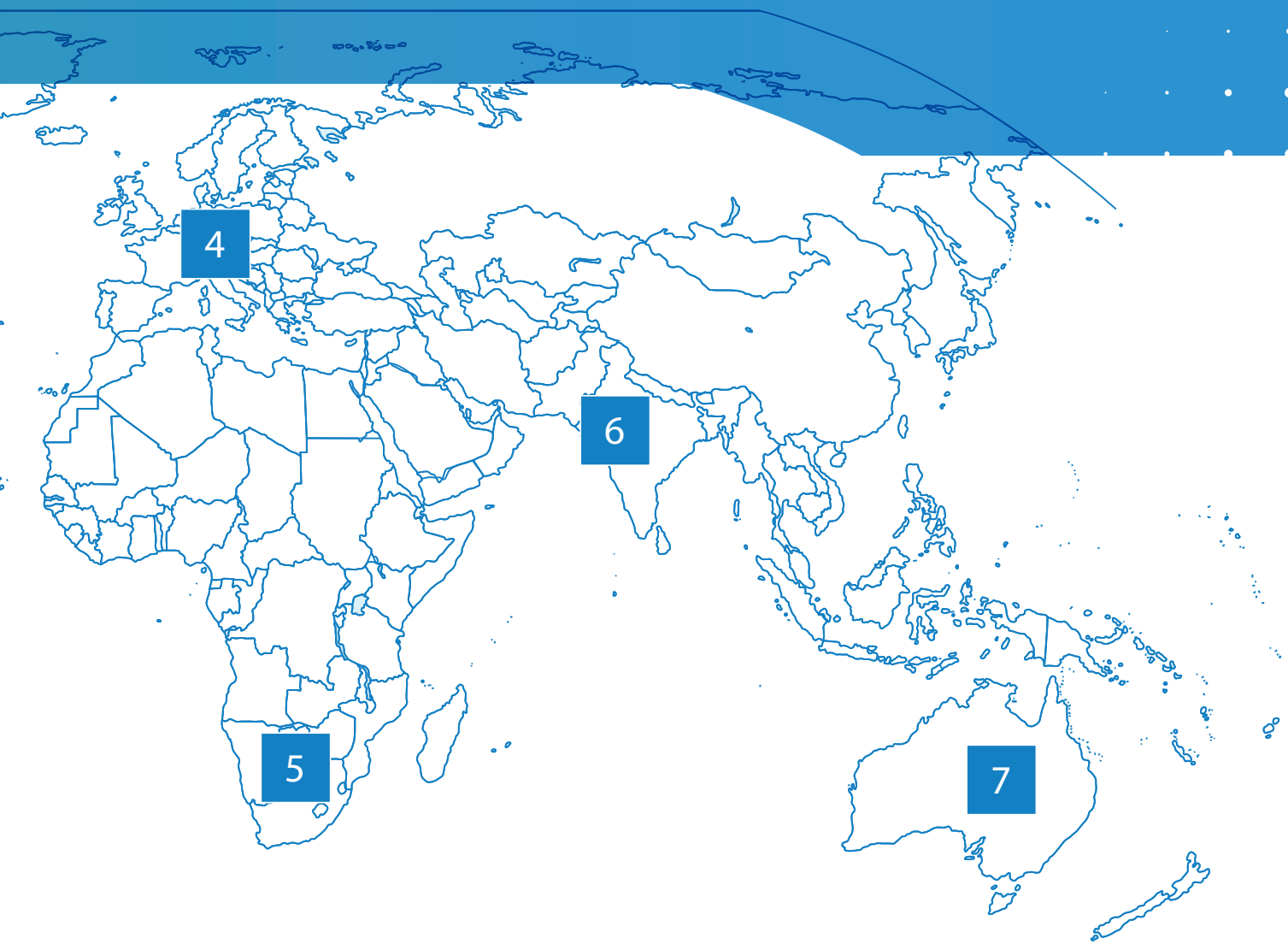
Filings 21

Approvals 19

Product launches 15

* Inclusive 9 tentative approvals

Note: Map not to scale.



5 SOUTH AFRICA

Filings
21

Approvals
7

Product launches
2

6 INDIA

Product launches
170

7 AUSTRALIA

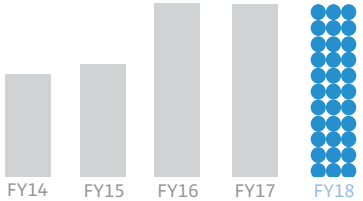
Filings
17

Approvals
14

Product launches
12

Well on our way to post strong performance

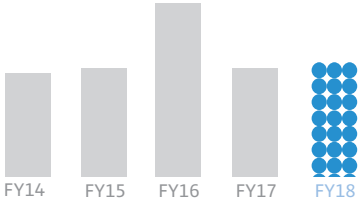
Revenue (₹ in Crores)



FY14	FY15	FY16	FY17	FY18
1,861	2,053	3,162	3,134	3,131

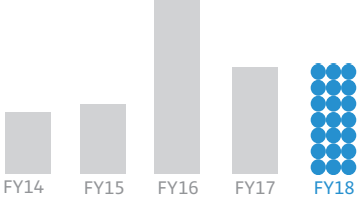
14
CAGR (%)

EBITDA Margin (%)



FY14	FY15	FY16	FY17	FY18
19	20	32	20	21

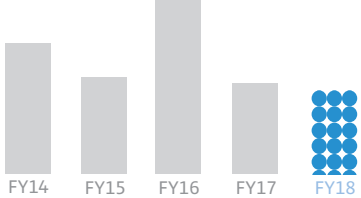
EBITDA (₹ in Crores)



FY14	FY15	FY16	FY17	FY18
358	403	1,007	615	642

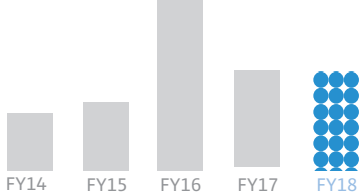
16
CAGR (%)

ROCE (%)



FY14	FY15	FY16	FY17	FY18
39	29	52	27	25

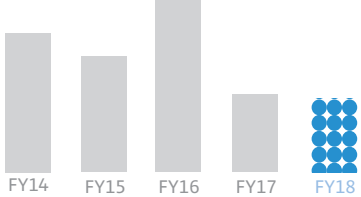
Net Profit (₹ in Crores)



FY14	FY15	FY16	FY17	FY18
236	283	720	401	409

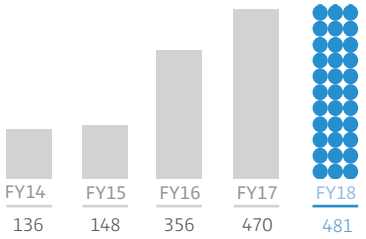
15
CAGR (%)

ROE (%)

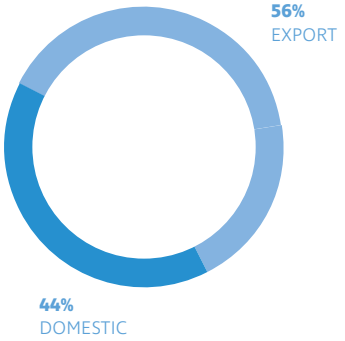


FY14	FY15	FY16	FY17	FY18
36	30	45	20	19

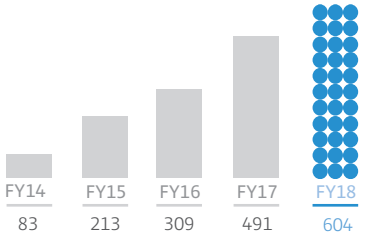
R&D Spend (incl. Capex) (₹ in Crores)



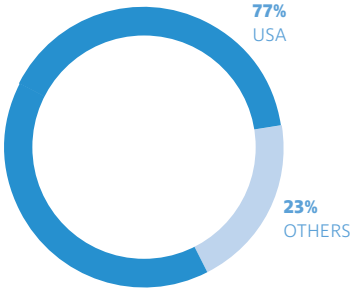
Sales Breakup (%)



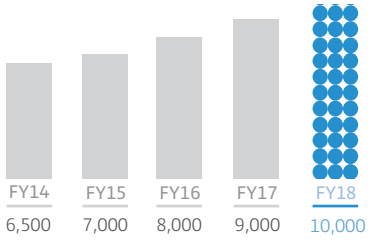
Gross Capex Spend (₹ in Crores)



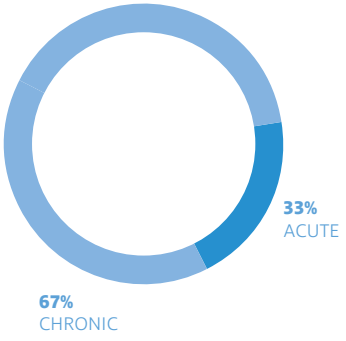
Revenue Breakup (International Generics) (%)



Employee Engagement



Branded Business – Therapy-wise Breakup (%)



Committed to widening our reach, improving product portfolio

Dear Shareholders,

I am happy to share that in the year gone by your Company reported stable growth in line with expectations. The global pharma industry witnessed headwinds due to increased pricing pressure and customer consolidation, while closer home some Government policies acted as impediments to growth. However, Alembic has stayed its course and is on its way to achieve its long-term growth objectives.

Historically, India's healthcare expenditure has been 1.5% of GDP on public healthcare and 4.5% overall. In comparison, other BRIC countries have been spending around 3-7% of their GDP. This has led to increasing pressure on India from the global health community to invest more in healthcare, especially when one is being projected as an 'economic powerhouse'. In step with these concerns, Finance Minister Arun Jaitley announced a National Health Protection Scheme (NHPS) to provide insurance cover to an estimated 50 Crores individuals from nearly 10 Crores poor and vulnerable families. This we believe is a positive move, but require enhanced execution, institutional infrastructure, strong network of health practitioners and accountability and responsibility between state governments and the Centre.

This landmark initiative of the Government reinforces our commitment to ensure that no patient will be denied access to high-quality affordable medicine and medical support. For over 100 years we made medicines accessible and affordable to a large number of patients, both in India and globally.

"We have invested to create the best manufacturing facilities, both finished dosage forms & API and will continue to upgrade and preserve our tradition of the highest quality standards."

One of the major factors for your Company to stay ahead and maintain suitable growth, despite a highly competitive environment, is our investment in R&D. This year the figure has reached 13% of our total revenue. With a combined R&D strength of over 900 employees and we are strengthening our product innovation capability. This year we filed 26 Abbreviated New Drug Applications (ANDAs) in the US, which takes our cumulative filings to 132 ANDAs.

We have been on a steady path of expanding our capabilities and are in the course of creating major facilities of ₹1,100 Crores. Our upcoming manufacturing units for general injectables and oncology injectables are on track and should be ready for exhibit batches by H1 2019.

We have successfully integrated Aleor, our joint venture for dermatology products, into our global mainstream operations and the business has started filing ANDAs.

Coupled with a US front-end in place and a diversified product portfolio for the Indian market, your Company is well on its way to becoming a strong pharma player with a long-term growth vision both in the international and domestic market.

At the same time, work on our new oral solid dosage facility at Jarod is on track and will be completed by H2 2019.

This year we also completed the acquisition of Orit Laboratories based in the US, which will further strengthen our product basket for the US market.

Your Company is committed to using technology and innovation to deliver medicines of outstanding quality, for which we have an excellent reputation within India and abroad.

I firmly believe that with our steady capability and capacity expansion and increased focus on R&D, your Company is on the anvil of undergoing a transformation for the better and for bigger impact. This will certainly translate in improved and sustained value creation for all our stakeholders. I wish to convey my gratitude to all of you for your continued support over the years.

Your Directors and management are committed to ensure that Alembic remains a leading institution that we all believe in.

Best regards,

Chirayu Amin,
Chairman

We are geared for long-term growth and continued progress

Dear shareholders,

In 2017, the global economy witnessed signs of recovery which was reflected in the growth across major markets.

In contrast, the global pharma industry experienced some impediments due to customer consolidation in the US, rising pricing pressures and increasing competition. Moreover, with the implementation of Generic Drug User Fee Act (GDUFA), the pace of ANDA approvals by USFDA has improved significantly in turn leading to extensive pricing pressures. However, even as the scenario seemed rather unpredictable, your Company's international generics business recorded sales of ₹1,200 Crores and USA accounted 77% of sales at ₹923 Crores.

Three years ago, we proactively decided to ramp up our R&D activities and enhance our capabilities. The outcome of which has been witnessed in the year with highest ANDA filings in the US till date. Morever, there has been steady progress in creating two state-of-the art manufacturing facilities for general injectables and oncology injectables.

Our dermatology business has filed three ANDAs in the financial year and the planned pipeline stands at 45 products. Our manufacturing unit one of the largest dermatology facility in India in terms of area and has been designed to enable production of multiple dosage forms under a single roof.

Over the past few years, the pace of progress in our international business has accelerated. With a stable front-end in the US and long-term relationships with key clients across the globe, our international formulations business has been on an upward trajectory. In a significant feat, US front end crossed $ 100 miliion sales in the current year with a growth of 69%. Further, with improved manufacturing capacities, vigorous R&D and effective new technologies, your Company is geared for long-term growth and continued progress. We continue to invest in the API business and filed 10 Drug Master File during the year.

Our acquisition of Orit Laboratories LLC will increase our breadth and capabilities in the US with a competent R&D team bringing complementary skill sets in soft gelatin based oral solids and oral liquids.

We witnessed some disruptions in operations as there was an incident of fire at our Algerian plant. Fortunately, there were no casualties or injury to any persons.

With each impetus of growth, we have been making headway in building a diverse and inclusive culture at Alembic. GMP compliance continues to remain a focus area for us and we are approaching this with abundant caution. There is always room for improvement, which is why each of us strive to actively drive the Company forward. I'm grateful to my colleagues for their tireless efforts to support and propel forward the good work going on across the organisation. The goal of our team is to help create a successful business enterprise of tomorrow and to make it possible in the most engaging and enduring way.

Best regards,

Pranav Amin,
Managing Director

We aim to stand at the forefront of healthcare change

Dear shareholders,

The Indian economy this year posted signs of recovery, with the GDP expanding to 7.2% in the December quarter. This marked India's return as the fastest growing major economy in the world. The continued progress on economic and institutional reforms has been a guiding force in enhancing the economy's high growth potential.

Similarly, the Indian pharmaceutical industry is set to grow to $55 billion by 2020 from the current $30+ billion. The country's pharma landscape has witnessed a significant change in terms of innovative product categories and manufacturing capabilities.

However, these accomplishments come in the wake of serious challenges impacting the industry in the recent past. The domestic companies have registered a significantly lower growth over the past few years. These are signs of an industry facing headwinds like never before. Many have experienced significant value erosion, which to a large extent has posed a hindrance to the industry's capacity expansion.

Even as the industry had been coping with impact of demonetisation, the introduction of the GST policy has led to some operating challenges. From a long-term perspective these policies will ensure greater accountability, though there were a few medium- to short-term headwinds that impacted the business. Alembic was no exception to the industry trend. We reported moderate financial performance – revenue stood at ₹1,280 Crores in 2017-18 against ₹1,281 Crores in 2016-17*.

On a rather positive front, our Sikkim facility was put to full capacity utilisation which provided leverage to expand our product portfolio. On the product side we launched more than 25 products, of which 90% are in the specialty segment.

Today, Alembic Pharmaceuticals Limited is nimbler and our reaction time to launching new products is faster. In the rapidly changing market scenario, we have further augmented our marketing capabilities. Going forward, we have set out on a mission of ensuring improvement in productivity of the field force. We will continue to strengthen the knowledge base and look at avenues to grow the products in our existing therapy areas.

Our focus of investment in chronic therapy continued in current year and chronic now accounts for 67% of our branded sales basket. This will ensure profitable growth in coming years.

Best regards,

Shaunak Amin,
Managing Director

* Numbers are strictly not comparable due to GST accounting effect

Our highest priority is investments that will advance R&D projects

Dear members,

The year gone by has been a mixed bag. While your Company has made steady progress in building a robust pipeline, strengthening capabilities and consolidating processes, the overall industry dynamism did impact the financial growth, with revenues coming in at ₹3,131 Crores for the year 2017-18 versus ₹3,135 Crores in the previous year.

Our net debt is at ₹618 Crores and the same has been incurred to fund projects that will drive future growth. However, the debt to equity ratio is comfortable at 0.3%.

In the last two years, we spent ₹1,095 Crores in capital expenditure and are geared for long-term growth opportunities. We have been able to maintain a low debt profile and healthy cash inflows, with market capitalisation growth at a CAGR of 18% from 2013-14 to 2017-18.

Regaining momentum

On the domestic front, we had multiple disruptions in the last two years.

However, despite this, our key products have been able to hold on to their market share and we have maintained our EBITDA margins. Additionally, we have been prudent and whenever we witnessed an erosion in revenue we quickly controlled our expenses so that our profitability was not impacted over the long-term. We rationalised our sales and promotion expenses and cautiously used cash on in-clinic and science centric promotional activities. Moreover, our agile operations and IT infrastructure have enabled seamless adoption of GST.

Putting highest priority on business investments

Over the years, Alembic has prioritised allocating funds to business investments for future growth to achieve sustainable increase in enterprise value.

Our highest priority remains investments that will promptly advance R&D projects – which in turn would create high value addition – and possibly acquire new drug candidates or cutting-edge technologies, including enhancement of compliance. We will review resource allocation from scratch, as appropriate, based on environment changes.

Further enhancing the level of returns

As a century-old company, we have consistently targeted to achieve a stable in dividends flow based on the medium to long-term growth prospects for consolidated earnings.

For 2017-18, Alembic paid a dividend of ₹4 per share. The return of profits to shareholders is priority for us. At the same time, internal reserves are also needed for the capital investments and R&D that are essential to further growth. As such, we believe a balance between the two is important.

Best Regards

Raj Kumar Baheti
Director – Finance & CFO

How we manage risks

PRINCIPAL RISK	MITIGATION		
Patient Well-being In case of discrepancies during packaging/manufacturing, patient safety may be endangered due to adverse events from all potential sources.	• Improved patient safety data management, patient communications.	• Constant quality enhancements across plants to comply with international standards.	• Improvements incorporated throughout the organisation and team committed to quality standards and procedures.
Regulatory & Compliance An unfavourable facility inspection from any major regulatory body, leading to significant delay of product exports.	• Established a strong team of experts with domain expertise.	• Robust quality system cross the organisation to ensure complete compliance.	• Effective training to all technical personnel.
Competitive Dynamics Adverse global and domestic demand-supply dynamics and unfair trade practices can pose competitive risks.	• Continuously monitor and evaluate the market development and competitive landscape.	• Nimble supply chain to ensure products being delivered at the place of demand always in time.	
Financial Controls Our expenses and investments are primarily in Indian currency. However, revenues are spread across various international currencies. Therefore, our net expenses and any future investment or other income may be vulnerable to fluctuations in exchange rates.	• Established robust currency hedging strategy to safeguard against volatile currency movements.	• Constantly evaluating derivatives to address this concern.	
Environment, Health and Safety, and Sustainability Any shortcoming in compliance with Company policies on maintaining Environment, Health and Safety, and Sustainability standards can affect the operations and erode the brand image and trust.	• Greater focus and increased regulatory activity on environmental issues.	• Stringent controls and governance framework enabling compliance.	

Well on our way to innovate

A broad range of activities are required to create a medicine from a molecule.

The combination includes ingenuity and determination of scientist with the necessary expertise,

competent manufacturing and regulatory teams,

and a strong and reliable marketing and sales team

to create awareness about a drug.

Drug research and development (R&D) requires collaborations at various levels and also persistent study to nullify risks and failures.

Our team of over 900 R&D scientists truly understand this and help us build a growing organisation with a robust product pipeline.

We maintain a strong network of research and development units. Projects are set up and managed in the development pipeline through defined processes and targets. **In FY 2017-18, our research and development spends by 12% to ₹411 Crores and is equivalent to 13% of sales. Of this long-term expenditure 90% is focused on building capabilities for the US market.**

At our R&D unit for formulations development in Vadodara, we extended our product pipeline and increased the capacity of our bioequivalence unit to accelerate product development. We also received a domestic approval from Drug Controller General of India (DCGI) for the next two years and built efficiencies by creating capabilities for data management and electronic report.

We invested in cutting-edge infrastructure for developing complex generics and specialty injectables with niche applications. Our pharmacovigilance unit, which conducts post-marketing surveillance of all the products that Alembic holds license for across the globe, cleared the USFDA inspection without any observations. We have created 2 GMP labs to meet requirements of larger product grid.

Aleor Dermaceuticals Limited, our joint-venture with Orbicular Pharmaceutical Technologies Private Limited, filed 3 ANDAs this year and has a strong planned pipeline of 45 products. This alliance helps us leverage the intellectual capital and extend our product pipeline into newer therapies.

OUR STRATEGY

Build a stronger product pipeline for the US market

Complementing competencies by collaborating with experts

Look for molecules with multiple technological barriers to have competitive advantage over peers

Consistently improve efficiencies and achieve greater success

Ensure continuous pipeline of products in development

Creating adequate learning and development opportunities for our R&D talent-base

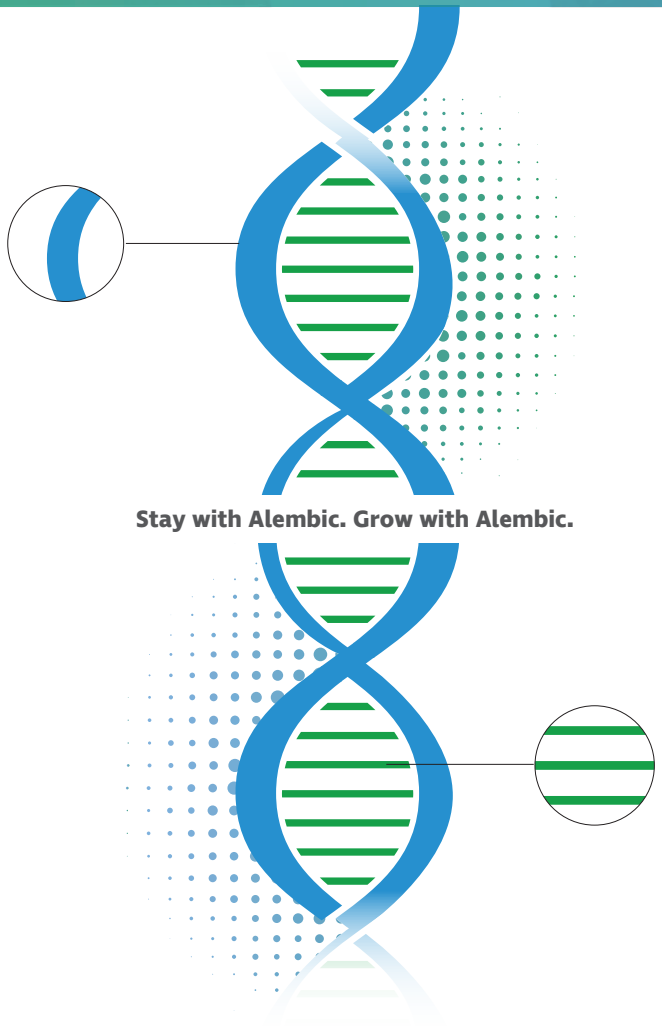
Well on our way to create opportunities

Grooming home-grown champions is part of the Alembic way of building teams and doing business.

AGILITY

Agility grows through learning. It stems from our successes, mistakes and the ability to step outside our comfort zone.

In this fast-changing world, we have made this a pillar of our tailored talent management policy. Two key qualities allow us to cultivate agility as an organisation: the diversity of our people and their mobility in terms of expertise. We constantly strive to cultivate these qualities.



LEADERSHIP

Leadership is crucial to commitment. That is why we encourage our leadership team to interact and communicate with cross-functional teams.

Developing a profitable business, building long-term growth and creating a stable management team is a necessity. Our leadership policy continuously unlocks new potential and ensures we never fall into a silo mentality.

With increased agility in our operation, working methods and interactions, we are improving our ability to attract and develop talent.

Alembic has strong hold in the pharmaceutical sector due to the dedication and efforts of a strong team comprising over 10,000 employees. As the Company marches towards success, it also ensures development for its important asset – the employees.

Learning & Organisation Development

The Company having two revenue verticals – international generics and India formulations – necessitating tailored skill development for employees. Keeping with the mantra, 'Stay with Alembic, Grow with Alembic', we design practical training solutions, from technical and operational skills to sales and marketing techniques, to empower employees in their respective fields. The employees are also provided with opportunities to 'Learn on the Go' through our Learning Management System – Alembic Vidya. The platform is highly user friendly, provides holistic development and is available on android phones.

Along with a strategically planned training calendar, we ensure teams and team leaders participate in external knowledge forums to gain insight into the industry and their work domain.

Employees

10,000+

Long Service Awards

Long Service Awards (LSA) are Alembic's way to appreciate the dedication and hard work of the torchbearers of the organization. The Company felicitates individuals who have crossed milestones of 15, 20 or 25 years of association with Alembic.

Ratri Before Navratri

Alembic's 'Ratri before Navratri' is a preamble to the Navratri festival. Held on the 20th of September 2017, the Navratri ground was packed to capacity with a turnout of over 35,000 participants and 9,000 spectators. The event won the 'The HR Event of the year Award' at Gujarat's Best Employer Brand Awards 2017.

Vadodara International Marathon

Vadodara International Marathon is one of the most awaited events in the city in which Alembians across group companies participate. Marathon 2018 witnessed participation from more than 9,000 Alembians.

Great Manager's Award

It is said that great companies are made by great leaders. It was a proud moment for Alembic when Mr. Chandrahas Shetty, Sr. VP, Head of Human Resources, was awarded with the prestigious Great Manager Award under the Senior Leaders category by The Economic Times & People Business in 2017.

Well on our way to drive sustainable growth

Over the years, the Alembic CSR Foundation has supported various initiatives that provide free Education, Health, Skill Development, Women Empowerment, Swachh Bharat and Environment Conservation in Vadodara, Chhota Udepur and Panchmahal Districts.

Blood Transfusion Centre at Bhailal Amin General Hospital, Vadodara
Alembic CSR Foundation together with Bhailal Amin General Hospital initiated a Free Blood Transfusion Centre for Thalassemia Major Patients on 7th May, 2017.

396 free transfusions

8 blood donation camps organised

400+ Alembians donated blood

8 Infusion Pumps disseminated to needy Thalassemia Major Patients

111 lives benefitted by the project in 2017-18

Sanitation Project – Sindhrot, Ujeti and Panelav Panchayats, Vadodara & Panchmahals
In order to support and help fulfil the dream of Swachh Bharat mission, ACSRF initiated Sanitation Project of construction of Household Toilets (HSLs) in the villages of Sindhrot Panchayat of Vadodara and Ujeti & Panelav Panchayats of Panchmahals Districts. 779 household toilets (HSLs) were constructed during the year and 15 communities were declared Open Defecation Free (ODF).

More than 3,116 lives benefitted from this project in 2017-18

Natural Water Conservation Project – Dhinkwa, Panchmahals
Alembic Foundation constructed a 24 ft long & 10 ft deep Waste Weir on Dhinkwa Lake in order to increase the ground level of water by conserving the rain water. The construction work was completed in 100 days.

More than 12,500 lives benefitted by this project in 2017-18

The journey of Corporate Social Responsibility has been extremely gratifying for the Alembic group. While the group continues to contribute to the society, they believe it is much more than Corporate Social Responsibility – it is Individual Social Responsibility. We urge each member of the society to come forward, involve and engage to build a better world for the coming generations.

Other Projects

- Adoption of 2 Government Primary Schools, Vadodara
- Cancer Care Centre at Bhailal Amin General Hospital, Vadodara
- District Level Teacher Training Programme, Chhota Udepur
- Gram Sambandh Setu Programme for the 15 villages in and near Panelav, Panchmahals
- Kasturba Gandhi Balika Vidhyalaya ranked 1st in Chhota Udepur District amongst 8 KGBVs and 3rd in Gujarat State amongst 135 KGBVs.

Awards and accolades

On 4th October, 2017, Alembic Group was honoured at the 'Gujarat Best Employer Brand Awards 2017'. We won 'HR Event of the Year' for organizing Ratri Before Navratri which witnessed participation of over FORTY THOUSAND Alembians.

Alembic CSR Foundation received the award for 'Outstanding contribution to the cause of Education' for our unstinted efforts towards the betterment of society at 'Gujarat Best Employer Brand Awards 2017'.

Mr. R. K. Baheti, Director-Finance & CFO, has been honoured with CFO of the Year – Large Enterprises Category by Financial Express.

In July 2017, Alembic was selected as one of India's Super 50 Companies in 2017 by Forbes India. This recognition was received second time in a row.

A strong leadership

Mr. Chirayu Amin, Chairman and CEO
Mr. Chirayu Amin has played a pivotal role in the growth of the organisation. Being an MBA from the United States, Mr. Amin has adapted well to the changing needs of modern-day business while keeping intact the legacy of more than 100 years. Along with being the Chairman of all Alembic Group businesses, he also holds the trusteeship in the hospital and schools that fall under the aegis of Alembic Group.

Mr. Pranav Amin, Managing Director
Mr. Pranav Amin heads the International Business Unit of the Organisation. He joined in 2007 as a Director and was elevated to the position of Joint Managing Director in 2015. In April 2016, he took charge as a Managing Director. A graduate in Economics/Industrial Management from Carnegie Mellon University in Pittsburgh, USA, and MBA in International Management from Thunderbird, Arizona State, USA, he is a great people leader and leads his enterprise through involvement, empowerment, and autonomy. He is also a Trustee of Bhailal Amin General Hospital and Uday Education Society, a trust which runs four schools in Vadodara.

Mr. Shaunak Amin, Managing Director
Mr. Shaunak Amin has graduated from University of Massachusetts, USA, with Economics as his focus. He has varied work experience with renowned multinationals, including Merril Lynch, Hong Kong and Shanghai Banking Corporation, etc. His extensive experience in Sales and Marketing has benefitted the Company immensely in achieving new heights in sales.

Mr. Raj Kumar Baheti, Director - Finance & Chief Financial Officer
Mr. R.K. Baheti is Commerce graduate and a fellow member of Institute of Chartered Accountants of India. He is also a fellow member of Institute of Company Secretaries of India with wide and varied experience in Finance, Legal, Taxation and Management.

Mr. K. G. Ramanathan, Independent Director
Mr. K. G. Ramanathan is a Postgraduate in Physics from University of Madras and is a Retd. IAS Officer. He has worked in senior administrative positions in the State of Gujarat and Government of India for more than three decades. He has wide industrial experience particularly in the fields of fertilizers, chemicals and petrochemicals. Before his retirement from Government service, he was the Chairman and Managing Director of erstwhile Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India. Mr. K. G. Ramanathan was the President of Chemical and Petrochemical Manufacturers Association of India. He is the founder President of Indian Centre for Plastics in the Environment (ICPE).

Mr. Pranav Parikh, Independent Director
Mr. Pranav Parikh is a Commerce Graduate and has done Business Administration Program at Harvard University, USA. He is an Industrialist and the founder and Chairman of TechNova Imaging Systems (P) Ltd. ('Technova') and a Director of Lemuir Group, a comprehensive logistics solution provider. Mr. Pranav Parikh started Technova in 1979 and under his leadership, Technova has become one of the largest manufactures in the world for offset plates, graphics art chemistry and digital print media. He has vast experience as an industrialist and has been an active participant in various industrial fora and organisations.

Mr. Paresh Saraiya, Independent Director
Mr. Paresh Saraiya is a senior business leader with over four decades of rich and diverse experience in technical, commercial, corporate leadership, entrepreneurship and corporate governance. He has done Graduation in Mechanical Engineering from The M.S. University of Baroda and has undergone various Management Development Programs. He started his career with Transpek Industry Limited, and after gaining rich experience of more than 25 years managing various functions, he assumed charge as Managing Director of Transpek Silox Industry Private Limited in Year 2001. A progressive leader, he is adept at building teams with shared vision and guiding them for effective execution of plans. He was a member of the Managing Committee of Federation of Gujarat Industries (FGI), Vadodara for many years. He was the Convenor of the task force on Chemicals and Dyestuff constituted by CII Western Region. He is also active in social service.

Mr. Milin Mehta, Independent Director
Mr. Milin Mehta is a Chartered Accountant and a Senior Partner of M/s. K. C. Mehta & Co., a reputed Chartered Accountants' Firm, since more than 3 decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and holds a Masters Degree in Commerce. He was also a member of the Committee set up by the Central Board of Direct Taxes (CBDT) for framing "Tax Accounting Standards" which are renamed as "Income-tax Computation and Disclosure Standards" (ICDS). Presently he is member of the Committee appointed by the Finance Minister under the CBDT for considering the MAT Impact on introduction of IndAS and also to notify further ICDS due to introduction of IndAS. He has also co-authored a book on 'Minimum Alternate Tax' published by The Bombay Chartered Accountants' Society. He is also active in social service.

Dr. Archana Hingorani, Independent Director
Dr. Archana Hingorani is a Bachelor of Arts (Economics) with post-graduate qualifications in Management (MBA) as well as a Ph.D. in Corporate Finance from the University of Pittsburgh, USA. Dr. Hingorani is Co-founder of Siana Capital Management LLP, an asset manager investing in the science and technology domains. Previously, she was the Chief Executive Officer of IL&FS Investment Managers Limited, and has over 23 years experience of investing in private equity transactions. She serves on the University of Pittsburgh, Chancellor's Global Advisory Council and the Advisory Board of TalentNomics, a Washington based group focused on encouraging upward movement of women in the workforce, and Global Impact Initiative, an Australian firm focused on impact investments. In the recent past, she has also served on the Investment Commissions of the United Nations Environment Programme. She has been recognized for leadership by Business World, Fortune India and Asian Investor. She is also an Adjunct Faculty at the Katz Business School, for Private Equity and Alternative Assets. In sum, she has over 32 years' experience in the financial services business, teaching and research.

Board's Report

Dear Members,

Your Directors have pleasure in presenting their 8th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2018.

1. Operations and State of Affairs of the Company:

₹ in Crores

Standalone basis		Particulars	Consolidated Basis	
2018	**2017**	**For the year ended 31st March**	**2018**	**2017**
639.20	635.81	Profit for the year before Interest, Depreciation and Tax	**650.13**	617.30
		Adjusting therefrom:		
2.22	3.21	Interest (net)	**3.40**	5.23
101.76	82.90	Depreciation	**105.46**	82.97
113.23	119.08	Provision for taxation	**120.36**	122.19
-	-	Share of Profit/(Loss) of Associates, Joint Venture, Non-controlling Interest	**(8.28)**	(3.74)
(3.06)	(2.13)	Other Comprehensive Income	**(3.20)**	(4.67)
418.93	428.50	Total Comprehensive Income	**409.43**	398.50
691.58	653.84	Retained Earnings – Opening Balance	**718.18**	707.91
		Add:		
421.99	430.63	Profit for the year	**412.63**	403.16
		Less:		
75.41	75.41	Dividend paid on Equity Shares during the year	**75.41**	75.41
15.35	15.35	Corporate Dividend tax paid during the year	**15.35**	15.35
(3.06)	(2.13)	Other Comprehensive Income	**(3.06)**	(2.13)
100.00	300.00	Transfer to General Reserve	**100.00**	300.00
919.76	691.58	Balance carried forward to Balance Sheet	**937.00**	718.18

The break-up of consolidated sales including export incentives is as under:

₹ in Crores

Particulars		F.Y. 2017-18	F.Y. 2016-17
Formulations	India	**1,273.83**	1,254.47
	International	**1,206.39**	1,236.29
API	India	**101.56**	61.34
	International	**549.03**	582.51
Total		**3,130.81**	3,134.61

The Company has prepared the Standalone and Consolidated Financial Statements in accordance with the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

2. Transfer to Reserves:

An amount of ₹100 Crores from the net profits for the financial year under review is proposed to be carried to General Reserves.

3. Dividend:

Your Directors recommend Dividend at ₹4.00 per equity share (i.e. 200%) of face value ₹2/- each for the financial year ended 31st March, 2018 as against ₹4.00 per equity share (i.e. 200%) for the financial year ended 31st March, 2017.

4. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in this Annual Report. Certain Statements in the said report may be forward looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

5. USFDA Audit:

During the year under review, our following facilities were inspected and audited by USFDA:

a) Bioequivalence located at Vadodara without any observation.

b) Formulation Facility at Panelav with three observations. None of the observations were related to data integrity or repetitive in nature. The Company submitted its response on the observations with USFDA.

6. Subsidiaries, Associates and Joint Venture:

During the year under review, Orit Laboratories LLC and Okner Realty LLC became wholly-owned subsidiaries of the Company through its step down subsidiary. In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, www.alembicpharmaceuticals.com. Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company. Shareholders interested in obtaining a physical copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's Registered Office.

7. Directors:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. R. K. Baheti, Director - Finance & CFO of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors at its meeting held on 31st January, 2018, re-appointed Mr. Shaunak Amin as Managing Director for a period of five years, effective from 2nd May, 2018, subject to approval of the members at the Annual General Meeting.

The first term of office of Mr. K. G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta, as Independent Directors, will expire on 31st March, 2019. The Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 16th May, 2018 has recommended their re-appointment as Independent Directors of the Company for a second term of 5 (five) consecutive years, subject to the approval of the members by way of special resolution at the Annual General Meeting.

8. Key Managerial Personnel:

Mr. Chirayu Amin, Executive Chairman & CEO, Mr. Pranav Amin, Managing Director, Mr. Shaunak Amin, Managing Director, Mr. R. K. Baheti, Director - Finance & CFO and Mr. Ajay Kumar Desai, Senior Vice President - Finance & Company Secretary are Key Managerial Personnel of the Company.

9. Meetings of the Board:

Four (4) Board Meetings were held during the financial year ended 31st March, 2018. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report.

10. Independent Directors:

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

11. Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

The following were the Evaluation Criteria:

a) For Independent Directors:
- Knowledge and Skills
- Professional conduct
- Duties, Role and functions

b) For Executive Directors:
- Performance as Team Leader/Member
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Key Set Goals and Achievements
- Professional Conduct and Integrity
- Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

12. Audit Committee:

The Audit Committee consists of Independent Directors with Mr. Paresh Saraiya as Chairman, Mr. Pranav Parikh, Mr. Milin Mehta and Dr. Archana Hingorani as members. The Committee inter alia reviews the Internal Control

System, Reports of Internal Auditors and Compliance of various regulations. The Committee also reviews the financial statements before they are placed before the Board.

13. Vigil Mechanism:

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism or Whistle Blower Policy for directors, employees and other stakeholders to report genuine concerns has been established. The same is also uploaded on the website of the Company.

14. Internal Control Systems:

The Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations. The internal auditors' team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

15. Corporate Social Responsibility:

Alembic Group has been proactively carrying out CSR activities since more than fifty years. Alembic Group has established, nurtured and promoted various Non-Profit Organisations focusing on three major areas – Education, Healthcare and Rural Development.

In compliance with requirements of Section 135 of the Companies Act, 2013, the Company has laid down a CSR Policy. The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended 31st March, 2018 in the format prescribed under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure A.

16. Policy on Nomination and Remuneration:

In compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a Nomination and Remuneration policy which has been uploaded on the Company's website. The web-link as required under Companies Act, 2013 is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2018/investors/Nomination-and-Remuneration-Policy.pdf

The salient features of the NRC Policy are as under:

1) Setting out the objectives of the Policy.
2) Definitions for the purposes of the Policy.
3) Policy for appointment and removal of Director, KMP and Senior Management which includes:
   a) Appointment criteria and qualifications.
   b) Term/Tenure.
   c) Guidelines for:
      i) Evaluation;
      ii) Removal;
      iii) Retirement.
4) Policy relating to the Remuneration for the Managerial Personnel, KMP, Senior Management Personnel & other employees, which includes:
   a) General provisions relating to Remuneration.
   b) Guidelines for:
      i) Fixed Pay;
      ii) Variable Pay;
      iii) Commission;
      iv) Minimum Remuneration;
      v) Provisions for excess remuneration.
   c) Separate criteria for remuneration to Company Secretary, Senior Management Personnel and other employees.
5) Remuneration to Non-Executive / Independent Director, with details regarding their:
   a) General provisions relating to Remuneration
   b) Guidelines for:
      i) Sitting Fees;
      ii) Commission.
   c) Restriction on Stock options.

During the year, there is no change in the said policy.

17. Dividend Distribution Policy:

In compliance with the requirements of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a Dividend Distribution Policy, which is annexed herewith as Annexure B and has been uploaded on the Company's website. The web-link for the same is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/Dividend%20Distribution%20Policy.pdf

18. Related Party Transactions:

Related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company.

There are no material related party transactions which are not in ordinary course of business or which are not on arm's length basis and hence there is no information to be provided as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-RPT-policy.pdf

19. Corporate Governance:

The Report on corporate governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

The requisite certificate from M/s. Samdani Shah & Kabra, Practising Company Secretaries confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Schedule V is attached to the Report on Corporate Governance.

20. Fixed Deposits:

As on 31st March, 2018, there were unclaimed deposits amounting to ₹0.06 Crore from 16 deposit holders which have been transferred to current liabilities. There has been no default in repayment of deposits or interest thereon. In the last 5 years, the Company has not accepted/ renewed any deposits.

21. Listing of shares:

The Equity Shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with security ID/symbol of APLLTD. The Company confirms that the annual listing fees to both the stock exchanges for the F.Y. 2018-19 have been paid.

22. Loans, Guarantees or Investments:

Details of Loans granted, Guarantees given and Investments made during the year under review, covered under the provisions of Section 186 of the Companies Act, 2013 is annexed herewith as Annexure C.

23. Auditors:

a) Statutory Auditors:
In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants, has been appointed as Statutory Auditors of the Company till the conclusion of Annual General Meeting for the F.Y. 2018-19, as approved by the members at their 4th Annual General Meeting held on 28th July, 2014.

The Auditor's Report for the F.Y. 2017-18 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the financial statement in this Annual Report.

b) Secretarial Auditors:
The Board of Directors of the Company appointed M/s. Samdani Shah & Kabra, Practising Company Secretaries, Vadodara, to conduct Secretarial Audit for the F.Y. 2018-19.

The Secretarial Audit Report of M/s. Samdani Shah & Kabra, Practising Company Secretaries for the F.Y. 2017-18, is annexed herewith as Annexure D.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Company has generally complied with all the applicable provisions of the Secretarial Standards.

c) Cost Auditors:
Mr. H. R. Kapadia, Cost Accountant, Vadodara, Cost Auditor of the Company has been appointed as Cost Auditor for conducting audit of the cost accounts maintained by the Company relating to Bulk Drugs and Formulations for the F.Y. 2018-19.

d) Internal Auditors:
The Board of Directors appointed M/s. Ernst & Young LLP, Chartered Accountants as Internal Auditors of the Company for the F.Y. 2018-19.

24. Risk Management:

The Company has voluntarily constituted a Risk Management Committee and formulated Enterprise Risk Management Policy which functions as a guiding tool in fulfilling the management's responsibility towards risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Risk Management Committee, Audit Committee and the Board of Directors of the Company.

25. Directors' Responsibility Statement:

In terms of the provisions of Companies Act, 2013, the Directors state that:

a) in preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies as listed in Note 2 to the financial statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2018 and of the profit of the Company for that period;

c) the directors have taken proper and sufficient care for 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;

d) the directors have prepared the annual accounts on a going concern basis; and

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. Material Changes:

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2018. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

27. Extracts of Annual Return:

The extract of Annual Return required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is placed on the Company's website. The web-link as required under Companies Act, 2013 is as under:
http://www.alembicpharmaceuticals.com/noticescorrespondences/

28. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure E.

29. Particulars of employees and related disclosures:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure F.

A statement showing the names and particulars of the employees falling within the purview of Rule 5(2) of the aforesaid rules are provided in the Annual Report. The Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company during working hours and the same will be furnished on request in writing to the members.

30. Details of Unclaimed Suspense Account:

Disclosure pertaining to Unclaimed Suspense Account as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith as Annexure G. The voting rights on the equity shares which are transferred to Unclaimed Suspense Account shall remain frozen till the rightful owner of such equity shares claims the shares.

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

16th May, 2018

Alembic Pharmaceuticals Limited
Regd. Office: Alembic Road, Vadodara - 390 003
Tel: +91 265-2280550 Fax: +91 265-2282506
Web: www.alembicpharmaceuticals.com
Email ID: apl.investors@alembic.co.in
CIN: L24230GJ2010PLC061123

Note: As per the provisions of Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on standalone financial statements and a report on performance and financial position of each of the subsidiaries and associates is included in the financial statements.

Annexure - A

Annual Report on CSR Activities to be included in the Board's Report

1. **A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**
   The Company's CSR Policy provides for carrying out CSR activities in the area of Education, Healthcare and Rural Development through various 'Non Profit Organisations', viz. Alembic CSR Foundation, Bhailal Amin General Hospital, Rural Development Society, Uday Education Society and others.

   The CSR spend may be carried out by way of donation to the corpus of the above 'Non Profit Organisations' or contribution towards some specific project being undertaken by any of the organisations. The web-link for the CSR Policy of the Company is as under: http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-CSR-Policy.pdf

2. **The Composition of CSR Committee:**
   Mr. Chirayu Amin – Chairman
   Mr. K. G. Ramanathan – Member
   Mr. Paresh Saraiya – Member

3. **Average Net Profit of the Company for the last three financial years:** ₹652.85 Crores

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹13.06 Crores

5. **Details of CSR Spent during the financial year:**

   (a) Total amount to be spent for the financial year: ₹13.06 Crores

   (b) Amount unspent, if any: ₹5.92 Crores

   (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programmes** **(1) Local area or other** **(2) Specify the State and District where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads** **(1) Direct Expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount Spent: Direct or through implementing agency (IA)**
1.	Adoption of School in tribal/backward areas	Education	Across Gujarat	Multiple Programs	Direct – ₹0.21 Crore	₹0.21 Crore	Through IA - Alembic CSR Foundation
2.	Building of toilets and educating the community	Sanitation	Vadodara & Panchmahal, Gujarat	Multiple Programs	Direct – ₹0.83 Crore	₹0.83 Crore	-do-
3.	Adoption of Children's homes (orphans & social/ economically backward groups)	Promoting Equality	Vadodara, Gujarat	Multiple Programs	Direct – ₹0.11 Crore	₹0.11 Crore	-do-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programmes** **(1) Local area or other** **(2) Specify the State and District where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads** **(1) Direct Expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount Spent: Direct or through implementing agency (IA)**
4.	Adoption of Government Institution for destitutes	Promoting Equality	Vadodara, Gujarat	Multiple Programs	Direct – ₹0.06 Crore	₹0.06 Crore	-do-
5.	Village Development Programs	Rural Development Projects	Vadodara (Karkhadi) & Panchmahal (Panelav & Dhinkva), Gujarat	Multiple Programs	Direct – ₹0.39 Crore	₹0.39 Crore	-do-
6.	Blood Transfusion Centre	Healthcare	Vadodara, Gujarat	Multiple Programs	Direct – ₹0.15 Crore	₹0.15 Crore	-do-
7.	Construction of Healthcare & related facilities	Healthcare	Vadodara, Gujarat	Single Program	Direct – ₹0.25 Crore	₹0.25 Crore	-do-
8.	Contribution towards construction of education university	Education	Chitrakoot, Uttar Pradesh	Single Program	Direct – ₹0.15 Crore	₹0.15 Crore	-do-
9.	Contribution towards sports promotion	Sports Promotion	Vadodara, Gujarat	Single Program	Direct – ₹0.25 Crore	₹0.25 Crore	-do-
10.	Contribution towards education facilities	Education	Sikkim	Single Program	Direct – ₹0.05 Crore	₹0.05 Crore	-do-
11.	Contribution towards promotion and development of traditional arts and handicrafts	Promotion and Development of Traditional Arts and Handicrafts	Panchmahal, Gujarat	Single Program	Direct – ₹0.05 Crore	₹0.05 Crore	-do-
12.	Contribution towards cochlear implants for economically weaker sections	Healthcare	Mumbai, Maharashtra	Single Program	Direct – ₹0.06 Crore	₹0.06 Crore	-do-
13.	Training & Workshop to Childrens & Teachers	Education	Chhota Udepur & Panchmahal, Gujarat	Multiple Programs	Direct – ₹0.04 Crore	₹0.04 Crore	-do-
14.	Contribution towards CSR activities	Various activities covered under Schedule VII of the Companies Act, 2013	Across Gujarat	Multiple Programs	Direct – ₹3.58 Crores	₹3.58 Crores	-do-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programmes** **(1) Local area or other** **(2) Specify the State and District where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads** **(1) Direct Expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount Spent: Direct or through implementing agency (IA)**
15.	Community outreach programs, school education development for students of school, run by Rural Development Society	Education	Panchmahal, Gujarat	Multiple Programs	Direct – ₹0.77 Crore	₹0.77 Crore	-do-
16.	Contribution towards clean & safe drinking water	Preventive Healthcare	Panchmahal, Gujarat	Multiple Programs	Direct – ₹0.11 Crore	₹0.11 Crore	-do-
17.	Chief Minister Relief Fund	Flood relief activities	Banaskantha & Patan, Gujarat	Single Program	Direct – ₹0.08 Crore	₹0.08 Crore	Direct
Total					**₹7.14 Crores**	**₹7.14 Crores**	

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report:**
The Company believes in following a planned model for CSR activities which are sustainable over long-term and has a direct impact on the life of the beneficiaries of such programs. The Company also undertakes multiple projects annually, the requirement of which is recognized due to an immediate need of a particular section of the society. However, in all major initiatives pursued by the Company, the underlying objective is to ensure that funds are allocated and utilized in a planned manner, so as to derive sustainable long-term benefits to the community at large. During the last three financial years, the Company has spent ₹6.26 Crores, ₹4.22 Crores and ₹7.14 Crores respectively on CSR activities, which reflect our sustained efforts towards our CSR program.

During the financial year 2015-16, the Company's profit included certain items which are non-recurring in nature, resulting in a spike in the average net profits for the preceeding three financial years and consequently higher amount available for CSR expenditure in the current year. In such circumstance, the Company could not identify and implement the CSR projects utilizing the funds to the full extent prescribed under the Act, resulting in expenditure on CSR being less than the limits prescribed under the Companies Act, 2013.

7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Signing both on behalf of the Company and the Committee

Sd/-
Chirayu Amin
Chairman & CEO and Chairman of CSR Committee

Annexure – B

The Dividend Distribution Policy was inadvertently not annexed in the previous Annual Report.

Dividend Distribution Policy

Policy Statement:
The Dividend Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth.

The Company will endeavour to maintain the Dividend Payout Ratio ranging generally between 20%-35% of the Profit after Tax on standalone financials. However, non-recurring profits arising out of one time opportunities will not be considered.

Scope:
The Policy set out herein relate to Equity Share Capital in accordance with the provisions of Section 43 of the Companies Act, 2013. While the Policy generally relate to Final Dividend, it also applies to Interim Dividend declared by the Board of Directors of the Company.

Objectives:
a) To define the Policy and Procedures of the Company in relation to the calculation, declaration and settlement of Dividends.

b) To create a transparent and methodological Dividend Policy, clearly identified and promptly communicated to appropriate stakeholders.

Applicability and Effective Date:
This Policy shall be applicable to the Company with effect from 29th July, 2016.

Parameters/Factors to be considered:

Financial:
While recommending/declaring dividend, the Board will consider financial parameters, including but not limited to,
(i) Operating results and overall financial position
(ii) Working capital
(iii) Capital expenditure requirement including for inorganic growth, if any
(iv) Debt servicing requirements of the Company, its Subsidiaries, its Associates and Joint Ventures ('Group').

Internal and External:
While recommending/declaring Dividend, the Board will consider Internal and External Factors such as:
(i) Possibility of earning consisting profit
(ii) Global Market Conditions
(iii) Tax policy

Dividend Expectations:
The recommendation of Dividend will always be at the sole discretion of the Board. The Board will recommend and/or declare Dividend after reviewing this Policy keeping in mind the business environment and requirements of the Group.

The decision on whether to declare and pay Dividends will be a separate item of agenda at the AGM.

In case of sufficient reasonable profits, the Board may endeavor to declare Dividend in the Dividend Payout Ratio mentioned above. However, in case of inadequacy of profits in any year, the Board may decide to conserve profits of the Company and utilize them for further business purposes or meeting business exigencies.

Utilisation of Retained Earnings:
The Company will endeavor to utilize Retained Earnings for business requirements including, but not limited to, working capital, investments, expansions, acquisitions, etc.

General Procedure:
a) The Company's Board of Directors will be responsible for generating all resolutions on the declaration and payment of Dividends.

b) The Board of Directors will have the power to recommend final Dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors will have the absolute power to declare Interim Dividend during the financial year, as and when they consider it fit.

c) The resolution of the Board of Directors for Final Dividend will be presented in the form of a recommendation to the Shareholders.

d) The decision on whether to declare and pay Dividends will be a separate item of agenda at the AGM.

e) The decision on the Dividend amount payable and the payment procedure will be made by the Board of Directors at a meeting where the resolution for distribution of the Company's net profit for the financial year is made by the directors and recommended to the Shareholders.

f. Any declaration to pay Dividends may provide the following:
   i. The type and class of shares on which the Dividends have been declared;
   ii. The amount of Dividends per share of each type and class;
   iii. The period for payment; and
   iv. The form of payment.

Persons entitled to receive Dividends:

a) The list of persons entitled to receive Dividends will be prepared by the Company's Registrar and Transfer Agent (RTA) in accordance with the record date determined by the Company for such purpose.

b) Such list will include registered shares and the persons on behalf of whom the nominal holders own the shares as on the record date.

c) For the preparation of the list of persons entitled to receive Dividends, nominal shareholders will provide information on the persons for whom they hold shares.

Paying Declared Dividends:

a) In case of Final Dividend, the date on which annual Dividends are paid will be determined by the Directors and mentioned in the Notice convening the AGM. The date of payment of Interim Dividends will be determined by the Board of Directors.

b) No interest shall accrue on unclaimed Dividends.

c) Any matters relating to the payment of Dividends and not governed by the Law, the Company's Articles of Association and policies, will be decided by the Board of Directors in a manner, which takes into consideration and complies with the rights and legitimate interests of shareholders.

Board Approval:

The Board of Directors of the Company at its meeting held on 29th July, 2016 has approved the Dividend Distribution Policy.

Policy Amendments:

The Authorised KMP's (Mr. Chirayu Amin, Chairman & CEO, Mr. Pranav Amin, Managing Director, Mr. Shaunak Amin, Managing Director, Mr. R. K. Baheti, Director – Finance & CFO and Mr. Ajay Kumar Desai, Vice President – Finance & Company Secretary) may amend or modify this Policy in whole or in part, at any time.

Annexure – C

Particulars of Loans granted, Guarantees given or Investments made by the Company

₹ in Crores

Nature of Transaction (whether loan/ guarantee/ investments)	Date of granting loans, giving guarantee or making investments	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired	Amount	Purpose of loan/ guarantee/investments
Investment in Secured Debentures	06.04.2017	Aleor Dermaceuticals Limited 5th Floor, Administrative Building, Alembic Limited, Alembic Road, Vadodara - 390 003	15.00	Project under implementation / Research & Development
	02.05.2017		15.00	
	25.05.2017		25.00	
	23.06.2017		40.00	
	08.08.2017		30.00	
	30.10.2017		20.00	
	28.11.2017		30.00	
	25.01.2018		25.00	
Investments in liquid scheme of Mutual Fund*	20.04.2017	Reliance Mutual Fund (Reliance Liquid Fund - Treasury Plan - Daily Dividend Option) H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710	12.00	Temporary parking of surplus funds
	23.04.2017		15.00	
	21.05.2017		6.00	
	22.05.2017		4.00	
	01.06.2017		4.00	
	04.06.2017		6.50	
	31.08.2017		5.00	
	03.09.2017		3.00	
	05.09.2017		10.00	
	07.09.2017		8.00	
	10.09.2017		3.00	
	11.09.2017		6.00	
	18.09.2017		10.00	
	21.09.2017		4.00	
	24.09.2017		5.00	
	25.09.2017		3.00	
	23.10.2017		3.00	
	24.10.2017		6.00	
	09.11.2017		15.00	
	12.11.2017		9.00	
	14.11.2017		6.00	
	19.11.2017		4.00	
	21.11.2017		4.00	
	23.11.2017		4.00	
	10.12.2017		12.00	
	21.12.2017		5.00	

*Note: The above stated investments are gross investments and are invested for short duration and redeemed thereafter.

Nature of Transaction (whether loan/ guarantee/ investments)	Date of granting loans, giving guarantee or making investments	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired	Amount	Purpose of loan/ guarantee/investments
Guarantee	27.06.2017	Alembic Mami SPA Z.IEL Tarf N 135 Zone 'S' Benbadis Constantine, Algeria	USD 2.10 Millions	To support joint venture of AGH for its business requirements
-do-	09.08.2017	Alembic Global Holding SA (AGH) Rue Fritz – Courvoisier 40, 2300 La Chaux-de-Fonds, Switzerland	USD 5.00 Millions	To support 100% subsidiary of the Company for its business requirements
-do-	16.10.2017	Alembic Pharmaceuticals Inc. 750 Highway 202, Bridgewater, NJ 08807	USD 8.00 Millions	To support step down subsidiary of the Company for its business requirements

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

Annexure – D

Secretarial Audit Report

For the financial year ended March 31, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Alembic Pharmaceuticals Limited
Alembic Road,
Vadodara - 390 003
Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alembic Pharmaceuticals Limited (hereinafter referred to as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2018, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

   We report that, there were no actions/events in pursuance of the following regulations requiring compliance thereof by the Company during the period of this report:-
   (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
   (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

vi. Other sector specific laws as follows:
   (a) The Drugs and Cosmetics Act, 1940;
   (b) National Pharmaceuticals Pricing Policy, 2012;
   (c) The Pharmacy Act, 1948;
   (d) The Narcotic Drugs and Psychotropic Substances Act, 1985;
   (e) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
   (f) The Drug (Prices Control) Order, 2013;
   (g) Food Safety and Standards Act, 2006.

We have also examined compliance with the applicable clauses/regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review;

B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;

C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines;

E. During the audit period, there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Sd/-
S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677
CP No. 2863

Vadodara,
Date: 18th April, 2018

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

Appendix A

To,
The Members,
Alembic Pharmaceuticals Limited
Alembic Road
Vadodara - 390 003
Gujarat

Our Secretarial Audit report of even date is to be read along with this letter, that:

- Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.

- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.

- Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.

- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677
CP No. 2863

Vadodara,
Date: 18th April, 2018

Annexure – E

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

(A) Conservation of Energy

(i) Steps taken or impact on conservation of energy:

(a) Shifted from CFL to LED Lighting with less energy consumption.

(b) Procuring AHUs with VFD controls through velocity measurement in ventilation areas.

(c) Shifting load of reciprocating refrigeration compressor on screw compressor with inverter control. Controlling operation of the HVAC resulting in power savings.

(d) Steam Condensate recovery improvement in plant by installing new condensate recovery pump (PPPU).

(e) Steam coils installed in place of Electrical heater bank controlling operation of the HVAC resulting in power savings.

(f) Energy conservation in HVAC system by installation of energy efficient chillers by reducing TR/KW.

(g) Installation of online condenser tube cleaner for existing chillers (3 No.) to improve the operational efficiency.

(h) Energy conservation in water pumping system by replacing old pumps with high energy efficient pumps, motors and cooling tower fans.

(i) Ejector system replaced by energy efficient Vacuum pump for process if vacuum generation (3 System).

(j) Replacement of old reciprocating blower with high efficient centralised screw blower at ETP.

(k) Water conservation and thereby energy reduction by water recycling and reuse.

(ii) Steps taken for utilising alternate sources of energy:

The Company initiated installation of solar power generation to be used as alternate source of renewable energy.

(iii) Capital Investment on energy conservation equipments:

The Company continuously endeavours to discover usages on new technologies and tools to save the energy and reduce consumption. The Company has been keen on investing for energy conservation projects as mentioned below:

(a) Energy efficient pumps and motors
(b) High efficient chiller for HVAC
(c) Auto tube cleaning system
(d) LED lightings
(e) Screw blowers at ETP
(f) Solar power system

(B) Technology Absorption

(i) Efforts made towards technology absorption:

Alembic scientists rely heavily on technology to help them to do tasks which are often complex. Alembic has chosen to develop technology - intensive APIs, novel polymorphs, which offer high value advantage. The foundation of competitive advantage in the pharmaceutical industry lies in successful innovation. The pharmaceutical industry spends more as a percentage of sales on Research and Development than any other industry.

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

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

(a) The Company filed 26 ANDAs (including Aleor JV) and 10 DMFs with USFDA in this fiscal year. The cumulative ANDA filings stood at 132 (including Aleor JV) and 70 approvals (including 9 tentative approval) have been received till 31st March, 2018 including 1 NDA and the cumulative DMFs stood at 94. The continuous research activities have led to commercialisation of in-house formulations in the USA market.

(b) The Company has more than 620 scientists working across three development centres.

(c) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.

(d) Till date 664 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 264 patents for formulations have been filed.

(e) With increase in thrust on cost optimization, at Alembic Research Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market, which has experienced price erosion.

(f) Technology for new products have been developed at the lab scale and also on the synthetic front.

(iii) Information regarding technology imported, during the last 3 years: Nil

(iv) Expenditure incurred on Research and Development:

₹ in Crores

Particulars	2018	2017
(a) Capital	**70.09**	43.18
(b) Recurring	**388.95**	378.44
(c) Total	**459.04**	421.62
(d) Total R&D expenditure as a percentage of total turnover	**16%**	14%

(C) Foreign Exchange Earnings and Outgo:

The details of foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows are as under:

₹ in Crores

	2018	2017
Income		
Export (FOB basis)	**1,453.48**	1,562.58
Royalty	**18.68**	17.97
Expenditure		
Raw Materials (CIF basis)	**328.83**	324.09
Professional and Consultancy fees	**21.23**	50.83
Capital Goods	**211.02**	53.07
R & D and Filing Fees	**81.80**	47.37
Others	**59.70**	53.50

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

Annexure – F

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to disclose following information in the Board's Report.

Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year

Name	Ratio to Employees
Chirayu Amin – Chairman & CEO	1:0.00147
Pranav Amin – Managing Director	1:0.00207
Shaunak Amin – Managing Director	1:0.00207
R. K. Baheti – Director-Finance & CFO	1:0.00969

Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name	% Increase
Chirayu Amin – Chairman & CEO	7.32
Pranav Amin – Managing Director	36.14
Shaunak Amin – Managing Director	36.18
R. K. Baheti - Director – Finance & CFO	14.83
Ajay Kumar Desai – Senior Vice President – Finance & Company Secretary	26.07

Percentage increase in the median remuneration of employees in the financial year	8.89%
Number of permanent employees on the rolls of company	9,526

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	10.90% (Non-Managerial Personnel) 23.62% (Managerial Personnel)

We affirm that the remuneration paid to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

Annexure – G

Details of Unclaimed Suspense Account as per the provisions of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	No. of shareholders: 2787 Outstanding shares: 7,89,568
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	No. of shareholders: 27 No. of shares: 12,570
Number of shareholders to whom shares were transferred from suspense account during the year	No. of shareholders: 22 No. of shares: 11,560
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	No. of shareholders: 2,765 Outstanding shares: 7,78,008

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

Report on Corporate Governance

1. Company's Philosophy

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

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

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

Alembic endeavours to make its management team empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board has also institutionalised good management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

2. Board of Directors

- **Composition of the Board**

  The Board of Directors consist of 3 Promoter Executive Directors, 1 Professional Executive Director and 5 Independent Non-Executive Directors. The Chairman of the Board is an Executive Director. As on 31st March, 2018 and on the date of this report, the Board meets the requirement of having at least one woman director and not less than 50% of the Board strength comprising of Non-Executive Directors as 5 out of 9 Directors are Non-Executive Independent Directors including 1 Woman Director.

- **Number of Board Meetings held and the dates of the Board Meetings**

  Four (4) Board Meetings were held during the year ended 31st March, 2018 on 3rd May, 2017, 20th July, 2017, 7th November, 2017 and 31st January, 2018. The time gap between any two meetings was not exceeding one hundred and twenty days.

- **Details of composition and category of Directors, attendance at the Board Meetings, Annual General Meeting and shareholding of each Director**

Name of the Director	Category	No. of Board Meetings held & attended during the Financial Year	Attendance at the last AGM	No. of Equity shares held in the Company #
Mr. Chirayu Amin Chairman & CEO	Promoter Executive	4 out of 4	Yes	45,21,465$
Mr. Pranav Amin Managing Director	Promoter Executive	4 out of 4	Yes	10,09,800
Mr. Shaunak Amin Managing Director	Promoter Executive	4 out of 4	Yes	10,06,980
Mr. R. K. Baheti, Director-Finance & CFO	Professional Executive	4 out of 4	Yes	Nil
Mr. K. G. Ramanathan	NED (I)*	4 out of 4	No	Nil
Mr. Pranav Parikh	NED (I) *	4 out of 4	Yes	6,500
Mr. Paresh Saraiya	NED (I) *	4 out of 4	Yes	Nil
Mr. Milin Mehta	NED (I) *	4 out of 4	Yes	Nil
Dr. Archana Hingorani	NED (I) *	4 out of 4	Yes	Nil

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

\# The Company has not issued any convertible instruments.

$ 10,73,250 Equity Shares are held in the name of Chirayu Ramanbhai Amin in representative capacity of Karta of Chirayu Ramanbhai Amin HUF.

- **Number of other board of directors or committees in which a Director is a director/member/chairperson**

Name of the Director	No. of Directorships		No. of Committee Memberships		No. of Committee Chairmanships	
	In all other companies	Excl. Pvt. Ltd.,* Foreign & Sec. 8 companies	All committees	Only Audit & Stakeholders Relationship Committee	All committees	Only Audit & Stakeholders Relationship Committee
Mr. Chirayu Amin	5	4	6	1	3	1
Mr. Pranav Amin	1	-	-	-	-	-
Mr. Shaunak Amin	3	2	-	-	-	-
Mr. R. K. Baheti	2	2	-	-	-	-
Mr. K. G. Ramanathan	-	-	-	-	-	-
Mr. Pranav Parikh	5	1	-	-	-	-
Mr. Paresh Saraiya	6	3	4	2	2	1
Mr. Milin Mehta	8	3	9	5	6	4
Dr. Archana Hingorani	5	4	10	3	3	2

* Includes directorship in private companies that are either holding or subsidiary company of a public company.

Pursuant to the provisions of Section 165(1) the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors holds Directorships in more than 20 companies (Public or Private), 10 public companies, Membership of Board Committees (Audit & Stakeholders Relationship Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5. None of the Directors serve as Independent Director in more than 7 listed companies. None of the Director who serves as Whole Time Director in any listed company serves as Independent Director in more than 3 listed companies.

- **Disclosure of relationships between directors inter-se**

Mr. Chirayu Amin, Chairman & CEO is father of Mr. Pranav Amin and Mr. Shaunak Amin, Managing Directors of the Company. None of the other Directors are related to each other.

- **Familiarisation Programmes for Independent Directors**

The Company has conducted the familiarisation programmes for Independent Directors during the year. The details for the same have been disclosed on the website of the Company at the following web-link: http://www.alembicpharmaceuticals.com/familiarization-programme/

3. Audit Committee

- **Composition, Name of Chairman and Members & Terms of Reference**

The Audit Committee comprises of 4 Independent Non-Executive Director viz. Mr. Paresh Saraiya, Mr. Pranav Parikh, Mr. Milin Mehta and Dr. Archana Hingorani. Mr. Paresh Saraiya is Chairman of the Audit Committee.

The terms of reference of the Committee cover the matters specified for Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013.

The Statutory Auditors, Internal Auditors, Cost Auditor and other relevant Senior Management Persons are invited to attend the Meetings of Audit Committee. The Company Secretary of the Company acts as Secretary to the Committee. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 20th July, 2017.

- **Meetings and attendance during the year**

There were Four (4) meetings of the Audit Committee held during the year ended 31st March, 2018 on 3rd May, 2017, 20th July, 2017, 7th November, 2017 and 31st January, 2018.

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

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Paresh Saraiya	4	4
Mr. Pranav Parikh	4	4
Mr. Milin Mehta	4	4
Dr. Archana Hingorani	4	4

4. Nomination and Remuneration Committee

- **Composition, Name of Chairman and Members & Terms of Reference**

The Nomination and Remuneration Committee of Directors comprises of 4 Directors viz.

Mr. K. G. Ramanathan, Mr. Chirayu Amin, Mr. Paresh Saraiya and Mr. Milin Mehta. Mr. K. G. Ramanathan is Chairman of the Nomination and Remuneration Committee. The terms of reference of the Committee cover the matters specified for Nomination and Remuneration Committee under the SEBI (Listing Obligations and Disclosure Requirements) Obligations, 2015 and Companies Act, 2013. Mr. K. G. Ramanathan, Chairman of Nomination and Remuneration Committee was not present at the last Annual General Meeting held on 20th July, 2017 and had authorised Mr. Paresh Saraiya to attend and represent Nomination and Remuneration Committee of the Company at the meeting.

- **Meetings and attendance during the year**

There were Four (4) meetings of the Nomination and Remuneration Committee held during the year ended 31st March, 2018 on 3rd May, 2017, 20th July, 2017, 7th November, 2017 and 31st January, 2018.

The attendance of each member of the Nomination and Remuneration Committee is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. G. Ramanathan	4	3
Mr. Chirayu Amin	4	4
Mr. Paresh Saraiya	4	4
Mr. Milin Mehta	4	4

- **Performance Evaluation Criteria for Independent Directors**

The performance evaluation criteria's for Independent Directors are disclosed in the Board's Report.

5. Details of Remuneration paid to Directors

- **Executive Directors**

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Directors for the financial year 2017-18 are given below:

₹ in Crores

Name & Designation of the Executive Directors	Tenure	Fixed Salary & Perquisites	Variable Performance Bonus	Commission	Total
Mr. Chirayu Amin Chairman & CEO	5 years w.e.f. 1st April, 2016	5.50	-	16.50	**22.00**
Mr. Pranav Amin Managing Director	5 years w.e.f. 1st April, 2016	4.95	5.00	5.70	**15.65**
Mr. Shaunak Amin Managing Director	5 years w.e.f. 2nd May, 2018	4.96	5.00	5.70	**15.66**
Mr. R. K. Baheti Director-Finance & CFO	5 years w.e.f. 1st April, 2016	2.74	0.61	-	**3.35**
Total		**18.15**	**10.61**	**27.90**	**56.66**

Notes:

a) The criteria's for variable performance incentive includes Company Performance, Periodical Reviews, Skills and Competence.

b) The Executive Directors and the Company are entitled to terminate the service contracts by giving not less than three months' notice in writing to the other party. There is no provision for payment of severance fees. The Company does not have any Stock Options Scheme.

- **Non-Executive Directors**

Non-Executive Directors are paid ₹ 50,000/- as sitting fees for attending Board Meetings, ₹ 25,000/- for Audit Committee Meetings and ₹ 10,000/- for other Committee Meetings. Non-Executive Directors are also paid reimbursement of out of pocket expenses incurred for attending the meetings of the Board of Directors and Committees thereof.

The details of payment made to Non-Executive Directors during the financial year 2017-18 are as under:

₹ in Crores

Name of Director	Sitting Fees	Commission	Total
Mr. K. G. Ramanathan	0.03	0.08	**0.11**
Mr. Pranav Parikh	0.03	0.08	**0.11**
Mr. Paresh Saraiya	0.04	0.08	**0.12**
Mr. Milin Mehta	0.04	0.08	**0.12**
Dr. Archana Hingorani	0.03	0.08	**0.11**

The Board has approved the payment of commission to Non-Executive Independent Directors for the financial year 2017-18 which is within the limit approved by the members of the Company at the 6th Annual General Meeting of the Company held on 29th July, 2016.

The remuneration to Non-Executive Directors is based on the Nomination and Remuneration Policy of the Company.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company and its associates except Mr. Milin Mehta where two other Companies under same management have paid a total of ₹ 0.07 Crore to M/s. K. C. Mehta & Co. Chartered Accountants as fees for professional services provided by the firm to those Companies. Mr. Milin Mehta is partner of the said firm. The Board does not consider the firm's association with group companies to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta as an Independent Director of the Company.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. Pranav Amin and Mr. R. K. Baheti. Mr. Paresh Saraiya, Independent Non-Executive Director is Chairman of the Stakeholders' Relationship Committee. Mr. Paresh Saraiya was present at the last Annual General Meeting held on 20th July, 2017.

Mr. Ajay Kumar Desai, Senior Vice President – Finance & Company Secretary is the Compliance Officer of the Company.

Details of No. of Shareholders' complaints received: 6

No. not solved to the satisfaction of shareholders: Nil

No. of pending complaints: Nil

- **Meetings and attendance during the year**

There were Four (4) meetings of Stakeholders' Relationship Committee held during the year ended 31st March, 2018 on 3rd May, 2017, 20th July, 2017, 7th November, 2017 and 31st January, 2018.

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

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Paresh Saraiya	4	4
Mr. Pranav Amin	4	4
Mr. R. K. Baheti	4	4

7. General Body Meetings

The details of the location and time where the last three Annual General Meetings (AGMs) were held are as under:

Financial Year	Location	Date	Time	No. of Special Resolutions passed
2014-15	'Sanskruti', Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	31st July, 2015	3.00 p.m.	2
2015-16	'Sanskruti', Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	29th July, 2016	3.00 p.m.	6
2016-17	'Sanskruti', Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.	20th July, 2017	3.00 p.m.	Nil

* Whether any special resolution passed last year through postal ballot: No
* Whether any special resolution is proposed to be conducted through postal ballot: No

8. Means of Communication

Quarterly Results	The results will be published in the newspapers having wide coverage
Which Newspapers wherein results normally published	Will be published normally in – The Economic Times (English), The Economic Times (Gujarati) or any other leading newspapers
Any website, where displayed	www.alembicpharmaceuticals.com
Whether it also displays official news releases and	Yes
The presentations made to institutional investors or to the analysts	Yes

9. General Shareholder Information

a)	Annual General Meeting Date, Time and Venue	Friday, 27th July, 2018 at 3:00 p.m. 'Sanskruti', Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.
b)	Financial Year	2017-18
c)	Dividend Payment Date	On or before 2nd August, 2018
d)	Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
e)	Stock Code	The Equity Shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with security ID/symbol of APLLTD. ISIN: INE901L01018
f)	Market price data – high, low during each month in last financial year	Please see Annexure 'A'
g)	Share Performance of the Company in comparison to BSE Sensex	Please see Annexure 'B'
h)	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable
i)	Registrar and Share 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: +91 265-2356573, 2356794 E-mail ID: vadodara@linkintime.co.in
j)	Share Transfer System	Share transfers will be registered and returned within a period of fifteen days from the date of receipt, if documents are accurate in all respects. Stakeholders' Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, duplicate, etc. Total number of shares transferred in physical form during the year were 19,200 (previous year 16,005).

k)	Distribution of Shareholding/Shareholding Pattern as on 31st March, 2018	Please see Annexure 'C'
l)	Dematerialisation of Shares and Liquidity	As on 31st March, 2018, 18,55,87,992 shares (98.45%) are held in dematerialised form by the shareholders.
m)	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable
n)	Commodity price risk or foreign exchange risk and hedging activities	1. The Company imports a large value of API which is prone to commodity price risk. The Company does not do any hedging except strategic procurement at times. 2. The Company is a net foreign exchange earner and like the pharma sector, faces foreign currency fluctuation risk. Looking at the broad long-term trend, the Company hedges a small percentage of net forex earning and keeps the balance open.
o)	Plant Locations	1. Panelav, Tal. Halol, Dist. Panchmahal - 389 350, Gujarat. 2. Village Karakhadi, Tal. Padra, Dist. Vadodara. 3. Samardung Busty, Namthang, South Sikkim.
p)	Address for Correspondence/Investor Correspondence	1. Company Secretary & Compliance Officer Alembic Pharmaceuticals Limited Alembic Road, Vadodara - 390 003 Tel: +91 265-2280550 Fax: +91 265-2282506 E-mail ID: apl.investors@alembic.co.in 2. Link Intime India Private Ltd. B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Radha Krishna Char Rasta, Akota, Vadodara - 390 020 Tel: +91 265-2356573, 2356794 E-mail ID: vadodara@linkintime.co.in

10. Other Disclosures

a) Related Party Transactions:

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-RPT-policy.pdf

b) Compliance:

There was no non-compliance by the Company; penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

c) Whistle Blower Policy:

The Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethical policy.

The Whistle Blower Policy is placed on the website of the Company and web-link to the same is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-Whistle-Blower-Policy.pdf

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

Mandatory requirements:

The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

Non-Mandatory requirements:

a) Office for non-executive Chairman at Company's expense: Not Applicable

b) Half-yearly declaration of financial performance to each household of shareholders: Not complied

c) Modified opinion(s) in Audit Report: Complied as there are no modified opinion in Audit Report

d) Separate posts of Chairman & CEO: Not complied

e) Reporting of Internal Auditors directly to Audit Committee: Complied

e) Policy for determining 'material' subsidiaries':

The Company has formed the policy for determining 'material' subsidiaries'. The same has been placed on the website of the Company and web-link to the same is as under:
http://www.alembicpharmaceuticals.com/wp-content/uploads/2016/07/05APL-Policy-on-Material-Subsidiaries.pdf

f) Disclosure of commodity price risks and commodity hedging activities:

The details are provided at Point No. 9(n) of this report.

g) Disclosure of the compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:

Regulation No.	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee*	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

* Risk Management Committee has been constituted voluntarily.

h) Independent Directors' Meeting:

The Independent Directors met on 16th May, 2018 to carry out the evaluation for the financial year 2017-18 and *inter alia*, discussed the following:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties.

Mr. Pranav Parikh and Mr. Paresh Saraiya were not present in the meeting.

i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) 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, no complaint was received by the Company.

Annexure – A

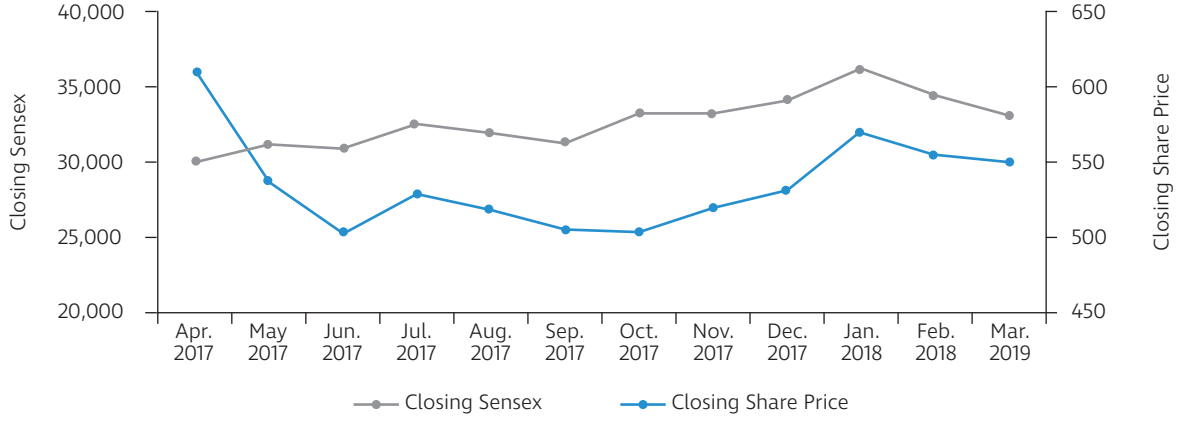
Market price data of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the financial year 2017-18:

Month – Year	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April - 2017	645.05	601.65	644.00	601.55
May - 2017	627.90	525.00	627.95	526.30
June - 2017	558.70	492.25	599.40	498.00
July - 2017	573.55	497.25	578.00	506.05
August - 2017	547.00	503.30	548.70	501.00
September - 2017	530.90	469.75	534.40	469.85
October - 2017	517.50	485.00	518.00	480.40
November - 2017	545.00	500.05	532.20	501.35
December - 2017	552.90	510.00	549.90	507.55
January - 2018	585.00	520.00	578.85	521.75
February - 2018	588.00	505.00	589.40	495.00
March - 2018	556.80	519.00	559.95	513.80

On 31st March, 2018, the closing price of the shares of the Company on BSE was ₹ 549.80 and on NSE was ₹ 548.35.

Annexure – B

Share Performance of the Company in comparison to BSE Sensex:



Annexure – C

The distribution of shareholdings as on 31st March, 2018 is as under:

Number of Share of Face Value	Number of Shareholders	% of total Shareholders	Number of Shares	% of total Shares
1	2	3	4	5
1-500	42,287	88.30	50,50,340	2.68
501-1000	2,877	6.01	22,19,238	1.18
1001-2000	1,368	2.86	20,53,226	1.09
2001-3000	450	0.94	11,43,614	0.61
3001-4000	213	0.44	7,52,811	0.40
4001-5000	154	0.32	7,09,573	0.37
5001-10000	271	0.57	19,35,662	1.03
10001 and above	269	0.56	17,46,51,450	92.64
Total	**47,889**	**100.00**	**18,85,15,914**	**100.00**

Shareholding pattern as on 31st March, 2018

Sr. No.	Category	No. of Shares Held	% of Voting Strength
(A)	Shareholding of Promoter & Promoter Group		
(1)	Indian	13,74,78,753	72.93
(2)	Foreign	-	-
Total Shareholding of Promoter and Promoter Group		**13,74,78,753**	**72.93**
(B)	Public Shareholding		
(1)	Institutions	2,69,99,457	14.32
(2)	Non-institutions	2,40,37,704	12.75
Total Public Shareholding		**5,10,37,161**	**27.07**
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
(1)	Promoter and Promoter Group	-	-
(2)	Public	-	-
Total (A) + (B) + (C)		**18,85,15,914**	**100.00**

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
Chairman & CEO

Code of Conduct

The Board has adopted code of conduct for all Board Members and Senior Management Personnel of the Company and the said code of conduct is posted on the website of the Company (www.alembicpharmaceuticals.com). A declaration signed by the CEO on behalf of the Board of Directors is given below:

"We hereby confirm that:

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March, 2018 and the copy of the code of conduct is put on the website of the Company at www.alembicpharmaceuticals.com.

On behalf of the Board of Directors,

Sd/-
Chirayu Amin
CEO

Corporate Governance Certificate

To the Members of
Alembic Pharmaceuticals Limited

We have examined the compliance of the conditions of Corporate Governance by Alembic Pharmaceuticals Limited for the year ended 31st March, 2018 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above - mentioned Listing Regulations.

We state that in respect of investor grievances received during the year ended 31st March, 2018, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

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

Sd/-
S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677; CP No. 2863

Vadodara, 18th April, 2018

Business Responsibility Report

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L24230GJ2010PLC061123

2. Name of the Company: Alembic Pharmaceuticals Limited

3. Registered Address: Alembic Road, Vadodara – 390 003

4. Web: www.alembicpharmaceuticals.com

5. E-mail ID: apl.investors@alembic.co.in

6. Financial Year reported: 1st April, 2017 to 31st March, 2018

7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
210*	Manufacture of Pharmaceuticals

* As per National Industrial Classification (NIC) 2008.

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
   (a) Azithromycin
   (b) Venlafaxine
   (c) Erythromycin

9. Total number of locations where business activity is undertaken by the Company:

   (a) Number of International Locations: The Company has 1 foreign subsidiary at Switzerland. Details of step down subsidiaries and joint ventures are provided in Form No. AOC-1 in this Annual Report. The Company also has Representative Offices in various countries.

   (b) Number of National Locations: The Company has manufacturing facilities situated at Panelav, District Panchmahal, Gujarat; Karakhadi, District Vadodara, Gujarat; and Samardung Basty, Namthang, South Sikkim and R & D Centres situated at Vadodara and Hyderabad.

10. Markets served by the Company – In addition to serving the Indian market, the Company exports to around 76 countries worldwide.

Section B: Financial Details of the Company

1. Paid-up Capital (INR): ₹37.70 Crores

2. Total Turnover (INR): ₹2,945.26 Crores

3. Total profit after taxes (TCI) (INR): ₹418.93 Crores

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (TCI) (%): 1.70%

5. List of activities in which expenditure in 4 above has been incurred:-
   (a) Adoption of Schools in tribal/backward areas
   (b) Community outreach programmes
   (c) Education
   (d) Promotion and development of traditional arts and handicraft
   (e) Sports Promotion
   (f) Promoting Equality
   (g) Healthcare including preventive healthcare
   (h) Rural development projects
   (i) Sanitation
   (j) Flood relief activities

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?
   Yes.

2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):
   No.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate on the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30%-60%, More than 60%]:
   No.

Section D: BR Information

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies
   1. DIN Number: 00245099
   2. Name: Mr. Pranav Amin
   3. Designation: Managing Director

   (b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	00245099
2.	Name	Mr. Pranav Amin
3.	Designation	Managing Director
4.	Telephone number	+91 265-2282506
5.	E-mail ID	apl.investors@alembic.co.in

2. Principle-wise (as per NVGs^) BR policy/policies

   (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are based on the National Voluntary Guidelines on social, environment and economic responsibilities of business issued by the Ministry of Corporate Affairs, Government of India.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies are signed by Mr. Pranav Amin, Managing Director.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	*	*	*	*	*	*	*	*	*
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

^ National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs in July 2011.

* http://www.alembicpharmaceuticals.com/policiescodes/

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
Yes, BR is published annually in the Annual Report and available at http://www.alembicpharmaceuticals.com/annual-report/.

Section E: Principle-wise performance

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
No. The policy relating to ethics, bribery and corruption covers the entire Alembic Group.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
During the year under review, the Company did not receive any such complaint.

Principle 2: Product Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
(a) Azithromycin
(b) Venlafaxine
(c) Modafinil

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of production (optional):

(a) Reduction during sourcing/production/distribution achieved since previous year throughout the value chain?
The Company manufactures and distributes at its world-class manufacturing facilities, a wide range of Branded Formulations and APIs. As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at product level.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
The Company has formulated an operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials. The Company has long-standing business relations with regular vendors. The Company enters into annual freight contracts with leading transporters for movement of materials. The Company continues to receive sustained support from its vendors.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
The Company procures goods and avail services from local and small vendors, particularly those located around its manufacturing locations. As a result of procurement of goods from local vendors, the Company saves on transportation as also on inventory carrying costs. The Company provides technical support and guidance to vendors in developing products wherever possible.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   Yes. The Company has mechanism for recycling of product as well as waste. 90% of total effluent generation (as most of the units are ZLD) is recycled, recovered and reused in boilers and cooling towers, thereby reducing fresh water consumption. Domestic Effluent is treated in STPs and its outlet is 100% used for gardening in Company campus to reduce fresh water intake.

   90% of incinerable waste, generated from production plants, is sent for co processing at cement manufacturing company as a fuel for their Kiln. 60% of spent solvents generated from the production plants are redistilled and reused in the plants.

Principle 3: Employees' Well-Being

1. Please indicate the Total number of employees: 9,526

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 1,558

3. Please indicate the Number of permanent women employees: 536

4. Please indicate the Number of permanent employees with disabilities: 6

5. Do you have an employee association that is recognised by management: No

6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable

7. Please indicate the Number of complaints related to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent Employees: 90%
   (b) Permanent Women Employees: 88%
   (c) Casual/Temporary/Contractual Employees: 99%
   (d) Employees with disabilities: 100%

Principle 4: Stakeholders Engagement

1. Has the Company mapped its internal and external stakeholders?
   Yes.

2. Out of above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders:
   Yes.

3. Are there are any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
   The Company through its Non-Profit Organisations viz. Alembic CSR Foundation, Rural Development Society, Bhailal Amin General Hospital, Uday Education Society and others are taking various initiatives in the area of Education, Healthcare, Community outreach programmes, Employment enhancing vocational skills to engage with the disadvantaged, vulnerable and marginalized stakeholders.

Principle 5: Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
   The Company's policy on human rights covers the entire Alembic Group.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
   During the year under review, the Company did not receive any such complaint.

Principle 6: Environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.
   The Company's policy on environment covers the entire Alembic Group.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
   No.

3. Does the Company identify and assess potential environmental risks?
   Yes. Environment Risk is assessed from the design stage of the project & adequate steps are taken to reduce environmental impact at construction & operational stage.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?
   Yes, Clean Development Mechanism measure has been part of our continuous endeavour of excellence. Furnace Oil Fired Boiler replaced with Coal Boiler and Solar Power to reduce carbon emission rate to environment.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage etc.
   The Company has taken various initiatives on conservation of energy and technology absorption as mentioned in Annexure E to the Board's Report. Solar Power is one of the area where we have been leveraging on.
   http://www.alembicpharmaceuticals.com/annual-report/

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
   Nil.

Principle 7: Advocacy

1. Is your Company a member of any trade and chamber of association? If Yes, Name only those major ones that your business deals with:
   The Company is a member of various trade bodies and chamber of associations *inter alia*:-
   (a) Federation of Gujarat Industries
   (b) Federation of Indian Chambers of Commerce & Industry
   (c) International Chamber of Commerce
   (d) Indian Drug Manufacturers' Association
   (e) Indian Chemical Council
   (f) Employers' Organisation
   (g) All India Employers' Organisation of Employers.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
   Yes. The Company has advocated on various areas concerning economic reforms, best practices, new standards or regulatory development pertaining to pharmaceutical industry through the associations, from time to time.

Principle 8: Community Development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
   Alembic Group has been proactively carrying out various community development activities since more than fifty years. Alembic Group has established, nurtured and promoted various Non-Profit Organisations focusing on three major areas – Education, Healthcare and Rural Development. The details are mentioned in Annexure A to the Board's Report.
   Alembic has been providing gainful employment opportunities to the local population from in and around our manufacturing facilities.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The Company undertakes programmes/projects directly/ through various Non - Profit Organisations viz. Alembic CSR Foundation, Rural Development Society, Bhailal Amin Marg, Uday Education Society and others.

3. Have you done any impact assessment of your initiative?
   Yes.

4. What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken:
   The details are mentioned in Annexure A to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken. Various projects are undertaken with Government and Semi-Government agencies that have their monitoring mechanisms and impact assessment systems.

Principle 9: Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
   Nil.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information):
   No. The Company follows all legal statues with respect to product labeling and displaying of product information.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
   No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?
   No.

On behalf of the Board of Directors,

Sd/-
Pranav Amin
Managing Director and BR Head

Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of ALEMBIC PHARMACEUTICALS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its profit, total comprehensive income and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position (net of provision made) in its financial statements Refer note no 26 (2) (ii).

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure A

Re: Alembic Pharmaceuticals Limited.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified once in three year time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the company except for Land having book value of ₹1.88 Crores still being held in the names erstwhile demerged companies.

(ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a), (b) and (c) of clause (iii) are not applicable to the Company.

(iv) In respect of loans, investments, guarantees, and security provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits during the year. Therefore the question of complying with directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.

(vi) The Central Government has specified the maintenance of cost records under Sub-section (1) of Section 148 of the Companies Act, 2013. Such accounts and records have been made and maintained by the Company.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax (GST), cess and any other statutory dues to the appropriate authorities. There were no undisputed amounts payable in respect of these dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) Dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax (GST) that have not been deposited on account of any dispute are as under:

Nature of dues	Amount not deposited (₹ in Crores)	Forum where dispute is pending	Period
Sales Tax, interest and penalty	0.13	High Court	1999-2000
	1.64	Asst. Commissioner Demand	2003-2004
	@	Additional Commissioner	2004-2005
	0.02	Revisional Board (Tribunal)	2006-2007
	0.21	Jt. Commissioner Appeals	2013-2014
	0.08	Jt. Commissioner Appeals	2006-2007
	0.08	Tribunal	2009-2010
	0.02	Additional Commissioner	1st April, 2006 to 30th Nov, 2008
	0.15	Additional Commissioner	2007-2008

Nature of dues	Amount not deposited (₹ in Crores)	Forum where dispute is pending	Period
Central Sales Tax	0.11	Deputy Commissioner II	2006-2007
	0.02	Addl. Commissioner Sales Tax	1st April, 2006 to 30th Nov, 2008
	0.01	Jt. Commissioner Appeals	2006-2007
	0.03	Jt. Commissioner Appeals	2010-2011
Entry Tax	0.03	Revisional Authority	2013-2014
Professional Tax	0.05	Jt. Commissioner	2014-2015
Excise duty, interest & penalty	2.14	CESTAT	2005-2006
	0.10	CESTAT	2011-2012
	@@	Remand Back	2007-2008
	0.02	CESTAT	1998-1999
	#	Commissioner Appeal	2009-2010
	0.50	Supreme Court	2005-2006
	1.21	Supreme Court	2005-2006
	# #	CESTAT	2008-2009
	0.01	CESTAT	2010-2011
	1.02	CESTAT	2006-2011
	0.24	Commissioner Appeals	2013-2014
	$	CESTAT	2011-2012
	0.04	Commissioner Appeals	2013-2014
	0.03	CESTAT	2012-2013
	$$	Commissioner Appeals	2011-2012
	0.01	Commissioner Appeals	2006-2011
	0.28	CESTAT	2015-2016
	0.03	CESTAT	2014-2015
	0.04	CESTAT	2014-2015
	^	CESTAT	2012-2014
	^^	Commissioner (Appeals)	2008-2009
	*	Commissioner (Appeals)	2009
	**	Commissioner (Appeals)	2009-2010
	+	Commissioner (Appeals)	2007-2008
	0.22	CESTAT	2015-2016

@ ₹ 44,830/- @@ ₹ 16,091/- # ₹ 35,000/- ## ₹ 55,306/- $ ₹ 56,760/- $$ ₹ 13,588 ^ ₹ 35,963/- ^^ ₹ 25,153/-
* ₹ 25,183/- ** ₹ 47,936/- + ₹ 11,316/-

(viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loan raised during the year have been applied for the purpose for which they were raised.

(x) Any fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.

(xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.

(xiii) All transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore the compliance of the requirement of Section 42 of the Companies Act, 2013 are not applicable.

(xv) Pursuant to the provisions of Section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.

(xvi) The Company is not required to be registered under Section 45-1(A) of the Reserve Bank of India Act, 1934.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure B

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at 31st March, 2018 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Balance Sheet

As at 31st March, 2018

₹ in Crores

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
I. Assets			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	3	**918.30**	799.01
(b) Capital Work-in-Progress		**740.64**	347.75
(c) Financial Assets			
(i) Investments	4	**298.89**	103.04
(d) Other Non-Current Assets - Capital Advance		**44.37**	36.53
(2) Current Assets			
(a) Inventories	5	**669.93**	574.62
(b) Financial Assets			
(i) Trade Receivables	6	**621.66**	467.41
(ii) Cash and Cash Equivalents	7	**9.45**	0.69
(iii) Bank balances other than cash and cash equivalents	8	**6.18**	6.52
(iv) Others Financial Assets	9	**29.81**	13.66
(c) Current Tax Assets (Net)		**1.95**	-
(d) Other Current Assets	10	**336.71**	159.90
Total Assets		**3,677.89**	2,509.13
II Equity and Liabilities			
Equity			
(a) Equity Share Capital	11	**37.70**	37.70
(b) Other Equity	12	**2,156.93**	1,829.62
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	**500.00**	-
(b) Provisions	14	**61.33**	57.22
(c) Deferred Tax Liabilities (Net)	15	**44.64**	43.78
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	**121.53**	8.28
(ii) Trade Payables	17	**601.98**	430.11
(iii) Other Financial Liabilities	18	**19.46**	15.82
(b) Other Current Liabilities	19	**120.82**	64.53
(c) Provisions	20	**13.50**	12.29
(d) Current Tax Liabilities (Net)		**-**	9.78
Total Equity and Liabilities		**3,677.89**	2,509.13

See accompanying notes 1 to 26 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Statement of Profit and Loss

For the year ended 31st March, 2018

₹ in Crores

	Particulars	Notes	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
I	**Revenue from Operations**	21	**2,945.26**	2,985.90
II	**Other Income**	22	**6.67**	2.60
III	**Total Income**		**2,951.93**	2,988.50
IV	**Expenses**			
	Cost of Materials Consumed	23	**725.75**	703.87
	Purchase of Stock-in-Trade		**203.16**	230.31
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	23	**(36.18)**	(47.90)
	Employee Benefits Expense	24	**582.72**	527.46
	Finance costs		**2.22**	3.21
	Depreciation and amortization expense	3	**101.76**	82.90
	Other Expenses	25	**837.27**	938.93
	Total Expense (IV)		**2,416.71**	2,438.79
V	**Profit Before Tax (III-IV)**		**535.22**	549.71
VI	**Tax Expense**			
	(i) Current Tax		**114.33**	119.08
	(ii) Short/Excess Tax Provision		**(1.10)**	-
VII	**Profit after Tax (V-VI)**		**421.99**	430.63
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Statement of Profit and Loss			
	(a) Re-measurements of post-employment benefit obligations		**(3.89)**	(2.71)
	(b) Income tax relating to Re-measurements of post-employment benefit obligations		**0.83**	0.58
	Total Other Comprehensive Income (VIII)		**(3.06)**	(2.13)
IX	**Total Comprehensive Income for the year (VII + VIII)**		**418.93**	428.50
X	**Earnings per equity share (FV ₹ 2/- per share)**		**22.38**	22.84
	Basic & Diluted (in ₹)	26-1		

See accompanying notes 1 to 26 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

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Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Cash Flow Statement

For the year ended 31st March, 2018

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
A Cash Flow from Operating Activities:		
Net Profit before tax	**535.22**	549.71
Adjustments for:		
Depreciation and Amortisation	**101.76**	82.90
Interest charged	**2.22**	3.21
Interest Income	**(0.61)**	(0.97)
Dividend Income	**(0.17)**	(0.19)
Net unrealised foreign exchange gain	**(15.62)**	-
Provision for doubtful trade receivables	**(4.99)**	-
Investment write off	**4.13**	-
(Profit) on sale of Asset	**(4.82)**	(0.07)
Operating Profit before change in working capital	**617.14**	634.58
Working capital changes:		
(Increase) In Inventories	**(95.30)**	(40.91)
(Increase) In Trade Receivables	**(145.86)**	(94.56)
(Increase) In Other Assets	**(180.77)**	(38.89)
Increase / (Decrease) In Trade Payables	**172.12**	(33.94)
Increase / (Decrease) In Other Liabilities	**59.93**	(12.98)
Increase / (Decrease) In Provisions	**1.42**	31.84
Cash generated from operations	**428.68**	445.14
Direct taxes paid (Net of refunds)	**(124.13)**	(117.98)
Net Cash inflow from Operating Activities (A)	**304.55**	327.16
B Cash Flow from Investing Activities:		
Proceeds from sale of Asset	**14.40**	6.54
Interest received	**0.61**	0.97
Dividend received	**0.17**	0.19
Purchase of PPE and Capital Advance	**(608.76)**	(453.09)
Purchase of Investments	**(200.00)**	(65.58)
Net Cash inflow from Investing Activities (B)	**(793.58)**	(510.97)

Cash Flow Statement

For the year ended 31st March, 2018

₹ in Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
C	**Cash Flow from Financing Activities:**		
	Proceeds from short-term borrowings	**613.04**	(0.48)
	Increase/ (decrease) in Restricted Bank Balances other than Cash & Cash Equivalents	**0.35**	(2.27)
	Dividends paid (including distribution tax)	**(90.76)**	(90.10)
	Interest and other finance costs	**(24.84)**	(3.21)
	Net Cash inflow / (outflow) from Financing Activities (C)	**497.80**	(96.06)
I.	**Net (decrease)/increase in cash and cash equivalents (A+B+C)**	**8.76**	(279.87)
II.	**Cash and cash equivalents at the beginning of the Year**	**0.69**	280.56
III.	**Cash and cash equivalents at the end of the Year (I+II)**	**9.45**	0.69
IV.	**Cash and cash equivalents at the end of the Year**		
	Balances with Banks	**9.13**	0.53
	Cash on hand	**0.32**	0.16
	Cash and cash equivalents (Refer note 7)	**9.45**	0.69

As per our report of even date

For K. S. Aiyar & Co.
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Vadodara: 16th May, 2018

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Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Statement of Changes in Equity

For the year ended 31st March, 2018

Particulars	No of Shares	₹ in Crores
A. Equity Share Capital		
Equity shares of ₹ 2/- each issued, subscribed and fully paid		
Balance at 1st April, 2016		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
Balance at 31st March, 2017	18,85,15,914	37.70
Balance at 1st April, 2017		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year	-	-
Balance at 31st March, 2018	**18,85,15,914**	**37.70**

₹ in Crores

Particulars	Reserve & Surplus			Total
	Capital Reserve	General Reserve	Retained Earnings	
B. Other Equity				
Balance at 1st April, 2016 (I)	0.30	838.89	653.84	1,493.03
Other Comprehensive Income	-	-	(2.13)*	(2.13)
Profit for the period	-	-	430.63	430.63
Total Comprehensive Income for the year (II)	**-**	**-**	**428.50**	**428.50**
				-
Dividends paid including Tax on Dividend	-	-	(90.76)	(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court	-	(1.15)	-	(1.15)
Amount Transfer from Retained Earnings to General Reserve	-	300.00	(300.00)	-
Transaction for the year (III)	-	298.85	(390.76)	(91.91)
Balance at 31st March, 2017 (I+II+III)	**0.30**	**1,137.74**	**691.58**	**1,829.62**
Balance at 1st April, 2017 (I)	0.30	1,137.74	691.58	1,829.62
Other Comprehensive Income	-	-	(3.06)*	(3.06)
Profit for the period	-	-	421.99	421.99
Total Comprehensive Income for the year (II)	**-**	**-**	**418.93**	**418.93**
Dividends paid including Tax on Dividend	-	-	(90.76)	(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court	-	(0.87)	-	(0.87)
Amount Transfer from Retained Earnings to General Reserve	-	100.00	(100.00)	-
Transaction for the year (III)	-	99.13	(190.76)	(91.62)
Balance at 31st March, 2018 (I+II+III)	**0.30**	**1,236.88**	**919.76**	**2,156.93**

* Represents Re-measurement of Defined Plans.

As per our report of even date

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Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Notes to the Financial Statements

As at 31st March, 2018

Company Overview and Significant Accounting Policies

1 General information

Alembic Pharmaceuticals Limited is principally engaged in the manufacturing and selling of Pharmaceuticals products i.e. Active Pharmaceutical Ingredients and Formulations. The Company is the public limited Company domiciled in India and is incorporated under the provision of the Companies Act applicable in India. Its shares are listed on the two recognised Stock Exchanges in India. The registered office of the Company is located at Alembic Road, Vadodara – 390 003, India.

The Financial Statements are approved by the Company's Board of Directors on 16th May, 2018

2 Significant Accounting Policies

2.01 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended 31st March, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended 31st March, 2017"

2.02 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company's Financial Statements for the year ended 31st March, 2018 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

The Company has consistently applied accounting policies to all periods presented in these financial statements.

2.03 Basis of Measurement

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz derivatives, employee benefit plan assets.

Functional and Presentation Currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

2.04 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any change in these estimates and assumptions will generally be reflected in the financial statements in current period or prospectively, unless they are required to be treated retrospectively under relevant accounting standards.

2.05 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price net of eligible input credit, and any attributable cost of bringing the assets to its working condition for its intended use, including the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the net realisable value less cost to sell.

The company has adopted, "Cost Model" for accounting of its Property Plant and Equipment.

2.06 Capital Work-In-Progress

Projects under construction wherein assets are not ready for use in the manner as intended by the management are shown as Capital Work-In-Progress.

Notes to the Financial Statements

As at 31st March, 2018

2.07 Intangible Assets

Intangible assets are stated at cost less provisions for amortisation and impairments. Software licenses fees are charged to statement of profit and loss when incurred.

2.08 Intangible Assets under development

Intangible assets consisting of development expenditure of certain products are amortised on straight line method from the date they are available for use, over the useful life of the assets (5-20 years), as estimated by the Management.

2.09 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss

2.10 Borrowing Cost

Borrowing costs attributable to the acquisition and/ or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred.

2.11 Inventories

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

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

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

Finished Goods are valued at lower of cost and net realisable value.

Traded Goods are valued at lower of purchase price and net realisable value.

2.12 Trade receivables

Trade receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the Statement of Profit and Loss

2.13 Financial Instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

a. Financial Assets

(i) Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way trade of financial assets are accounted for at trade date.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- **Financial assets at amortised cost:**
  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, debt instruments are subsequently measured at amortised cost using the effective interest rate method, less impairment, if any.

- **Financial assets at fair value through other comprehensive income**
  A financial asset is subsequently measured at fair value through other comprehensive income if

Notes to the Financial Statements

As at 31st March, 2018

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**
  Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss.

  De-recognition:
  The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind. AS 109.

- **Investments in subsidiaries and associates**
  The Company has elected to recognise its investments in subsidiaries and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

b. Financial Liabilities

(i) **Initial recognition and measurement**
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, at fair value through profit and loss or as those measured at amortised cost.

(ii) **Subsequent measurement**
The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at fair value through profit and loss**
  Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss.

- **Financial liabilities measured at amortised cost**
  After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method except for those designated in an effective hedging relationship.

  De-recognition
  A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

c. Derivative Financial Instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank and these are not designated as hedges under Ind AS 109, Financial Instruments.

Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial

Notes to the Financial Statements

As at 31st March, 2018

asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

2.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.15 Operating cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.16 Revenue Recognition

The Company recognises revenue in accordance with Ind AS 18. Revenue from the sale of goods is recognised when (a) It is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. (b) The significant risks and rewards of ownership of the goods have been passed to the buyer; and (c) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates, including for Expiry Breakage and Spoilage (EBS) and returns. The methodology and assumptions used to estimate the allowances and accruals are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience. Revenue is disclosed inclusive of excise duty but net of sales return, Good and Service Tax, service tax, value added tax and CST.

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

Export benefits available under prevalent schemes are accounted to the extent considered receivable.

2.17 Research and Development Expense

All revenue expenses related to research and development including expenses in relation to development of product/processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) and Drug Master Files (DMF) are charged to the statement of profit and loss in the year in which it is incurred

Development expenditure of certain nature is capitalised when the criteria for recognising an intangible asset are met, usually when a regulatory filing is intended to be made in a major market and approval is considered highly probable.

2.18 Employee benefits

a. Defined Benefit Obligation Plans

(i) Gratuity

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund by the Life Insurance Corporation of India (LIC) and HDFC Standard Life Insurance. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The service cost and the net interest cost would be charged to the Statement of Profit and Loss. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. The Company recognizes these re-measurements in the Other Comprehensive Income (OCI).

Notes to the Financial Statements

As at 31st March, 2018

(ii) **Provident Fund**

The Company's contribution to provident fund, administered through a Company managed trust, is recognised as an expense in the Statement of Profit and Loss.

(iii) **Leave Liability**

The Company has a policy to allow accumulation of leave by employees up to certain days. The excess leave will either be encased or funded by the Company to LIC for and on behalf of employees. Accordingly, the excess leave liability is discharged by the Company upon such funding to LIC. Remaining accumulated leave liability (other than sick leave) as at the year end is provided as per actuarial valuation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises actuarial gains and losses that arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, in other comprehensive income.

(iv) **Sick Leave**

Accumulated sick leave is provided for at actual in the Statement of Profit and Loss.

b. **Defined Contribution plans**

Superannuation fund is administered by the HDFC Standard Life Insurance Company Ltd. and ICICI Prudential Life Insurance Company Ltd. The contribution to Superannuation fund,Contribution to pension fund, ESIC and Labour Welfare Fund are recognised as an expense in the statement of profit and loss.

2.19 Depreciation / Amortisation

Depreciation is calculated on a straight-line basis as per the specified life of the assets as provided in schedule II to the Companies Act, 2013.

Class of Assets- Tangible	Range of useful life
Building	05 - 60 Years
Plant & Equipment	03 - 22 Years
Furniture & Fixtures	10 Years
Vehicles	08 - 10 Years
Office Equipment	5 Years

Class of Assets- Intangible	Range of useful life
Goodwill	10 Years
Other Intangible Asset	8 Years

The management, based on internal technical evaluation, believes that the useful lives as given above best represent the period over which the assets are expected to be used.

The useful lives for certain assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013, and the same is considered in the above range of useful life. Leasehold Land is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Depreciation on PPE added during the year is provided on pro rata basis from the month of addition. Depreciation on PPE disposed off/ discarded during the year is provided up to the preceding month of disposal/discarding.

Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where

the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately

2.20 Leases

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Finance leases pertaining to certain land are capitalised at the commencement of the lease at fair value.

2.21 Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded by the Company at the rate of exchange prevailing on the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies remaining unsettled at the end of the year are converted at the exchange rate prevailing on the reporting date. Differences arising on settlement or conversion of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. In respect of forward cover contracts for future probable transactions, the mark to market loss as at the reporting date is charged to Statement of Profit and Loss. In respect of options contracts to mitigate the probable foreign exchange fluctuation risk, the options contracts are fair valued and the resultant variation as at the reporting date is charged to Statement of Profit and Loss

2.22 Taxes:

a. Current income tax

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted on the reporting date. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The benefit of credit against the payment made towards Minimum Alternate Tax for the earlier years is available in accordance with the provisions of the Section 115J (AA) of income tax act 1961 over the period of subsequent 15 assessment year and it is recognised to the extent of deferred tax liability in view of the certainty involved of its realisation against reversal of deferred tax liability.

Notes to the Financial Statements

As at 31st March, 2018

2.23 Provisions, Contingent Liabilities and Contingent Assets

a. **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

b. **Contingent Liabilities**

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

c. **Contingent Assets**

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

2.24 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Notes to the Financial Statements

As at 31st March, 2018

3. Property, Plant and Equipment

₹ in Crores

Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross carrying amount									
Carrying Amount as at 1st April 2016	**1.92**	**19.35**	**233.50**	**399.86**	**82.49**	**7.79**	**21.25**	**2.70**	**768.87**
Additions / Adjustments	-	0.14	32.46	111.05	43.18	2.77	0.54	0.99	191.13
Disposals / Adjustments	-	-	-	(0.44)	(0.10)	(0.01)	(10.70)	(0.10)	(11.35)
Closing Gross Carrying Amount	**1.92**	**19.49**	**265.96**	**510.47**	**125.57**	**10.55**	**11.08**	**3.59**	**948.65**
Accumulated Depreciation	-	0.22	12.21	44.05	7.34	0.79	6.40	0.60	71.61
Depreciation charge during the year	-	0.30	11.88	55.65	11.33	1.00	2.03	0.70	82.90
Disposals	-	-	-	(0.10)	-	-	(4.68)	(0.10)	(4.88)
Closing Accumulated Depreciation	**-**	**0.51**	**24.09**	**99.61**	**18.67**	**1.80**	**3.75**	**1.20**	**149.63**
Net Carrying Amount as at 1st April, 2016	1.92	19.13	221.30	355.81	75.15	7.00	14.84	2.10	697.25
Net Carrying Amount as at 31st March, 2017	**1.92**	**18.98**	**241.88**	**410.87**	**106.90**	**8.75**	**7.33**	**2.39**	**799.01**
Gross carrying amount									
Carrying Amount as at 1st April 2017	1.92	19.49	265.96	510.47	125.57	10.55	11.08	3.59	948.65
Additions/ Adjustments	50.07	-	23.52	76.99	70.09	5.91	1.07	2.91	230.56
Disposals/Adjustments	-	(0.90)	(8.87)	(5.80)	(0.50)	(0.13)	(0.03)	(0.38)	(16.60)
Closing Gross Carrying Amount	**51.99**	**18.58**	**280.61**	**581.67**	**195.15**	**16.33**	**12.13**	**6.13**	**1,162.61**
Accumulated Depreciation									
As at 1st April, 2017	-	0.51	24.09	99.61	18.67	1.80	3.75	1.20	149.63
Depreciation charge during the year	-	10.20	12.20	61.25	14.67	1.13	1.47	0.84	101.76
Disposals	-	-	(4.40)	(2.30)	-	(0.08)	(0.01)	(0.29)	(7.08)
Closing Accumulated Depreciation	**-**	**10.72**	**31.88**	**158.55**	**33.34**	**2.85**	**5.22**	**1.75**	**244.31**
Net Carrying Amount as at 1st April, 2017	1.92	18.98	241.88	410.87	106.90	8.75	7.33	2.39	799.01
Net Carrying Amount as at 31st March, 2018	**51.99**	**7.87**	**248.73**	**423.12**	**161.82**	**13.48**	**6.91**	**4.37**	**918.30**

Note:

1 The Company does not have any restrictions on the title of its property, plant and equipment.

2 Borrowing cost capitalised during the period amounting to ₹ 22.61 Crores (PY ₹2.37 Crores).

3 Sales proceeds are deducted from gross cost where cost is unacertainable.

4. Presentation had been made during the year (with corresponding restatement of comparative amounts) to continue carrying value of all its Property Plant & Equipment as per previous GAAP, as deemed cost as on date of transition, as per Ind AS.

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
4 Non-Current Financial Investment		
Investments in Equity Instruments-Unquoted		
Valued at Cost		
Investment in Wholly Owned Subsidiaries		
45,00,000 (PY: 45,00,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA	**30.31**	30.31
41,33,849 (PY: 41,33,849) equity shares of ₹10 each fully paid up in A G Research Pvt. Ltd	**4.13**	4.13
Investment written off	**(4.13)**	-
Investment in Subsidiary		
3,00,000 (PY: 3,00,000) equity shares of ₹10 each fully paid up in Aleor Dermaceuticals Limited	**0.30**	0.30
Investment in Associate		
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd.	**3.00**	3.00
Valued at Fair value through Profit & Loss		
Nil (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.	**-**	0.02
Valued at Amortised Cost		
Investments in Preference Shares		
1% Cumulative Redeemable Non-Convertible Preference Shares 4,50,000 (PY: 4,50,000) of ₹10 each fully paid up in EICL (Redemption date 14th December, 2031)	**0.23**	0.23
Investments in Debentures & Warrants of Subsidiary - Valued at Cost		
Secured Non-Convertible Debentures - Aleor Dermaceuticals Ltd CY 26,500 (PY: 6,500) of ₹ 1,00,000 each maturing on 14th November, 2025	**265.00**	65.00
Debenture carrying coupon rate of 10% to be accrued only when subsidiary start making profit		
Warrants - Aleor Dermaceuticals Ltd 5,39,200 warrants of ₹ 1/- each	**0.05**	0.05
Aggregate amount of unquoted Investments	**298.89**	103.04

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
5 Inventories (Basis of Valuation - Refer Note 2.11)		
Raw Materials	**186.21**	134.14
Packing Materials	**23.80**	18.56
Work-in-Progress	**51.92**	30.72
Finished Goods	**345.56**	348.47
Traded Goods	**46.66**	38.09
Goods-in-Transit	**9.32**	-
Stores and Spares	**6.46**	4.65
	669.93	574.62

Note:

(i) Inventories are hypothecated as security for borrowings

(ii) During the year ended 31st March, 2018 the Company recorded inventory write-downs of ₹ 3.89 Crores (PY ₹ 3.16 Crores).

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

			As at 31st March, 2018	As at 31st March, 2017
6	**Trade Receivables**			
	(Unsecured, considered good, unless otherwise stated)			
	Considered Good	a	**621.66**	467.41
	Considered Doubtful		**1.96**	7.82
	Provision for Doubtful debts		**(1.96)**	(7.82)
		b	**-**	-
		(a+b)	**621.66**	467.41

Receivables are hypothecated as security for borrowings

Refer Note No 26(6)(i) for Related Party Receivables

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
7	**Cash and Cash Equivalents**		
	Balances with Banks	**9.13**	0.53
	Cash on hand	**0.32**	0.16
		9.45	0.69

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
8	**Bank Balances Other than Cash and Cash Equivalents**		
	Earmarked Balance with Bank		
	Unpaid Dividend Account	**4.03**	3.18
	Margin Money Deposit Account	**2.14**	3.35
		6.18	6.52

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
9	**Others Financial Assets (Current)**		
	Security Deposits	**17.63**	13.66
	Unrealised Foreign Exchange Gain	**12.18**	-
		29.81	13.66

Refer Note No. 26(6)(i) for Related Party Deposits

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
10	**Other Current Assets (Unsecured, considered good)**		
	Advance to Employees	**6.11**	4.55
	Advance to Suppliers	**51.69**	35.62
	Pre-paid Expense	**11.18**	5.59
	Balances with Government Authorities	**267.72**	114.14
		336.71	159.90

Notes to the Financial Statements
As at 31st March, 2018

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
11	**Equity Share Capital**		
	Authorized		
	20,00,00,000 - Equity shares of ₹ 2/- each	**40.00**	40.00
		40.00	40.00
	Shares issued, subscribed and fully paid		
	18,85,15,914 - Equity shares of ₹ 2/- each	**37.70**	37.70
		37.70	**37.70**

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2018		As at 31st March, 2017	
	Numbers	**₹ in Crores**	Numbers	₹ in Crores
At the beginning of the year	**18,85,15,914**	**37.70**	18,85,15,914	37.70
Outstanding at the end of the year	**18,85,15,914**	**37.70**	18,85,15,914	37.70

The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital

The company is having only one class of shares i.e. Equity carrying a nominal value of ₹ 2/- per share Every holder of the equity share of the Company is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held

Particulars		As at 31st March, 2018		As at 31st March, 2017	
		Numbers	**% held**	Numbers	% held
1	Alembic Limited	**5,54,71,208**	**29.43%**	5,50,00,000	29.18%
2	Shreno Limited	**2,06,98,780**	**10.98%**	2,06,98,780	10.98%
3	Nirayu Private Limited	**4,93,36,655**	**26.17%**	1,37,13,755	7.27%
4	Whitefield Chemtech Private Limited	**-**	**-**	1,82,85,230	9.70%
5	Sierra Investments Private Limited	**-**	**-**	1,73,37,670	9.20%

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
12	**Other Equity**		
	(Refer statement of changes in equity for detailed movement in other equity balance)		
	(a) Capital Reserve	**0.30**	0.30
	(b) General Reserve	**1,236.88**	1,137.74
	(c) Retained Earnings	**919.76**	691.58
	Total Other Equity	**2,156.93**	1,829.62

Nature and purpose of each Reserve

Capital Reserve :- Capital Reserve is created on receipt of Government subsidy for setting up factory in backward area.
General Reserve :- The reserve is created by transfer of a portion of the net profit.

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
13 Borrowings (Non-Current)		
Term Loan (Unsecured)		
From Bank	**500.00**	-
	500.00	-

Notes:

(i) Term loan of ₹ 200 Crores : payable at the end of 30th Month from the date of first drawal (in January, 2020). Interest @ rate of six months T Bills plus spread of 87 bps.

(ii) Term loan of ₹ 300 Crores : payable after 3 years from the date of disbursement. Subject to maximum up to 31st December, 2020. Interest @ rate of one year G-sec plus spread of 61 bps.

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
14 Provisions (Non-Current)		
Provision for Employee Benefits		
Gratuity	**1.68**	-
Leave benefits	**17.85**	15.42
Provision for Non-Saleable return of goods	**41.79**	41.79
	61.33	57.22

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
15 Deferred Tax Liabilities (Net)			
Deferred Tax Liabilities			
Depreciation	a	**118.50**	92.22
Deferred Tax Assets			
Provision for Doubtful debts		**0.68**	2.71
MAT Credit Entitlement		**57.85**	29.72
Intangible Asset		**2.58**	3.45
Others		**12.75**	12.57
	b	**73.86**	48.45
	(a-b)	**44.64**	43.78

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
16 Borrowings (Current)		
From Banks		
Working Capital Demand Loan		
Secured	46.53	8.28
First charged on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at varying rates repayable on demand		
Unsecured	75.00	-
Working capital demand loan, Interest @ rate of 7.85%		
	121.53	8.28

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
17 Trade Payables		
Due to Micro and Small Enterprises (Refer Note No. 26 (3))	0.20	1.15
Others	601.78	428.96
	601.98	430.11

Refer Note No. 26(6)(i) for Related Party Payables.

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
18 Other Financial Liabilities		
Interest accrued but not due on borrowings	2.79	-
Unpaid dividends	4.03	3.18
Trade Deposits	12.58	12.57
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.06	0.07
	19.46	15.82

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
19 Other Current Liabilities		
Statutory payable	68.21	18.89
Advance from Customers	9.47	1.35
Others	43.14	44.29
	120.81	64.53

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
20 Provisions (Current)		
Provision for Employee Benefits		
Gratuity	6.73	5.98
Leave benefits	6.76	6.32
	13.50	12.29

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
21 Revenue from Operations		
Sale of products		
- Domestic*	**1,370.24**	1,318.07
- Exports	**1,481.54**	1,593.14
	2,851.78	2,911.21
- Export Incentives	**69.73**	53.43
- Royalty	**18.68**	17.97
- Other Operating Revenues *	**5.07**	3.29
	2,945.26	2,985.90

* Revenue from operations for the period 2016-17 and for the period 1st April, 2017 to 30th June, 2017 are including excise duty, however for the period form 1st July 2017 to 31st March, 2018 is net of Goods and Service Tax (GST), Accordingly, revenue from operation are not comparable.

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
22 Other Income		
Dividend	**0.17**	0.19
Insurance Claims	**0.82**	1.21
Lease Rent Income (Refer note no. 26(17))	**0.26**	0.16
Profit on Sales of Assets (net)	**4.82**	0.07
Interest Income	**0.61**	0.97
	6.67	2.60

₹ in Crores

		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
23 Cost of Material Consumed			
Inventory at the beginning of the year		**152.70**	106.44
Add : Purchases		**783.06**	750.13
		935.76	856.57
Less : Inventory at the end of the year		**210.01**	152.70
		725.75	703.87
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress			
Work-in-Progress		**51.92**	30.72
Finished Goods		**345.56**	348.47
Stock-in-Trade		**55.99**	38.09
Inventory at the end of the year	a	**453.46**	417.28
Work-in-Progress		**30.72**	24.26
Finished Goods		**348.47**	345.12
Stock-in-Trade		**38.09**	-
Inventory at the beginning of the year	b	**417.28**	369.38
	(b-a)	**(36.18)**	(47.90)

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
24 Employee Benefits Expense		
Salaries and Wages	**552.32**	496.96
Contribution to Provident and Other funds	**16.73**	18.72
Staff welfare expense	**13.67**	11.79
	582.72	527.46

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
25 Other Expenses		
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	151.87	131.04
Power and Fuel	70.21	64.13
Manufacturing and Labour Charges	17.94	29.55
Repairs and Maintenance		
Machinery	19.61	16.98
Buildings	7.05	9.43
Others	4.21	4.54
Freight and Forwarding Charges	51.27	37.31
Publicity Expense, Service Fees and Commission	222.29	261.53
Excise Duty	0.63	29.46
Rent (Refer Note No. 26 (17))	12.56	12.17
Rates and Taxes	5.61	8.74
Insurance	3.18	4.05
Travelling Expense	112.67	111.03
Communication Expenses	19.70	19.98
Legal & Professional Fees	76.65	108.24
Payment to Auditors (Refer Note No. 26 (7))	0.68	0.67
Exchange Difference (net)	(28.06)	4.48
Bad Debts written off	0.87	0.46
Less : Bad Debts Provision Utilised	(0.87)	(0.46)
Provision for Doubtful Debts	(4.99)	(0.22)
Expenses on CSR Activities (Refer Note No. 26 (11))	7.14	4.22
Donation (Refer Note No. 26(15))	6.07	0.02
Patent Filing & Registration Fees	38.50	18.52
External Research & Development	25.89	49.47
Investment written off	4.13	-
Miscellaneous Expenses	12.47	13.59
	837.27	938.93

Notes to the Financial Statements

As at 31st March, 2018

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
26 Other explanatory Notes to the Stand alone Financial Statement		
1 Earning Per Share (EPS)		
(a) Profit after Tax available for equity shareholders (₹ in Crores)	421.99	430.63
(b) Weighted Average number of equity shares	18,85,15,914	18,85,15,914
(c) Basic and Diluted Earnings per share before exceptional Items in ₹ (Face value per share ₹2/- each)	22.38	22.84

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
2 Contingent Liabilities and Commitments (To The Extent Not Provided For)		
i Estimated amount of contracts net of advances remaining to be executed on capital accounts	121.71	227.18
ii Contingent liabilities		
(a) Letter of credit, Bank Guarantees and Corporate Guarantees	183.52	157.94
(b) Liabilities Disputed in appeals		
Excise duty	5.93	5.99
Sales Tax	2.57	2.91
Income Tax	-	0.03
(c) Claims against the company not acknowledged as debt	0.02	0.37
(d) Non fulfilment of export obligation against advance licence	3.79	-
(e) Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

iii Contingent Asset

(a) As per JV agreement, the interest on NCD issued by Aleor and subscribed by company will start accruing only when Aleor starts making cash profit. Since in pharma industry the gestation period is long and there is significant uncertainty as to when JV will start making profit, the fair value of such contingent asset is not ascertainable.

(b) The company has made application to Department of Industrial Policy and Promotion for subsidy for setting new plant in Sikkim. The same is yet to be approved by the relevant authorities. Also large number of claims of various companies (who set up their plants much before ours) are pending. Hence, the quantification of fair value of such subsidy are unascertainable.

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

To the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company the following are the details.

₹ in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	0.22	1.15
(b) The amount of interest paid by the buyer in terms of section 16 , along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	-	-
	0.22	1.15

Notes to the Financial Statements

As at 31st March, 2018

4 Segment Reporting

Segment information as required under Ind AS 108 - "Operating Segments" is given in the Consolidated financial statements of the Company

5 Defined benefit plans / compensated absences - As per actuarial valuation

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March, 2018

₹ in Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
i)	**Change in present value of defined benefit obligation**		
	Present Value of defined benefit obligation at the beginning of the year	**32.31**	23.48
	Current service cost	**5.66**	4.88
	Interest Cost	**2.10**	1.88
	Components of actuarial gain/losses on obligations:		
	- Due to Change in financial assumptions	**(0.55)**	1.48
	- Due to experience adjustments	**3.03**	2.84
	Benefits paid	**(2.78)**	(2.24)
	Present Value of defined benefit obligation at the end of the year	**39.77**	32.31
ii)	**Change in fair value of plan assets**		
	Fair Value of plan assets at the beginning of the year	**27.37**	21.99
	Expenses deducted from the fund	**-**	(0.06)
	Interest Income	**1.95**	1.70
	Return on plan assets excluding amounts included in interest	**(1.41)**	1.60
	Contributions paid by the employer	**6.22**	4.37
	Benefits paid from the fund	**(2.78)**	(2.24)
	Fair Value of plan assets at the end of the year	**31.35**	27.37
iii)	**Net asset / (liability) recognized in the Balance Sheet**		
	Present Value of defined benefit obligation at the end of the year	**(39.77)**	(32.31)
	Fair Value of plan assets at the end of the year	**31.35**	27.37
	Amount recognized in the balance sheet	**(8.42)**	(4.94)
iv)	**Expense recognized in the statement of profit and loss for the year**		
	Current service cost	**5.66**	4.88
	Net interest cost	**0.15**	0.18
	Total expenses included in employee benefit expenses	**5.81**	5.06
	Expenses deducted from the fund	**-**	0.06
	Total Charge to P&L	**5.81**	5.11
v)	**Recognized in Other Comprehensive Income for the year**		
	Actuarial changes arising from changes in financial assumptions	**(0.55)**	1.48
	Actuarial changes arising from experience assumptions	**3.03**	2.84
	Return on plan assets excluding amounts included in interest income	**1.41**	(1.60)
	Recognized in other comprehensive income	**3.89**	2.71
vi)	**Actuarial Assumptions**		
	Rate of Discounting	**7.40%**	7.25%
	Rate of Salary Increase	**4.75%**	4.75%
	Mortality Rate During Employment	**Indian Assured**	Indian Assured

Notes to the Financial Statements

As at 31st March, 2018

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
	Lives Mortality (2006-08)	Lives Mortality (2006-08)
vii) Sensitivity Analysis		
Delta Effect of +0.5% Change in Rate of Discounting	37.72	30.90
Delta Effect of -0.5% Change in Rate of Discounting	41.25	33.84
Delta Effect of +0.5% Change in Rate of Salary Increase	41.29	33.87
Delta Effect of -0.5% Change in Rate of Salary Increase	37.67	30.87
Delta Effect of +0.5% Change in Rate of Employee Turnover	39.96	32.84
Delta Effect of -0.5% Change in Rate of Employee Turnover	39.56	31.66

The following table sets out the non funded status of the Privilege Leave benefits and the amounts recognized in the Company's financial statements as at 31st March, 2018.

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
i) Change in present value of defined benefit obligation		
Present Value of defined benefit obligation at the beginning of the year	16.36	10.16
Current service cost	2.42	1.68
Interest Cost	1.15	0.98
Components of actuarial gain/losses on obligations:		
- Due to Change in financial assumptions	(0.37)	0.94
- Due to experience adjustments	7.21	4.40
Past service cost	-	1.37
Benefits paid	(7.63)	(3.17)
Present Value of defined benefit obligation at the end of the year	19.16	16.36
ii) Net asset / (liability) recognized in the Balance Sheet		
Amount recognized in the balance sheet	(19.16)	(16.36)
iii) Expense recognized in the statement of profit and loss for the year		
Current service cost	2.42	1.68
Past service cost and loss/(gain) on	-	1.37
Net interest cost	1.15	0.98
Net value of measurements on the obligation	6.85	5.34
Total Charge to P&L	10.42	9.37
iv) Actuarial Assumptions		
Rate of Discounting	7.40%	7.25%
Rate of Salary Increase	4.75%	4.75%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
v) Sensitivity Analysis		
Delta Effect of +0.5% Change in Rate of Discounting	18.13	15.45
Delta Effect of -0.5% Change in Rate of Discounting	20.29	17.35
Delta Effect of +0.5% Change in Rate of Salary Increase	20.31	17.37
Delta Effect of -0.5% Change in Rate of Salary Increase	18.10	15.43
Delta Effect of +0.5% Change in Rate of Employee Turnover	19.87	16.96
Delta Effect of -0.5% Change in Rate of Employee Turnover	18.33	15.65

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes to the Financial Statements

As at 31st March, 2018

6 Disclosures in respect of Related Parties transactions

(a) Controlling Companies: There is no controlling Company

(b) Subsidiary and Fellow Subsidiary

1 Alembic Global Holding SA (Subsidiary of Alembic Pharmaceuticals Limited)
2 Alembic Pharmaceuticals Australia Pty Ltd. (Subsidiary of Alembic Global Holding SA)
3 Alembic Pharmaceuticals Europe Ltd. (Subsidiary of Alembic Global Holding SA)
4 Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA)
5 Alembic Pharmaceuticals Inc (Subsidiary of Alembic Global Holding SA)
6 Alembic Pharmaceuticals Canada Ltd. (Subsidiary of Alembic Global Holding SA)
7 AG Research Private Limited (Subsidiary of Alembic Pharmaceuticals Limited)
8 Genius LLC (Subsidiary of Alembic Global Holding SA)
9 Orit Laboratories LLC (Subsidiary of Alembic Pharmaceuticals Inc)
10 Okner Realty LLC (Subsidiary of Alembic Pharmaceuticals Inc)
11 Aleor Dermaceuticals Limited (Subsidiary of Alembic Pharmaceuticals Limited)

(c) Associate Companies:

1 Incozen Therapeutics Pvt. Limited
2 Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
3 Dahlia Therapeutics (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
4 Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)

(d) Joint Venture

1 Alembic Mami SPA, (Joint venture of Alembic Global Holding SA.)

(e) Other Related Parties

1 Alembic Limited
2 Nirayu Pvt.Limited
3 Shreno Limited
4 Paushak Limited
5 Quick Flight Limited (up to 9th May, 2017)
6 Sierra Investments Pvt. Limited (Up to 12th December, 2017)
7 Viramya Packlight LLP (Formally Known as Viramya Packlight Ltd)
8 Shreno Publications Limited
9 Whitefield Chemtech Pvt. Limited (up to 12th December, 2017)

(f) Key Management Personnel

1	Mr. Chirayu Amin	Chairman & CEO
2	Mr. Pranav Amin	Managing Director
3	Mr. Shaunak Amin	Managing Director
4	Mr. R. K. Baheti	Director Finance & CFO
5	Mr. K. G. Ramnathan	Non-Executive Independent Director
6	Mr. Pranav Parikh	Non-Executive Independent Director
7	Mr. Paresh Saraiya	Non-Executive Independent Director
8	Mr. Milin Mehta	Non-Executive Independent Director
9	Ms. Archana Hingorani	Non-Executive Independent Director
10	Mr. Ajay Kumar Desai	Sr. Vice President - Finance & Company Secretary

(g) Relatives of Key Management Personnel :

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

Notes to the Financial Statements

As at 31st March, 2018

(h) Transactions with Related parties:

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

₹ In Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Subsidiary and Fellow Subsidiary			
i	Sale of Goods/MEIS License (Net)	**722.30**	741.72
ii	Investment	**200.00**	65.35
iii	Corporate Guarantee Given	**52.17**	-
iv	Withdrawal of Corporate Guarantee	**46.28**	-
v	Reimbursement of expenses	**0.01**	1.16
vi	Receiving of Services	**3.70**	-
vii	Rendering of services	**0.48**	-
viii	Rent Received	**0.27**	0.18
ix	Guarantee Commission Received	**0.16**	0.55
x	Deposit Received	**-**	0.06
xi	Slump Sale	**-**	3.79
Associates			
i	Sale of Goods/DEPB	**5.97**	6.37
ii	Reimbursement of expenses	**0.58**	0.30
Joint Venture			
i	Corporate Guarantee Given	**13.69**	10.00
ii	Sale of Goods/DEPB	**4.58**	10.04
Key Management Personnel			
i	Short Term Employment Benefits	**28.07**	20.64
ii	Terminal Benefits	**1.93**	1.78
iii	Commission	**28.30**	25.35
iv	Sitting Fees	**0.17**	0.13
v	Dividend Paid	**2.62**	2.62
Other Related Parties			
i	Purchase of Goods/DEPB/IP Rights	**74.10**	73.04
ii	Dividend Paid	**50.01**	50.01
iii	Receiving of services	**8.22**	7.41
iv	Rent Paid	**6.80**	5.67
v	Purchase of Fixed Assets	**3.73**	2.93
vi	Deposit Given	**2.84**	0.88
vii	Sale of Goods/DEPB	**2.48**	3.38
viii	Reimbursement of expenses	**0.78**	(0.91)

(i) Balance Outstanding as at the end of the year

₹ In Crores

Particulars		As at 31st March, 2018	As at 31st March, 2017
Subsidiary and Fellow Subsidiary			
i	Trade Receivable	**396.86**	252.84
ii	Investments	**265.35**	65.35
iii	Corporate Guarantee	**91.56**	53.09
iv	Deposit Received	**0.06**	0.06
Associate Companies:			
i	Trade Receivable	**3.46**	3.55

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars		As at 31st March, 2018	As at 31st March, 2017
Joint Venture			
i	Corporate Guarantee	32.59	18.81
ii	Trade Receivable	0.24	4.52
Other Related Parties			
i	Trade Payable	11.71	9.27
ii	Trade Receivable	5.87	3.55
iii	Deposit Given	12.41	9.57
Key Management personnel			
i	Commission Payable	28.30	33.99

(j) **Disclosure in respect of material transaction with related parties during the year.**

₹ In Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Purchase of Goods/DEPB/IP Rights			
i	Alembic Limited	50.05	53.83
ii	Sierra Investments Private Limited	10.92	16.48
iii	Shreno Publication Limited	6.01	-
Sale of Goods/DEPB			
i	Alembic Pharmaceuticals, Inc.	511.28	-
ii	Alembic Global Holding SA	209.42	741.72
iii	Rhizen Pharmaceutical SA	5.97	6.37
iv	Alembic Limited	2.13	2.91
Purchase of Fixed Assets			
i	Shreno Limited	3.73	2.87
Receiving of services			
i	Alembic Limited	7.72	3.18
ii	Shreno Limited	4.39	4.23
iii	A G Research Pvt Ltd	3.70	-
Reimbursement of expenses			
i	Alembic Limited	0.78	(0.91)
ii	Rhizen Pharmaceutical SA	0.58	0.30
Rent Paid			
i	Alembic Limited	6.18	5.14
Rent Received			
i	Aleor Dermaceuticals Limited	0.27	0.18
Deposit Given			
i	Alembic Limited	2.84	0.88
Corporate Gurantee Given			
i	Alembic Pharmaceuticals Inc., USA	52.17	-
ii	Alembic Mami SPA, Algeria	13.69	-
iii	Shreno Ltd.	-	10.00
Withdrawal of Corporate Guarantee			
i	Alembic Global Holding SA, Switzerland	46.28	-

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Rendering of Services			
i	Aleor Dermaceuticals Limited	0.48	-
Remuneration			
i	Mr. Chirayu Amin	22.00	20.50
ii	Mr. Pranav Amin	15.65	11.50
iii	Mr. Shaunak Amin	15.66	11.50
Dividend Paid			
i	Alembic Limited	22.00	22.00
ii	Shreno Limited	8.28	7.35
iii	Sierra Investments Pvt Limited	6.94	6.87
iv	Nirayu Pvt Limited	5.49	6.49
v	Whitefield Chemtech Pvt Limited	7.31	7.31
vi	Mr. Chirayu Amin	1.81	1.81
vii	Mr. Pranav Amin	0.40	0.40
viii	Mr. Shaunak Amin	0.40	0.40

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
7 Auditors Fees and Expenses:		
(a) Statutory Auditors		
As Auditors	0.28	0.28
In Other Capacity		
(i) Other Services		
Limited Review	0.29	0.29
Others	0.04	0.04
(ii) Reimbursement of expenses	0.02	0.01
(b) Cost Auditors		
Cost Audit Fees	0.02	0.02
(c) Tax Auditor		
Tax Audit Fee	0.02	0.02
(d) Secretarial Audit		
Secretarial Audit Fee	0.02	0.02

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
8 Income Taxes		
(a) Income tax expense		
Current tax expense	114.33	119.08
Deferred Tax		
Decrease / (increase) in deferred tax assets	(26.27)	(25.89)
(Decrease) / increase in deferred tax liabilities	26.27	25.89
Total deferred tax expenses (benefit)	-	-
Total Income tax expenses *	114.33	119.08

* This excludes tax benefit on other comprehensive income of ₹ 0.83 Crores for 31st March, 2018 and ₹ 0.58 Crores for 31st March, 2017 respectively.

Notes to the Financial Statements

As at 31st March, 2018

₹ In Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before Income tax expense	**535.22**	549.71
Tax at the Indian Tax Rate*	**114.22**	117.32
Dividend income	**(0.04)**	(0.04)
Expenditure related to exempt Income	**0.02**	0.00
Others (including deferred tax)	**0.12**	1.80
Income Tax Expense	**114.33**	119.08

* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31st March, 2018 and 31st March, 2017 is 21.3416%.

₹ In Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
c. Current tax (liabilities)/assets		
Opening balance	**(9.78)**	(9.26)
Income tax paid	**124.13**	117.98
Current income tax payable for the period / year	**(113.50)**	(118.50)
Written back of income tax provision of earlier years	**1.10**	-
Net current income tax asset/ (liability) at the end	**1.95**	(9.78)

9 Pre-operative expenses pending capitalisation included in Capital Work-In-Progress represent direct attributable expenditure for setting up of plants commencement of commercial operation. The detail of pre-operative expenses are:

₹ In Crores

For the year ended on	As at 31st March, 2018	As at 31st March, 2017
Opening Balance	**24.21**	-
Salaries, allowance and contribution to funds	**35.72**	18.45
Professional Fees	**0.83**	0.61
Travelling Expenses	**2.49**	0.88
Others	**19.05**	4.28
Closing balance	**82.30**	24.21

₹ in Crores

	As at 31st March ,2018	As at 31st March ,2017
10 Research and Development Expenses		
Material Consumption	**68.16**	83.38
Employees Benefit Expenses	**99.13**	75.76
Utilities	**12.21**	9.69
Depreciation	**17.19**	13.70
Others	**192.27**	195.91
Research and Development Expenses (included in Profit and Loss)	**388.95**	378.44

11 Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR Committee has been formed by the Company as per the Act. The company spent ₹ 7.14 Crores on various projects during the year refer Annexure - A (point no 5) included in the Board's Report.

Notes to the Financial Statements

As at 31st March, 2018

Category of Financial Instrument

₹ in Crores

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
12 Financial instruments						
Financial assets						
Investment in Equity instruments	-	-	-	0.02	-	-
Investment in Preference shares	-	-	0.23	-	-	0.23
Trade Receivables	-	-	621.66	-	-	467.41
Cash and cash equivalents	-	-	9.45	-	-	0.69
Bank balances other than Cash and Cash Equivalent	-	-	6.18	-	-	6.52
Derivatives not designated as Hedge	5.53	-	-	-	-	-
Others	-	-	24.28	-	-	13.66
Total	5.53	-	661.78	0.02	-	488.51
Financial liabilities						
Borrowings	-	-	621.53	-	-	8.28
Trade Payables	-	-	601.98	-	-	430.11
Other Financial liabilities	-	-	19.46	-	-	15.82
Derivatives not designated as Hedge	-	-	-	12.32	-	-
Total	-	-	1,242.97	12.32	-	454.20

Fair value measurement hierarchy

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Level of input used in			Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investment in Equity instruments	-	-	-	-	-	0.02
Derivatives not designated as Hedge	-	5.53	-	-	12.32	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

In case of investment in equity instuments, cost has been considerd as approximate fair value in view of materiality of value of investment.

13 Financial Risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk

i) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposit and other receivables.

Notes to the Financial Statements
As at 31st March, 2018

Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has used expected credit loss model for assessing the impairment loss.

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Trade Receivables	**621.66**	467.41
Allowance for doubtful debts	**1.96**	7.82
Percentage	**0.3%**	1.7%

Reconciliation of loss allowance provision – Trade receivables

	₹ In Crores
Loss allowance on April 1, 2016	8.51
Changes in loss allowance	(0.69)
Loss allowance on March 31, 2017	7.82
Changes in loss allowance	(5.86)
Loss allowance on March 31, 2018	**1.96**

Cash and cash equivalents
As at the year end, the Company held cash and cash equivalents of ₹ 9.45 Crores (31st March, 2017 - ₹ 0.69 Crores). The cash and cash equivalents other bank balances and derivatives are held with bank with good credit rating.

Other financial assets
Other financial assets are neither past due nor impaired.

ii) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Company has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of sefty regarding timely payment and servicing of financial obligation.

Exposure to liquidity risk
The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

Particulars	**As at 31st March, 2018**			As at 31st March, 2017		
	Less than 1 year	**More than 1 year**	**Total**	Less than 1 year	More than 1 year	Total
Non derivative						
Borrowings	**121.53**	**500.00**	**621.53**	8.28	-	8.28
Trade payables	**601.98**	**0.00**	**601.98**	430.11	-	430.11
Other financial liabilities	**19.46**	**0.00**	**19.46**	15.82	-	15.82
Derivative						
Forward / Options contracts	**-**	**-**	**-**	12.32	-	12.32

Notes to the Financial Statements
As at 31st March, 2018

iii) Market Risk

Currency Risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues, expenses and borrowings. The Company uses foreign exchange forward contracts and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Company enters into foreign currency options and forward contracts which are not intended for trading or speculative purposes but for hedge purposes.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ In Crores

As at 31st March, 2018	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables (net)	452.96	26.41	16.75	**496.12**
Cash and cash equivalents	7.95	0.75	-	**8.70**
Financial liabilities				
Trade payables	56.09	2.05	1.15	**59.29**
Borrowing (PCFC)	32.59	-	-	**32.59**

As at 31st March, 2017	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables (net)	338.57	25.71	15.86	380.14
Financial liabilities				
Trade payables	55.09	9.95	1.93	66.97

Sensitivity analysis

For the years ended 31st March, 2018 and 31st March, 2017 every 5% weakening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Company's profit and equity by approximately ₹ 19.87 Crores and ₹ 14.96 Crores respectively. A 5% strengthening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect.

Interest Rate Risk and Exposure to Interest Rate Risk

The Company has loan facilities on floating interest rate, which exposes the company to risk of changes in interest rates.

For the years ended 31st March, 2018 and 31st March, 2017, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Company's loss by approximately ₹ 3.11 Crores and ₹ 0.04 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity Rate Risk

The Company's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

Other Risk

Since Company is significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite, any adverse action by regulatory authority of the Company's target market can adversely affect its operation.

Notes to the Financial Statements

As at 31st March, 2018

14 Capital Management

The Company's capital management objectives are:
* to ensure the Company's ability to continue as a going concern; and
* to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Dividend on equity shares paid during the year

During the year ended 31st March, 2018 dividend of ₹ 4 per equity share was paid to the equity shareholders after the AGM approval. ₹ 75.41 Crores and corporate tax of ₹ 15.35 in relation to FY 2016-17

The Board of Directors has recommended dividend on Equity Shares at ₹ 4 per share i.e. 200% for the year ended on 31st March, 2018. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

15 Donation includes political contributions of ₹ 6 Crores to Bharatiya Janata Party.

16 Recent Accounting Pronouncements

On 28th March, 2018 Ministry of Corporate Affairs has notified the Ind AS 115, Revenue form Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The company will adopt the standard on 1st April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended 31st March, 2018 will not be retrospectively adjusted. the effect on adoption of Ind As 115 on the operations of the company is being assessed by the company.

17 The Company has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms.

Lease receipts / payments are recognised in the statement of profit and loss under "Lease Rent Income" and "Rent" in Note 22 and 25 respectively..

18 The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Independent Auditor's Report

To the Members of Alembic Pharmaceuticals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALEMBIC PHARMACEUTICALS LIMITED (hereinafter referred to as "the Holding Company")and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in the equity of the Group and its Associates and Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements/financial information of the subsidiaries, associates and jointly controlled entity referred to below in the 'Other Matters' paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

The financial statements of subsidiaries, associates and jointly controlled entity have been either audited by other auditors or were subjected to a limited review by other auditors, whose

reports have been furnished to us by the Management and our opinion and report in terms of Sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entity, is based solely on the reports of the other auditors.

(a) We did not audit the financial statements / financial information of any of the eleven subsidiaries whose financial statements / financial information reflect total assets of ₹ 1019.29 Crores as at 31st March, 2018, total revenues of ₹ 906.82 Crores and net cash outflows amounting to ₹ 60.59 Crores for the year ended on that date, as considered in the consolidated financial statements.

(b) The consolidated financial statements also include the Group's share of net loss of ₹ 8.09 Crores for the year ended 31st March, 2018 as considered in the consolidated financial statements, in respect of four associates and one jointly controlled entity whose financial statements / financial information has not been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors as referred to in 'Other Matters' paragraph above we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Holding Company and its subsidiary companies incorporated in India and its associate company incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity– Refer Note 32(2)(ii) to the consolidated financial statements.
      ii. The Group, its associates and jointly controlled entity did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and associate company incorporated in India.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Annexure A
to the Independent Auditor's Report

(Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Alembic Pharmaceuticals Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of ALEMBIC PHARMACEUTICALS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint venture companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Holding Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the 'Other Matter' paragraph below, the Holding Company, its subsidiary companies, its associates and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For K. S. AIYAR & Co.
Chartered Accountants
(Firm's Registration No. 100186W)

Rajesh S. Joshi
Partner
Membership No. 38526

Place of Signature: Vadodara
Date: 16th May, 2018

Consolidated Balance Sheet

As at 31st March, 2018

₹ in Crores

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
I. Assets			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	6	**927.02**	799.40
(b) Capital Work-In-Progress		**910.76**	369.28
(c) Goodwill	7	**3.77**	-
(d) Other Intangible Assets	7	**62.59**	-
(e) Intangible Assets under development		**99.39**	27.00
(f) Financial Assets			
(i) Investments	8	**0.45**	0.47
(ii) Investment accounted for using Equity Method	9	**41.19**	49.41
(iii) Other Financial Assets			
(g) Other Non-Current Assets	10	**71.14**	71.24
(2) Current Assets			
(a) Inventories	11	**733.93**	632.75
(b) Financial Assets			
(i) Trade Receivables	12	**526.34**	338.82
(ii) Cash and cash equivalents	13	**83.74**	153.08
(iii) Bank balances other than cash and cash equivalents	14	**6.18**	6.52
(iv) Others Financial Assets	15	**29.97**	14.10
(c) Current Tax Assets (Net)		**3.45**	-
(d) Other Current Assets	16	**441.13**	227.19
Total Assets		**3,941.05**	2,689.26
II Equity and Liabilities			
Equity			
(a) Equity Share capital	17	**37.70**	37.70
(b) Other Equity	18	**2,182.44**	1,864.63
Equity attributable to owners of the Company		**2,220.14**	1,902.33
Non-controlling interests		**0.31**	0.11
Total Equity		**2,220.45**	1,902.44
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	**500.00**	-
(b) Provisions	20	**61.66**	57.22
(c) Deferred Tax Liabilities (Net)	21	**35.44**	36.93
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	**207.78**	88.51
(ii) Trade Payables	23	**759.32**	500.73
(iii) Other Financial Liabilities	24	**19.59**	16.17
(b) Other Current Liabilities	25	**123.29**	65.11
(c) Provisions	26	**13.51**	12.36
(d) Current Tax Liabilities (Net)		**-**	9.79
Total Equity and Liabilities		**3,941.05**	2,689.26

See accompanying notes 1 to 32 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

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

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Rajesh S. Joshi
Partner
Membership No. 38526

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2018

₹ in Crores

	Particulars	Notes	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
I	**Revenue from Operations**	27	**3,130.81**	3,134.61
II	**Other Income**	28	**7.03**	2.02
III	**Total Income**		**3,137.84**	3,136.63
IV	**Expenses**			
	Cost of Materials Consumed	29	**725.75**	703.87
	Purchase of Stock-in-Trade		**201.87**	224.18
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	29	**(42.06)**	(69.95)
	Employee Benefits Expense	30	**622.81**	558.83
	Finance costs		**3.40**	5.23
	Depreciation and amortization expense	6	**105.46**	82.97
	Other Expenses	31	**979.34**	1,102.40
	Total Expense (IV)		**2,596.57**	2,607.54
V	**Profit Before Tax (III-IV)**		**541.27**	529.09
VI	**Tax Expense**			
	(i) Current Tax		**123.61**	122.40
	(ii) Deferred Tax		**(2.16)**	(0.21)
	(iii) Short/Excess Tax Provision		**(1.10)**	0.00
VII	**Profit after Tax Before Share of Profit of Associate and Joint Ventures (V-VI)**		**420.91**	406.90
VIII	**Share of Profit/(Loss) of an Associate and a Joint Venture**		**(8.09)**	(3.83)
IX	**Profit for the period before Non controlling Interest(VII+VIII)**		**412.82**	403.07
X	**Non- controlling Interest**		**(0.19)**	0.09
XI	**Profit for the period attributable to Owners of the Company**		**412.63**	403.16
XII	**Other Comprehensive Income**			
	A Items that will not be reclassified to Profit and Loss			
	(i) Re-measurement of post-employment benefit obligations		**(3.89)**	(2.71)
	(ii) Income tax relating to Re-measurement of post-employment benefit obligations		**0.83**	0.58
			(3.06)	(2.13)
	B Items that will be reclassified to Profit or Loss			
	(i) Exchange differences in translating the financial statements of a foreign operations		**(0.14)**	(2.54)
			(0.14)	(2.54)
	Total Other Comprehensive Income (A+B)		**(3.20)**	(4.67)
XIII	**Total Comprehensive Income for the year (IX+XII)**		**409.63**	398.41
	Total Comprehensive Income for the year Attributable to:			
	(i) Non- controlling Interest		**0.19**	(0.09)
	(ii) Owners of the Company		**409.43**	398.50
XIV	**Earnings per equity share (FV ₹ 2/- per share)**	32-1	**21.89**	21.39
	Basic & Diluted (in ₹)			

See accompanying notes 1 to 32 of Financial Statements

The accompanying notes referred to above which form an integral part of the Financial Statements

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Milin Mehta
Director
DIN No.: 01297508

Pranav Amin
Managing Director
DIN No.: 00245099

Archana Hingorani
Director
DIN No.: 00028037

Shaunak Amin
Managing Director
DIN No.: 00245523

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

K. G. Ramanathan
Director
DIN No.: 00243928

Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Consolidated Cash Flow Statement

For the year ended 31st March, 2018

₹ in Crores

Particulars	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
A Cash Flow from Operating Activities:		
Net Profit before tax	**541.27**	529.09
Depreciation	**105.46**	82.97
Interest charged	**3.40**	5.23
Interest Income	**(0.62)**	(1.03)
Dividend Income	**(0.75)**	(0.19)
Unrealised foreign exchange gain (net)	**(15.62)**	(5.29)
Provision / Write off for doubtful trade receivables	**0.07**	1.30
Loss/(Profit) on sale of Asset	**(4.82)**	0.07
Operating Profit before change in Working capital	**628.39**	612.16
Working capital changes:		
(Increase) In Inventories	**(101.18)**	(62.96)
(Increase) / Decrease In Trade Receivables	**(184.18)**	11.71
(Increase) In Other Assets	**(217.64)**	(51.07)
Increase / (Decrease) In Trade Payables	**258.84**	(87.57)
Increase / (Decrease) In Other Liabilities	**61.60**	(6.85)
Increase In Provisions	**1.71**	31.10
Cash generated from operations	**447.53**	446.53
Direct taxes paid (Net of refunds)	**(135.11)**	(117.96)
Net Cash inflow from Operating Activities (A)	**312.42**	328.55
B Cash Flow from Investing Activities:		
Proceeds from Sale of Assets	**14.40**	19.41
Interest received	**0.62**	1.03
Dividend received	**0.75**	0.19
Purchase of tangible assets & Capital Advance	**(749.36)**	(510.14)
Purchase of Investments (Net)	**-**	3.60
Intangible assets under development	**(72.39)**	-
Net cash outflow on acquisition of Subsidiary	**(78.41)**	-
Net Cash inflow from Investing Activities (B)	**(884.38)**	(485.91)

Cash Flow Statement

For the year ended 31st March, 2018

₹ in Crores

Particulars		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
C	**Cash Flow from Financing Activities:**		
	Proceeds from long-term borrowings	**500.00**	
	Proceeds from short-term borrowings	**119.05**	-
	Increase in Restricted Bank Balances other than Cash & Cash Equivalents	**0.35**	4.98
	Repayment of long-term Borrowings	**-**	(4.65)
	Repayment of Short-term Borrowings	**-**	(33.95)
	Dividends paid (including distribution tax)	**(90.76)**	(90.10)
	Interest and other finance costs	**(26.02)**	(5.16)
	Net Cash inflow from Financing Activities (C)	**502.63**	(128.88)
I	**Net (decrease)/increase in cash and cash equivalents (A+B+C)**	**(69.34)**	(286.24)
II.	**Cash and cash equivalents at the beginning of the Year**	**153.08**	439.32
III.	**Cash and cash equivalents at the end of the Year (I+II)**	**83.74**	153.08
IV.	**Cash and cash equivalents at the end of the Year**		
	Balances with Banks	**83.41**	152.91
	Cash on hand	**0.34**	0.17
	Cash and cash equivalents (Refer note 13)	**83.74**	153.08

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

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R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2018

Particulars	No of Shares	₹ in Crores
A. Equity Share Capital		
Equity shares of ₹ 2/- each issued, subscribed and fully paid		
Balance at 1st April, 2016		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year		
Balance at 31st March, 2017	18,85,15,914	37.70
Balance at 1st April, 2017		
Equity shares of ₹ 2/- each	18,85,15,914	37.70
Changes in equity share capital during the year		
Balance at 31st March, 2018	**18,85,15,914**	**37.70**

₹ in Crores

Particulars	Reserve & Surplus				Total
	Capital Reserve	General Reserve	Retained earnings	Foreign Currency Translation reserve	
B. Other Equity - Attributable to owners					
Balance at 1st April, 2016 (I)	0.30	839.13	707.91	10.70	1,558.04
Other Comprehensive Income			(2.13)*	(2.54)	(4.67)
Profit for the period			403.16		403.16
Total Comprehensive Income for the year (II)	-	-	401.03	(2.54)	398.50
					-
Dividends paid including Tax on Dividend			(90.76)		(90.76)
Reversal of Deferred Tax Asset on account of Intangible asset Pursuant to the order of Hon'ble Gujarat High Court		(1.15)			(1.15)
Amount Transfered from Retained Earnings to General Reserve		300.00	(300.00)		-
Transaction for the year (III)	-	298.85	(390.76)	-	(91.91)
Balance at 31st March, 2017 (I+II+III)	0.30	1,137.98	718.18	8.16	1,864.63
Balance at 1st April, 2017 (I)	0.30	1,137.98	718.18	8.16	1,864.63
Other Comprehensive Income			(3.06)*	(0.14)	(3.20)
Profit for the period			412.63		412.63
Total Comprehensive Income for the year (II)	-	-	409.57	(0.14)	409.43
					-
Dividends paid including Tax on Dividend			(90.76)		(90.76)
Reversal of Deferred Tax Asset on account of Intagible asset Pursuant to the order of Hon'ble Gujarat High Court		(0.87)			(0.87)
Amount Transfer from Retained Earnings to General Reserve		100.00	(100.00)		-
Transaction for the year (III)	-	99.13	(190.76)	-	(91.62)
Balance at 31st March, 2018 (I+II+III)	**0.30**	**1,237.12**	**937.00**	**8.03**	**2,182.44**

*Represents Re-measurement of Defined Plans.

As per our report of even date

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

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
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Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President - Finance & Company Secretary

Vadodara: 16th May, 2018

Vadodara: 16th May, 2018

Notes to the Consolidated Financial Statements

As at 31st March, 2018

1 General information

The Financial Statement of the subsidiaries, associates and Joint Venture used in the consolidation is drawn up to the same reporting date as that of the Alembic Pharmaceuticals Limited ("the Holding Company"), namely 31st March, 2018.

2 Significant accounting policies

Statement of compliance

The Group has prepared its consolidated financial statements for the year ended 31st March, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended 31st March, 2018.

Principles of Consolidation:

The Consolidated Financial Statements consist of Alembic Pharmaceuticals Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), associates and Joint Venture. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Ind AS 27 – "Consolidated and Separate Financial Statements" specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules, 2015.

On consolidation, transactions are recorded by the Group at the rate of exchange prevailing on the date of transaction. All monetary assets and monetary liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

Investment and share of profit of associate and Joint Venture have been consolidated as per the equity method as per Ind AS 28 – "Investments in Associates" and Ind AS 111 - "Joint Arrangements" respectively specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

The Group accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Group and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

3 Companies Included in Consolidation:

Name	Country of Incorporation	Nature	Proportion of Ownership Interest As on 31st March, 2018
Alembic Global Holding SA (AGH SA)	Switzerland	Subsidiary	100% subsidiary of Alembic Pharmaceuticals Limited (APL)
AG Research Private Limited	India	Subsidiary	
Aleor Dermaceuticals Limited	India	Subsidiary	60% subsidiary of APL
Alembic Pharmaceuticals Australia Pty Ltd	Australia	Subsidiary	100% subsidiary of AGH SA
Alembic Pharmaceutical Inc.	U.S.A	Subsidiary	
Alembic Pharmaceuticals Europe Limited	Malta	Subsidiary	
Alnova Pharmaceuticals SA	Switzerland	Subsidiary	
Alembic Pharmaceuticals Canada Ltd	Canada	Subsidiary	
Genius LLC	Ukraine	Subsidiary	
Alembic Mami SPA	Algeria	Joint Venture	49% shareholding of AGH SA

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Name	Country Of Incorporation	Nature	Proportion Of Ownership Interest As On 31st March, 2018
Rhizen Pharmaceuticals SA (RP SA)	Switzerland	Associate	40.3% shareholding of AGH SA
Incozen Therapeutics Pvt Limited	India	Associate	50% shareholding of APL
Dahlia Theraputics SA	Switzerland	Subsidiary of Associate	100% subsidiary of RP SA
Rhizen Pharmaceuticals Inc	USA	Subsidiary of Associate	

4 Significant Accounting Policies:

The accounting policies of the Group and that of its subsidiaries, associates and Joint Venture are generally similar and as per generally accepted accounting principles in India please refer page no 69.

5 Translation of Accounts:

In Consolidated Financial Statements, the Financial Statements of subsidiary companies and proportionate share of associates and Joint Venture have been translated into INR as prescribed under Ind AS 21 the Effects of Changes in Foreign Exchange Rates specified under Section 133 of the Companies Act 2013 read with Companies (Accounts) Rules 2015.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

6. Property, Plant and Equipment

₹ in Crores

Property, Plant and Equipment	Free Hold Land	Lease Hold Land	Buildings	Plant & Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Carrying amount									
Carrying Amount as at 1st April 2016	1.92	19.35	233.50	409.86	82.49	8.84	21.25	2.84	780.05
Additions / Adjustment	-	0.14	32.46	113.53	43.18	2.77	0.54	0.99	193.62
Disposals / Adjustment	-	-	-	(11.96)	(0.10)	(0.67)	(10.70)	(0.16)	(23.59)
Closing Gross Carrying Amount	1.92	19.49	265.96	511.43	125.57	10.95	11.08	3.67	950.09
Accumulated Depreciation	-	0.22	12.21	44.35	7.34	0.82	6.40	0.62	71.96
Depreciation charge during the year	-	0.30	11.88	56.27	11.33	1.07	2.03	0.72	83.60
Disposals / Adjustment	-	-	-	(0.10)	-	-	(4.68)	(0.10)	(4.88)
Closing Accumulated Depreciation	-	0.51	24.09	100.52	18.67	1.90	3.75	1.25	150.69
Net Carrying Amount as at 1st April, 2016	1.92	19.13	221.30	365.51	75.15	8.02	14.84	2.22	708.09
Net Carrying Amount as at 31st March, 2017	**1.92**	**18.98**	**241.88**	**410.91**	**106.90**	**9.06**	**7.33**	**2.43**	**799.40**
Gross Carrying amount									
Carrying Amount as at 1st April, 2017	1.92	19.49	265.96	511.43	125.57	10.95	11.08	3.67	950.09
Additions / Adjustment	50.07	-	23.52	76.99	70.09	5.91	1.07	2.91	230.56
Acquisition of a subsidiary	8.48	-	-	0.03	-	-	-	-	8.51
Disposals / Adjustment	-	(0.90)	(8.87)	(5.80)	(0.50)	(0.13)	(0.03)	(0.38)	(16.60)
Closing Gross Carrying Amount	60.47	18.58	280.61	582.66	195.15	16.73	12.13	6.21	1,172.56
Accumulated Depreciation									
As at 1st April, 2017	-	0.51	24.09	100.52	18.67	1.90	3.75	1.25	150.69
Depreciation charge during the year	0.10	10.20	12.20	61.27	14.67	1.16	1.47	0.85	101.93
Disposals / Adjustment	-	-	(4.40)	(2.30)	-	(0.08)	(0.01)	(0.29)	(7.08)
Closing Accumulated Depreciation	0.10	10.72	31.88	159.49	33.34	2.98	5.22	1.81	245.54
Net Carrying Amount as at 1st April, 2017	1.92	18.98	241.88	410.91	106.90	9.06	7.33	2.43	799.40
Net Carrying Amount as at 31st March, 2018	**60.37**	**7.87**	**248.73**	**423.17**	**161.82**	**13.75**	**6.91**	**4.40**	**927.02**

Note:

1 During the year, the Company, through its wholly owned subsidiary Alembic Pharmaceutials Inc., acquired USA based generic drug developer Orit Laboratories LLC along with Okner Realty LLC with effect from 1st November, 2017.

2 The Company does not have any restrictions on the title of its property, plant and equipment.

3 Borrowing cost capitalised during the period amounting to ₹ 22.61 Crores (PY ₹ 2.37 Crores)

4 Sales proceeds are deducted from gross cost where cost is unacertainable

5 Presentation had been made during the year (with corresponding restatement of comparative amounts) to continue carrying value of all its Property Plant & Equipment as per previous GAAP, as deemed cost as on date of transition, as per Ind AS.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	Goodwill		Other Intangible Assets	
	As at 31st March, 2018	As at 31st March, 2017	**As at 31st March, 2018**	As at 31st March, 2017
7 Goodwill and Other Intangible Assets				
Gross Carrying Amount	-	-	-	-
Acquisition of a subsidiary	3.94	-	65.95	-
Closing Gross Carrying Amount	**3.94**	-	**65.95**	-
Accumulated Amortisation	-	-	-	-
Amortisation expense	(0.17)	-	(3.37)	-
Closing Accumulated Depreciation	**(0.17)**	-	**(3.37)**	-
Net Carrying Amount	**3.77**	-	**62.59**	-

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
8 Non-Current Financial Investment		
Investments in Equity Instruments-Unquoted		
Valued at Fair value through Profit & Loss		
Nil (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.	-	0.02
Investments in Preference Shares		
Valued at Amortised cost		
1% Cumulative Redeemable Non-Convertible Preference Shares 4,50,000 (PY: 4,50,000) of ₹ 10 each fully paid up in EICL (Redemption date 14th December, 2031)	0.45	0.45
	0.45	0.47

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
9 Investment accounted for using Equity Method			
Investments in Equity Instruments -Unquoted			
Valued at Cost			
(i) Investment in Associates			
10,00,000 (PY: 10,00,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd		1.72	1.83
Add: Share in Profit / (loss) for the period		(0.06)	(0.12)
	a	**1.66**	1.71
50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA		0.21	0.26
Add: Share in Profit / (loss) for the period		0.12	(0.06)
Add: Impact of Foreign Currency translations		0.02	(0.00)
	b	**0.34**	0.20
(ii) Investment in Joint Venture			
34,297 (PY: 34,297) equity shares of DZD 1000 each fully paid up representing 49% of equity in Alembic Mami SPA, Algeria		47.48	51.32
Add /(Less) : Share in Profit / (loss) for the period		(8.14)	(3.65)
Add/(Less):Impact of Foreign Currency translations		(0.15)	(0.19)
	c	**39.19**	47.48
Aggregate amount of unquoted Investments	**(a+b+c)**	**41.19**	49.39

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
10 Other Non-Current Assets		
Capital Advances	**44.96**	69.70
Balance with Government Authorities	**26.17**	1.53
	71.14	71.24

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
11 Inventories (Basis of Valuation - Refer Note 2.11)		
Raw Materials	**186.21**	134.14
Packing Materials	**23.80**	18.56
Work-in-Progress	**51.92**	30.72
Finished Goods	**345.56**	345.02
Traded Goods	**110.66**	80.02
Goods-in-Transit	**9.32**	19.64
Stores and Spares	**6.46**	4.65
	733.93	632.75

Note:

(i) Inventories are hypothecated as security for working capital borrowings

(ii) During the year ended 31st March, 2018 the Company recorded inventory write-downs of ₹ 3.89 Crores (PY ₹ 3.16 Crores).

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
12 Trade Receivables			
(Unsecured, considered good, unless otherwise stated)			
Considered Good	a	**526.34**	338.82
Considered Doubtful		**1.96**	7.82
Provision for Doubtful debts		**(1.96)**	(7.82)
	b	**-**	-
	(a+b)	**526.34**	338.82

Note:

Receivables are hypothecated as security for working capital borrowings

Refer Note No 32(6)(g) of Related Party Receivables

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
13 Cash and Cash Equivalents		
Balances with Banks	**83.41**	152.91
Cash on hand	**0.34**	0.17
	83.74	153.08

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
14 Bank Balances Other than Cash and Cash Equivalents		
Unpaid Dividend Account	**4.03**	3.18
Margin Money Deposit Account	**2.14**	3.35
	6.18	6.52

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
15 Others Financial Assets (Current)		
Security Deposits	**17.79**	14.10
Unrealised Foreign Exchange Gain	**12.18**	-
	29.97	14.10

Refer note No 32(6)(g) for Related Party Deposits

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
16 Other Current Assets (Unsecured, considered good)		
Advance to Employees	**5.80**	3.91
Advance to Suppliers	**151.94**	101.58
Pre-paid Expense	**15.32**	7.55
Balances with Government Authorities	**268.08**	114.14
	441.13	227.19

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
17 Equity Share Capital		
Authorized		
20,00,00,000 - Equity shares of ₹ 2/- each	**40.00**	40.00
	40.00	40.00
Shares issued, subscribed and fully paid		
18,85,15,914 - Equity shares of ₹ 2/- each	**37.70**	37.70
	37.70	37.70

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2018		As at 31st March, 2017	
	Numbers	₹ in Crores	Numbers	₹ in Crores
At the beginning of the year	**18,85,15,914**	**37.70**	18,85,15,914	37.70
Outstanding at the end of the year	**18,85,15,914**	**37.70**	18,85,15,914	37.70

The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital

The company is having only one class of shares i.e. Equity carrying a nominal value of ₹ 2/- per share Every holder of the equity share of the Company is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Shares in the company held by each shareholder holding more than 5% specifying the number of shares held

		As at 31st March, 2018		As at 31st March, 2017	
		Numbers	**% held**	Numbers	**% held**
1	Alembic Limited	**5,54,71,208**	**29.43%**	5,50,00,000	29.18%
2	Shreno Limited	**2,06,98,780**	**10.98%**	2,06,98,780	10.98%
3	Nirayu Private Limited	**4,93,36,655**	**26.17%**	1,37,13,755	7.27%
4	Whitefield Chemtech Private Limited	-	-	1,82,85,230	9.70%
5	Sierra Investments Private Limited	-	-	1,73,37,670	9.20%

₹ in Crores

			As at 31st March, 2018	As at 31st March, 2017
18	**Other Equity**			
	(Refer statement of changes in equity for detailed movement in other equity balance)			
	(a)	Capital Reserve	**0.30**	0.30
	(b)	General Reserve	**1,237.12**	1,137.98
	(c)	Retained Earnings	**937.00**	718.18
	(e)	Foreign Currency Translation Reserve	**8.03**	8.16
	Total Other Equity		**2,182.44**	1,864.63

Nature and purpose of each Reserve

Capital Reserve :- Capital Reserve is created on receipt of Government subsidy for setting up factory in backward area.
General Reserve :- The reserve is created by transfer of a portion of the net profit.
Foreign Currency Translation Reserve :- Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation Currency (i.e.INR) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve.

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
19	**Borrowings (Non-Current)**		
	Term Loan (Un Secured)		
	From Bank	**500.00**	-
		500.00	-

Notes:

(i) Term loan of ₹ 200 Crores: Payable at the end of 30th Month from the date of first drawal (in January, 2020). Interest @ rate of six months T Bills plus spread of 87 bps.

(ii) Term loan of ₹ 300 Crores: Payable after 3 years from the date of disbursement. Subject to maximum up to 31st December, 2020. Interest @ rate of one year G-sec plus spread of 61 bps.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
20 Provisions (Non-Current)		
Provision for Employee Benefits		
- Gratuity	**1.84**	-
- Leave benefits	**18.03**	15.42
Provision for Non-Saleable return of goods	**41.79**	41.79
	61.66	57.22

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
21 Deferred Tax Liabilities (Net)			
Deferred Tax Liabilities			
Depreciation	a	**118.50**	92.22
Deferred Tax Assets			
Provision for Doubtful debts		**0.68**	2.71
MAT Credit Entitlement		**57.85**	29.72
Intangible Asset		**2.58**	3.45
Others		**21.95**	19.42
	b	**83.06**	55.29
	(a-b)	**35.44**	36.93

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
22 Borrowings (Current)		
From Banks		
Secured		
Working Capital facilities	**46.53**	8.28
First charged on Pari-Passu basis by hypothecation of Inventory and Trade Receivables at varying rates repayable on demand		
Unsecured		
Short term Loans, Interest @ rate of 3 months Libor + 100 bps.	**86.25**	80.24
Working capital demand loan, Interest @ rate of 7.85%	**75.00**	-
	207.78	88.51

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
23 Trade Payables		
Due to Micro and Small Enterprises	**0.20**	1.15
Others	**759.12**	499.58
	759.32	500.73

Refer Note No 32(6)(g) for Related Party Payables

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
24 Other Financial Liabilities		
Interest accrued but not due on borrowings	2.92	0.35
Unpaid dividends	4.03	3.18
Trade Deposits	12.58	12.57
Unpaid / Unclaimed matured deposits and interest accrued thereon	0.06	0.07
	19.59	16.17

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
25 Other Current Liabilities		
Statutory dues	70.36	19.44
Advance from Customers	9.47	1.35
Others	43.46	44.32
	123.29	65.11

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
26 Provisions (Current)		
Provision for Employee Benefits		
Gratuity	6.73	6.04
Leave benefits	6.77	6.32
	13.51	12.36

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
27 Revenue from Operations		
Sale of products		
- Domestic*	1,370.24	1,318.07
- Exports	1,665.42	1,741.45
	3,035.67	3,059.52
- Export Incentives	69.73	53.43
- Royalty	19.27	17.97
- Other Operating Revenues*	6.14	3.68
	3,130.81	3,134.61

* Revenue from operations for the period 2016-17 and for the period 1st April, 2017 to 30th June, 2017 are including excise duty, however for the period from 1st July, 2017 to 31st March, 2018 is net of Goods and Service Tax (GST), Accordingly, revenue from operation are not comparable.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
28 Other Income		
Dividend	**0.75**	0.19
Insurance Claims	**0.82**	1.21
Lease Rent Income (Refer Note No. 32 (12))	**0.03**	0.16
Profit /(Loss) on Sales of Assets	**4.82**	(0.56)
Interest Income	**0.62**	1.03
	7.03	2.02

₹ in Crores

		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
29 Cost of Material Consumed			
Inventory at the beginning of the year		**152.70**	106.44
Add : Purchases		**783.06**	750.13
		935.76	856.57
Less : Inventory at the end of the year		**210.01**	152.70
		725.75	703.87
Changes in inventories of Finished Goods, Stock in Trade and Work in Progress			
Work-in-Progress		**51.92**	30.72
Finished Goods		**354.88**	364.66
Stock-in-Trade		**110.66**	80.02
Inventory at the end of the year	a	**517.46**	475.41
Work-in-Progress		**30.72**	24.26
Finished Goods		**364.66**	381.20
Stock-in-Trade		**80.02**	-
Inventory at the beginning of the year	b	**475.41**	405.46
	(b-a)	**(42.06)**	(69.95)

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
30 Employee Benefits Expense		
Salaries and Wages	**592.30**	528.32
Contribution to Provident and other funds	**16.74**	18.72
Staff welfare expense	**13.77**	11.79
	622.81	558.83

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
31 Other Expenses		
Consumption of Stores, Spares, Laboratory Material and Analytical Expense	**158.63**	131.10
Power and Fuel	**70.35**	64.20
Manufacturing and Labour Charges	**17.94**	29.55
Repairs and Maintenance		
Machinery	**19.78**	16.98
Buildings	**7.05**	9.43
Others	**4.27**	4.53
Freight and Forwarding Charges	**64.32**	40.92
Publicity Expense, Service Fees and Commission	**315.91**	352.22
Excise Duty	**0.63**	29.46
Rent (Refer Note No. 32 (11))	**14.30**	13.56
Rates and Taxes	**5.82**	8.86
Insurance	**5.57**	5.60
Travelling Expense	**114.61**	113.98
Communication Expenses	**25.75**	23.17
Legal & Professional Fees	**77.84**	115.11
Payment to Auditors	**1.04**	0.99
Exchange Difference (net)	**(27.84)**	5.97
Bad Debts written off	**0.07**	1.30
Expenses on CSR Activities	**7.14**	4.22
Donation	**6.07**	0.02
Patent Filing & Registration Fees	**38.50**	18.52
External Research & Development	**36.86**	98.20
Miscellaneous Expenses	**14.75**	14.53
	979.34	1,102.40

32 Other explanatory Notes to the Consolidated Financial Statements

1 Earning Per Share (EPS)

		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
(a)	Net Profit after non-controlling interest attributable to equity shareholders (₹ in Crores)	**412.63**	403.16
(b)	Weighted average numbers of equity shares	**18,85,15,914**	18,85,15,914
(c)	Basic and diluted Earnings per share before Extra-Ordinary Items in ₹ (Face Value per share ₹ 2/- each)	**21.89**	21.39

Notes to the Consolidated Financial Statements

As at 31st March, 2018

2 Contingent Liabilities and Commitments (To The Extent Not Provided For)

₹ in Crores

		As at 31st March, 2018	As at 31st March, 2017
i	Estimated amount of contracts net of advances remaining to be executed on capital accounts	134.49	227.18
ii	Contingent liabilities		
(a)	Letter of credit and Bank Guarantees	81.38	72.42
(b)	Liabilities Disputed in appeals		
	Excise duty	5.93	5.99
	Sales Tax	2.57	2.91
	Income Tax	-	0.03
(c)	Claims against the company not acknowledged as debt	0.02	0.37
(d)	Export obligation against advance licence	3.79	-
(e)	Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	0.35	0.35

iii Contingent Asset

(a) As per JV agreement, the interest on NCD issued by Aleor and subscribed by company will start accruing only when Aleor starts making cash profit. Since in pharma industry the gestation period is long and there is significant uncertainty as to when JV will start making profit, the fair value of such contingent asset is not ascertainable.

(b) The company has made application to Department of Industrial Policy and Promotion for subsidy for setting new plant in Sikkim. The same is yet to be approved by the relevant authorities. Also large number of claims of various companies (who set up their plants much before ours) are pending. Hence the quantification of fair value of such subsidy are unacertainable.

3 Additional Information

₹ in Crores

Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As a % of consolidated Net Assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated	Amount	As % of consolidated	Amount
Parent :								
Alembic Pharmaceuticals Limited	98.85%	2194.64	102.22%	421.99	95.71%	(3.06)	102%	418.93
Subsidiaries :								
1. Indian : A G Research Pvt Ltd.	0.00%	(0.01)	(0.91%)	(3.74)	63.81%	(2.04)	(0.91%)	(3.74)
Aleor Dermaceuticals Limited	0.02%	0.51	0.12%	0.49	Nil	Nil	0.17%	0.68
2. Foreign :								
Alembic Global Holding SA (wholly owned subsidiary of Alembic Pharmaceuticals Limited)*	5.24%	116.40	1.77%	7.30	Nil	Nil	1.28%	5.26
Minority interest in all subsidiaries	0.01%	0.31	0.05%	0.19	Nil	Nil	(0.05%)	(0.19)

Notes to the Consolidated Financial Statements

As at 31st March, 2018

₹ in Crores

Particulars	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
	As a % of consolidated Net Assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated	Amount	As % of consolidated	Amount
Associates :								
(Investment as per the equity method)								
1. Indian : Incozen Therapeutics Pvt Limited	(0.06%)	(1.35)	(0.02%)	(0.06)	Nil	Nil	(0.02%)	(0.06)
2. Foreign : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joint Venture :								
(As per proportionate consolidation / investment as per equity method)								
1. Indian : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Foreign : NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Intercompany Elimination and Consolidation Adjustments	(4.07%)	(90.35)	(3.23%)	(13.35)	(59.53%)	1.90	(2.75%)	(11.25)
	100.0%	**2,220.15**	**100.0%**	**412.82**	**100.0%**	**(3.20)**	**100.0%**	**409.63**

4 Research and Development Expenses

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Material Consumption	68.16	83.38
Employees Benefit Expenses	102.50	75.76
Utilities	12.26	9.69
Depreciation	20.76	13.7
Others	207.61	244.64
Total	**411.28**	427.17

5 Operating Segment

The Group Company has only one reportable segment i.e Pharmaceuticals

₹ in Crores

Information about products and services	
API	650.60
Formulations	2,480.21
Information about Geographical Areas	
a) Revenue from External Customers	
In India	1,375.38
Outside India	1,755.43
b) Non-Current Assets	
In India	2,116.31
Outside India	-
c) Information about major customers	
Consolidated Revenue – exceeding 10% from each single external customer.	NIL

Notes to the Consolidated Financial Statements

As at 31st March, 2018

6 Disclosures in respect of Related Parties transactions

(a) Associate Companies:

1 Incozen Therapeutics Pvt. Limited
2 Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
3 Dahlia Therapeutics (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
4 Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)

(b) Joint Venture

1 Alembic Mami SPA, (Joint venture of Alembic Global Holding SA.)

(c) Other Related Parties

1 Alembic Limited
2 Whitefield Chemtech Pvt. Limited (up to 12th December, 2017)
3 Nirayu Pvt.Limited
4 Shreno Limited
5 Paushak Limited
6 Quick Flight Limited (upto 9th May, 2017)
7 Sierra Investments Pvt. Limited (Up to 12th December, 2017)
8 Viramya Packlight LLP (Formally Known as Viramya Packlight Ltd)
9 Shreno Publications Limited

(d) Key Management personnel

1	Mr. Chirayu Amin	Chairman & CEO
2	Mr. Pranav Amin	Managing Director
3	Mr. Shaunak Amin	Managing Director
4	Mr. R. K. Baheti	Director - Finance & CFO
5	Mr. K.G Ramnathan	Non-Executive Independent Director
6	Mr. Pranav Parikh	Non-Executive Independent Director
7	Mr. Paresh Saraiya	Non-Executive Independent Director
8	Mr. Milin Mehta	Non-Executive Independent Director
9	Ms. Archana Hingorani	Non-Executive Independent Director
10	Mr. Ajay Kumar Desai	Sr. Vice President - Finance & Company Secretary

(e) Relatives of Key Management Personnel :

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

Notes to the Consolidated Financial Statements

As at 31st March, 2018

(f) Transactions with Related parties:

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

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Associates		
Sale of Goods/DEPB	**5.97**	6.37
Reimbursement of expenses	**0.58**	0.30
Joint Venture		
Corporate Guarantee Given	**13.69**	10.00
Sale of Goods/DEPB	**4.58**	10.04
Key Management Personnel		
Short Term Employment Benefits	**28.07**	20.64
Terminal Benefits	**1.93**	1.78
Commission	**28.30**	25.00
Sitting Fees	**0.17**	0.13
Dividend Paid	**2.62**	2.62
Other Related Parties		
Purchase of Goods/DEPB/IP Rights	**74.10**	73.04
Dividend Paid	**50.01**	50.01
Receiving of Services	**8.22**	7.41
Rent Paid	**6.80**	5.67
Purchase of Fixed Assets	**3.73**	2.93
Deposit Given	**2.84**	0.88
Sale of Goods/DEPB	**2.48**	3.38
Reimbursement of expenses	**0.78**	(0.91)

(g) Balance Outstanding as at the end of the year

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
Associate Companies:		
Trade Receivable	**3.55**	3.55
Joint Venture		
Corporate Guarantee	**32.59**	18.81
Trade Receivable	**0.23**	4.52
Other Related Parties		
Trade Payable	**11.71**	9.27
Trade Receivable	**5.87**	3.55
Deposit Given	**12.47**	9.57
Key Management Personnel		
Commission Payable	**28.30**	33.99

Notes to the Consolidated Financial Statements

As at 31st March, 2018

(h) Disclosure in respect of material transaction with related parties during the year.

₹ in Crores

		For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2017
Purchase of Goods/DEPB/IP Rights			
i	Alembic Limited	**50.05**	53.83
ii	Sierra Investments Pvt. Limited	**10.92**	16.48
iii	Shreno Publication Limited	**6.01**	-
Sale of Goods/DEPB			
i	Rhizen Pharmaceutical SA	**5.97**	6.37
ii	Alembic Limited	**2.13**	2.91
Purchase of Fixed Assets			
i	Shreno Limited	**3.73**	2.87
Receiving of services			
i	Alembic Limited	**7.72**	3.18
ii	Shreno Limited	**4.39**	4.23
Reimbursement of expenses			
i	Alembic Limited	**0.78**	(0.91)
ii	Rhizen Pharmaceutical SA	**0.58**	0.30
Rent Paid			
i	Alembic Limited	**6.18**	5.14
Deposit Given			
i	Alembic Limited	**2.84**	0.88
Corporate Gurantee Given			
i	Alembic Mami SPA, Algeria	**13.69**	-
ii	Shreno Limited	**-**	10.00
Remuneration			
i	Mr. Chirayu Amin	**22.00**	20.50
ii	Mr. Pranav Amin	**15.65**	11.50
iii	Mr. Shaunak Amin	**15.66**	11.50
Dividend Paid			
i	Alembic Limited	**22.00**	22.00
ii	Shreno Limited	**8.28**	7.35
iii	Sierra Investments Pvt Limited	**6.94**	6.87
iv	Nirayu Pvt Limited	**5.49**	6.49
v	Whitefield Chemtech Pvt Limited	**7.31**	7.31
vi	Mr. Chirayu Amin	**1.81**	1.81
vii	Mr. Pranav Amin	**0.40**	0.40
viii	Mr. Shaunak Amin	**0.40**	0.40

Notes to the Consolidated Financial Statements

As at 31st March, 2018

7 Income Taxes

a. Income tax expense

₹ in Crores

	For the Year Ended on 31st March, 2018	For the Year Ended on 31st March, 2018
Current Tax		
Current tax expense	123.61	122.40
Deferred Tax		
Decrease / (increase) in deferred tax assets	(28.63)	(25.88)
(Decrease) / increase in deferred tax liabilities	26.28	25.67
Total deferred tax expenses (benefit)	**(2.35)**	(0.21)
Total Income tax expenses *	**121.27**	122.19

* This excludes tax benefit on other comprehensive income of ₹ 0.83 Crores for 31st March, 2018 & ₹ 0.58 Crores for 31st March, 2017 respectively.

b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
Profit before Income tax expense	541.27	525.36
Tax at the Indian Tax Rate*	115.52	112.12
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	(0.04)	(0.04)
Expenditure related to exempt income	0.02	0.00
Effect on account of overseas tax	5.85	8.52
Others (including deferred tax)	(0.08)	1.59
Income Tax Expense	**121.27**	122.19

* The company is covered under the provisions of MAT u/s 115JB and the applicable Indian tax rate for year ended 31st March, 2018 and 31st March, 2017 is 21.3416%.

c. Current tax (liabilities)/assets

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
Opening balance	(9.79)	(9.26)
Income tax paid	134.92	121.29
Current income tax payable for the period / year	(122.78)	(121.82)
Written back of income tax provision of earlier years	1.10	-
Net current income tax asset/ (liability) at the end	3.45	(9.79)

Notes to the Consolidated Financial Statements

As at 31st March, 2018

8 Financial instruments

Category of Financial Instrument

₹ in Crores

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets						
Investment in Equity instruments	-	-	-	0.02	-	-
Investment in Preference shares	-	-	0.45	-	-	0.45
Trade Receivables	-	-	526.34	-	-	338.82
Cash and cash equivalents	-	-	83.74	-	-	153.08
Bank balances other than Cash and Cash Equivalents	-	-	6.18	-	-	6.52
Derivatives not designated as Hedge	5.53	-	-	-	-	-
Others			24.44	-	-	14.10
Total	5.53	-	641.15	0.02	-	512.98
Financial liabilities						
Borrowings	-	-	707.78	-	-	88.51
Trade Payables	-	-	759.32	-	-	500.73
Other Financial liabilities	-	-	19.59	-	-	16.17
Derivatives not designated as Hedge	-	-	-	12.32	-	-
Total	-	-	1,486.69	12.32	-	605.41

Fair value measurement hierarchy :

₹ in Crores

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	'Level of input used in			'Level of input used in		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investment in Equity instruments	-	-	-	-	-	0.02
Derivatives not designated as Hedge	-	5.53	-	-	12.32	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

In case of investment in equity instrument, cost has been considered as approximate fair value in view of materiality of value of investment.

9 Financial Risk management

The Group has exposure to the following risks arising from financial instruments:
(i) Credit Risk;
(ii) Liquidity Risk; and
(iii) Market Risk

i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, Deposit and other receivables.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer, default risk of the industry and country in which the customer operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has used expected credit loss (ECL) model for assessing the impairment loss.

₹ in Crores

	As at 31st March, 2018	As at 31st March, 2017
Trade Receivables	**526.34**	338.82
Allowance for doubtful debts	**1.96**	7.82
Percentage	**0.4%**	2.3%

Reconciliation of loss allowance provision – Trade receivables

₹ in Crores

Loss allowance on 1st April. 2016	6.21
Changes in loss allowance	1.61
Loss allowance on 31st March, 2017	7.82
Changes in loss allowance	(5.86)
Loss allowance on 31st March, 2018	**1.96**

Cash and cash equivalents, Other Bank Balances and Derivatives

As at the year end, the Group held cash and cash equivalents of ₹ 83.74 Crores (31st March, 2017 - ₹ 153.08 Crores). The cash and cash equivalents other Bank balances and derivatives are held with bank with good credit rating.

ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The Group has sufficient unutilised fund and non fund based working capital credit limit duly sanctioned by various banks.

The company is rated by leading credit agency CRISIL, the rating "CRISIL A1+" and "AA+/Stable" has been assigned for short term and long term facility respectively, indicating high degree of safety regarding timely payment and servicing of financial obligation.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

₹ in Crores

	As at 31st March, 2018			As at 31st March, 2017		
	Less than 1 year	**More than 1 Years**	**Total**	Less than 1 year	More than 1 Years	Total
Non derivative						
Borrowings	**207.78**	**500.00**	**707.78**	88.51	-	88.51
Trade payables	**759.32**	**-**	**759.32**	500.73	-	500.73
Other financial liabilities	**19.59**	**-**	**19.59**	16.17	-	16.17
Derivative						
Forward / Options contracts	**-**	**-**	**-**	12.32	-	12.32

Notes to the Consolidated Financial Statements

As at 31st March, 2018

iii) Market Risk

Currency Risk

The Group's foreign exchange risk arises from its foreign operations, foreign currency revenues, expenses and foreign currency borrowings. The Group uses foreign exchange forward contracts and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its budgeted business transactions and recognized assets and liabilities. The Group enters into foreign currency options and forward contracts which are not intended for trading or speculative purposes but for hedge purposes.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crores

As at 31st March ,2018	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	452.96	26.41	16.75	**496.12**
Cash and cash equivalents	7.95	0.75	-	**8.70**
Financial liabilities				
Trade payables	59.83	2.05	1.89	**63.77**
Borrowing (PCFC)	32.59	-	-	**32.59**
As at 31st March ,2017	US Dollars	Euro	Others	**Total**
Financial assets				
Trade receivables	338.72	25.71	15.86	**380.29**
Financial liabilities				
Trade payables	55.09	9.95	1.93	**66.97**

Sensitivity analysis

For the years ended 31st March, 2018 and 31st March, 2017 every 5% weakening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Group's profit and equity by approximately ₹ 19.68 Crores and ₹ 14.97 Crores respectively. A 5% strengthening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect.

Interest Rate Risk and Exposure to Interest Rate Risk

The Group has loan facilities on floating interest rate, which exposes the group to risk of changes in interest rates.

For the years ended 31st March, 2018 and 31st March, 2017, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Group's loss by approximately ₹ 3.05 Crores and ₹ 0.44 Crores respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity Rate Risk

The Group's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies.

Other Risk

Since Group is significantly dealing in regulatory market, continuous compliance of all manufacturing facilities is pre requisite, any adverse action by regulatory authority of the group's target market can adversely affect Group operation.

Notes to the Consolidated Financial Statements

As at 31st March, 2018

10 Capital Management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

Dividend on equity shares paid during the year

During the year ended 31st March, 2018 an amount of ₹ 4.00 (P.Y. ₹ 4.00) of dividend per equity share was paid to the equity shareholders after the AGM approval. ₹ 75.41 Crores and corporate tax of ₹ 15.35 in relation to FY 2016-17.

The Board of Directors has recommended dividend on Equity Shares at ₹ 4 per share i.e. 200% for the year ended on 31st March, 2018. Dividend Proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

11 Leases

The Group has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreeable terms.

Lease receipts / payments are recognised in the statement of profit and loss under "Lease Rent Income" & "Rent" in Note 28 and 31 respectively.

12 During the year Goodwill arise on account of acquisition of 100% interest into Orit Laboratories LLC along with Okner Realty LLC through wholly owned subsidiary Alembic Pharmaceuticals Inc., (USA) for the purpose of expansion of business operation.

13 The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
DIN No.: 00243928

Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Form AOC-I

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

₹ in Crores

Name of the subsidiary	Alembic Global Holding SA	A G Research Pvt Ltd	Aleor Dermaceuticals Limited
Date since when subsidiary was acquired	14.12.2007	01.07.2015	23.05.2016
Reporting period for the subsidiary	31.03.2018	31.03.2018	31.03.2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year	1 USD – 68.17 INR	INR	INR
Share capital	31.04	4.13	0.5
Reserves & surplus	85.36	(4.14)	0.32
Total assets	723.09	0.02	296.18
Total Liabilities	606.69	0.03	295.36
Investments	39.54	-	0.23
Turnover	906.24	(0.00)	NIL
Profit before taxation	14.43	(3.74)	0.49
Provision for taxation	7.13	-	NIL
Profit after taxation	7.30	(3.74)	0.49
Proposed Dividend	NIL	NIL	NIL
% of shareholding	100%	100%	60%

Notes:

1. The following company's accounts are consolidated in Alembic Global Holding SA, a wholly owned subsidiary of Alembic Pharmaceuticals Limited:
   - a Alembic Pharmaceuticals Europe Limited (Subsidiary of Alembic Global Holding SA)
   - b Alembic Pharmaceuticals, Inc. (Subsidiary of Alembic Global Holding SA)
   - c Alembic Pharmaceuticals Canada Limited (Subsidiary of Alembic Global Holding SA)
   - d Alembic Pharmaceuticals Australia Pty Limited (Subsidiary of Alembic Global Holding SA)
   - e Alnova Pharmaceuticals SA (Subsidiary of Alembic Global Holding SA)
   - f Genius LLC (Subsidiary of Alembic Global Holding SA)
   - g Rhizen Pharmaceuticals SA (Associate of Alembic Global Holding SA)
   - h Dahlia Therapeutics SA (Subsidiary of Rhizen Pharmaceuticals SA.)
   - i Alembic Mami SPA (Joint Venture of Alembic Global Holding SF)
   - j Rhizen Pharmaceuticals Inc (Wholly Owned Subsidiary of Rhizen Pharmaceuticals SA)
   - k Orit Laboratories LLC (Subsidiary of Alembic Pharmaceuticals Inc)
   - l Okner Realty LLC (Subsidiary of Alembic Pharmaceuticals Inc)

2. Names of subsidiaries which are yet to commence operations - NA

3. Names of subsidiaries which have been liquidated or sold during the year. - NA

Notes to the Consolidated Financial Statements

As at 31st March, 2018

Part "B": Associates and Joint Venture

₹ in Crores

	Name of Associates	Incozen Therapeutics Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March, 2018
2	Date on which Associate was acquired	7th February, 2009
3	Shares of Associate/ Joint Venture held by the company on the year end no of share	1000000
4	Amount of Investment in Associates	3
5	Extent of Holding %	50%
6	Description of how there is significant influence	NA
7	Reason why the associate/ Joint Venture Company is not consolidated	NA
8	Net worth attributable to Shareholding as per latest audited Balance Sheet	1.65
9	Profit / (Loss) for the year	(0.13)
10	Considered in Consolidation	(0.06)
11	Not Considered in Consolidation	(0.06)

Notes:

1 Names of associates or Joint Venture which are yet to commence operations. – NA

2 Names of associates or Joint Venture which have been liquidated or sold during the year. NA

As per our report of even date

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

Rajesh S. Joshi
Partner
Membership No. 38526

Vadodara: 16th May, 2018

Chirayu Amin
Chairman & CEO
DIN No.: 00242549

Pranav Amin
Managing Director
DIN No.: 00245099

Shaunak Amin
Managing Director
DIN No.: 00245523

K. G. Ramanathan
Director
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Milin Mehta
Director
DIN No.: 01297508

Archana Hingorani
Director
DIN No.: 00028037

R. K. Baheti
Director-Finance & CFO
DIN No.: 00332079

Ajay Kumar Desai
Senior Vice President -
Finance & Company Secretary

Vadodara: 16th May, 2018

Notice

Alembic Pharmaceuticals Limited
Regd. Office: Alembic Road, Vadodara – 390 003.
Tel: +91 265-2280550 Fax: +91 265-2282506
Web: www.alembicpharmaceuticals.com Email Id: apl.investors@alembic.co.in CIN: L24230GJ2010PLC061123

Notice is hereby given that the 8th Annual General Meeting of the Members of Alembic Pharmaceuticals Limited will be held at "Sanskruti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003, on Friday, the 27th July, 2018 at 3:00 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on Equity Shares for the financial year ended 31st March, 2018.

3. To appoint a Director in place of Mr. R. K. Baheti (DIN: 00332079), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. **To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**
   Ratification of Remuneration to the Cost Auditor for the F. Y. 2018-19:
   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 ('the Act'), the remuneration payable to Mr. H. R. Kapadia, Cost Accountant (FRN: 100067) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2018-19 amounting to ₹ 1.75 Lacs plus applicable tax, travelling and other out-of-pocket expenses incurred by him in connection with the aforesaid audit, be and is hereby ratified and confirmed."

5. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
   Re-appointment of Mr. Shaunak Amin (DIN 00245523) as Managing Director of the Company:
   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('the Act'), approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Shaunak Amin as Managing Director of the Company for a period of 5 years commencing from 2nd May, 2018 on the remuneration, terms and conditions as mentioned hereunder:

   Terms and Conditions of Re-appointment:
   Term of Appointment: 5 years from 2nd May, 2018 to 1st May, 2023.

   Remuneration:
   Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹ 18 Crores per annum as may be decided by the Board of Directors 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 Executive Director may be allowed to be encashed as per rules of the Company.

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

Commission:

Mr. Shaunak Amin shall also be paid commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, not exceeding 1% of the net profits of the Company for the respective financial year, subject to overall ceilings stipulated in Section 197 of the Act.

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

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the remuneration, terms and conditions, to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified in the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. Shaunak Amin.

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

6. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

Revision in Remuneration payable to Mr. Pranav Amin (DIN 00245099), Managing Director of the Company:

"**RESOLVED THAT** pursuant to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('the Act'), approval of the members of the Company be and is hereby accorded for revision in maximum remuneration payable to Mr. Pranav Amin, Managing Director of the Company w.e.f. 1st April, 2018 for the remaining tenure of his appointment i.e., upto 31st March, 2021, as under:

Revised Remuneration:

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹ 18 Crores per annum as may be decided by the Board of Directors 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 Executive Director may be allowed to be encashed as per rules of the Company.

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

Commission:

Mr. Pranav Amin shall also be paid commission, in addition to salary, perquisites, allowances and others, calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, not exceeding 1% of the net profits of the Company for the respective financial year, subject to overall ceilings stipulated in Section 197 of the Act.

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

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the remuneration, terms and conditions, to the extent recommended by the

Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified in the Companies Act, 2013 and as may be agreed to between the Board of Directors and Mr. Pranav Amin.

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

7. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
Re-appointment of Mr. K. G. Ramanathan (DIN 00243928) as an Independent Director of the Company:
"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), rules framed thereunder and Schedule IV to the Act and Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. K. G. Ramanathan as an Independent Director of the Company, not liable to retire by rotation, for his second term of five consecutive years w.e.f. 1st April, 2019 as well as to continue to hold the position of Non-Executive Independent Director beyond 75 years of age.

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

8. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
Re-appointment of Mr. Pranav Parikh (DIN 00318726) as an Independent Director of the Company:
"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), rules framed thereunder and Schedule IV to the Act and Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Pranav Parikh as an Independent Director of the Company, not liable to retire by rotation, for his second term of five consecutive years w.e.f. 1st April, 2019 as well as to continue to hold the position of Non-Executive Independent Director beyond 75 years of age.

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

9. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
Re-appointment of Mr. Paresh Saraiya (DIN 00063971) as an Independent Director of the Company:
"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), rules framed thereunder and Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members be and is hereby accorded to the re-appointment of Mr. Paresh Saraiya as an Independent Director of the Company, not liable to retire by rotation, for his second term of five consecutive years w.e.f. 1st April, 2019.

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

10. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
Re-appointment of Mr. Milin Mehta (DIN 01297508) as an Independent Director of the Company:
"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), rules framed thereunder and Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members be and is hereby accorded to the re-appointment of Mr. Milin Mehta as an Independent Director of the Company, not liable to retire by rotation, for his second term of five consecutive years w.e.f. 1st April, 2019.

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

11. **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**
Amendment to the Memorandum of Association of the Company:
"**RESOLVED THAT** pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies

(Incorporation) Rules, 2014 ('the Act'), the following clauses of Memorandum of Association be and are hereby amended in the following manner:

a) The existing heading of Clause III be deleted.

b) The existing heading of Clause III (A) be substituted by the following new heading:
"The objects to be pursued by the Company on its incorporation are as under"

c) The existing heading of Clause III (B) be substituted by the following new heading:
"Matters which are necessary for furtherance of the objects specified in Clause III (A) are as under"

d) The existing Clause III (C) – "Other Objects" be deleted.

e) References to sections and provisions of the Companies Act, 1956 in the existing Clause III (B) of the Memorandum of Association, be replaced and aligned with the corresponding sections of the Companies Act, 2013 and rules framed thereunder.

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

12. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

Adoption of new set of Articles of Association of the Company:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 ('the Act'), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

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

13. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

Increase in borrowing powers of the Company:

"**RESOLVED THAT** in supersession of the earlier resolution passed by the members of the Company at their 4th Annual General Meeting held on 28th July, 2014 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and the rules framed thereunder ('the Act') and the Articles of Association of the Company, the approval of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporates, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up capital of the Company, its free reserves (reserves not set apart for any specific purpose) and securities premium account, provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹ 2,500 Crores (Rupees Two Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to do all acts, deeds and things necessary and expedient to give effect to the above resolution."

14. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

Creation of charge / security over the assets / undertaking of the Company:

"**RESOLVED THAT** in supersession of the earlier resolution passed by the members of the Company at their 4th Annual General Meeting held on 28th July, 2014 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and the rules thereunder ('the Act'), the approval of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company, both present and future and /or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking of the Company

together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures or any other securities or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in rate of exchange.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to do all acts, deeds and things necessary and expedient to give effect to the above resolution."

15. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

Granting loan, giving guarantee or providing security in respect of any loan to Subsidiary:

"**RESOLVED THAT** pursuant to the provisions of Sections 185, 186, 188 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder ('the Act'), the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and RPT Policy of the Company, approval of the members of the Company, be and is hereby accorded to grant loan or give guarantee or provide security in respect of any loan to Aleor Dermaceuticals Limited, a subsidiary of the Company, upto an amount of ₹ 250 Crores, in multiple tranches and on such terms and conditions as mentioned in the explanatory statement.

RESOLVED FURTHER THAT the Board of Directors of the Company, including any Committee thereof, be and are hereby authorized to do all acts, deeds and things in their absolute discretion that may be considered necessary, proper and expedient or incidental for the purpose of giving effect to this resolution in the interest of the Company."

NOTES:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. **A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided such person shall not act as a proxy for any other person or shareholder.**

3. The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of commencement of the meeting.

4. The details of Mr. R. K. Baheti, Mr. Shaunak Amin, Mr. Pranav Amin, Mr. K. G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta, Directors seeking re-appointment/variation in terms of appointment, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are annexed herewith as Annexure - A.

5. The Register of Members of the Company will remain closed from 20th July, 2018 to 27th July, 2018 (both days inclusive), for the purpose of payment of dividend.

6. The dividend when sanctioned will be made payable on or before 2nd August, 2018, to those members whose names stand on the Register of Members of the Company on 20th July, 2018 in case of physical shares and to those members as per the beneficiary position to be given by NSDL and CDSL. Members are requested to notify promptly any change in their registered addresses.

   In order to enable the Company to directly credit the dividend amount in the bank accounts:

   a) Shareholders holding shares in demat accounts are requested to update their bank account details with their respective Depository Participants.

   b) Shareholders holding shares in physical form are requested to provide the following details along with an authorization letter allowing the Company to directly credit the dividend in their bank accounts:

   Name of first account holder (as appearing in the bank account records), bank name, branch name, branch address, account type and account number, IFSC code and MICR code and a copy of cancelled cheque.

7. As per the provisions of Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules, 2016"), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF), a fund constituted by the Government of India under Section 125 of the Companies Act, 2013.

   Further, in accordance with the provisions of Section 124(6) of the Companies Act, 2013 and IEPF Rules, 2016, shares on which dividend has not been paid or claimed for seven consecutive years or more, are liable to be transferred to IEPF Suspense Account.

   Members who have not claimed dividend for previous year(s) are requested to claim the same by approaching the Company or the R & T Agents of the Company.

   TThe due dates for transfer of unclaimed / unpaid dividend to IEPF are as under:

Date of Declaration of Dividend	Dividend for Financial Year	Proposed Month and Year of transfer to the IEPF
29th August, 2011	2010-11	September, 2018
9th August, 2012	2011-12	September, 2019
7th August, 2013	2012-13	September, 2020
28th July, 2014	2013-14	August, 2021
31st July, 2015	2014-15	August, 2022
29th July, 2016	2015-16	August, 2023
20th July, 2017	2016-17	August, 2024

8. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except saturdays and holidays up to the date of Annual General Meeting.

9. All the work related to share registry in terms of both - physical and electronic – are being conducted by Company's R & T 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: +91 265-2356573, 2356794 Email Id: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address.

10. The Company has designated an exclusive Email Id: apl.investors@alembic.co.in for redressal of Shareholders'/Investors' complaints/grievance. In case you have any queries, complaints or grievances, then please write to us at the above mentioned e-mail address.

11. Updation of Email Id: The Shareholders are requested intimate their Email Id to the Company or update their email registered with Depository Participants, if the same is changed.

12. Voting through Electronic Means and Declaration of Results:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

M/s. Samdani Shah & Kabra, Practising Company Secretaries, Vadodara has been appointed as the Scrutinizer for conducting the e-voting process.

Mr. Chirayu Amin, Chairman & CEO of the Company and in his absence Mr. R. K. Baheti, Director - Finance & CFO, will declare the voting results based on the scrutinizer's report received on e-voting and voting at the meeting. The voting results along with scrutinizer's report will be displayed on the:

(i) Notice Board of the Company at its Registered Office;

(ii) Company's website www.alembicpharmaceuticals.com;

(iii) CDSL website www.evotingindia.com and

(iv) Stock exchanges website www.nseindia.com and www.bseindia.com.

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

i. The e-voting period begins on 24th July, 2018 (9:00 a.m.) and end on 26th July, 2018 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as at the cut-off date of 20th July, 2018, may cast their vote electronically. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on 20th July, 2018, may obtain the login Id and password by sending request at helpdesk.evoting@cdslindia.com. The e-voting module shall be disabled by CDSL for voting after 26th July, 2018 (5.00 p.m.).

ii. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.

iii. Next click on "Shareholders" tab to cast your votes.

iv. Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

v. Next enter the Image Verification as displayed and Click on Login.

vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vii. If you are a first time user follow the steps given below:

PAN	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on address label/sticker affixed on the back page of the Annual Report.
	In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the date of birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter your dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio.

please enter DOB or Dividend Bank Details in order to login. If both the details are not recorded with the depository or Company, please enter the member id/folio no. in the Dividend Bank details field as mentioned in instruction (iv).

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then reach directly to the company selection screen. However, members holding shares in demat form

will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password can be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN for the relevant Company **(ALEMBIC PHARMACEUTICALS LIMITED - 180613016)** on which you choose to vote.

xii. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. Shareholders can also use Mobile app. "m-Voting" for e-voting. M-Voting app. is available on IOS, Android & Windows based mobile. Shareholders may log into m-Voting using their e-voting credentials to vote for the Company resolution(s).

xix. Note for Non – Individual Shareholders and Custodians.

- Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

By Order of the Board,

Sd/-
Ajay Kumar Desai
Senior Vice President – Finance & Company Secretary

Registered Office:
Alembic Road,
Vadodara - 390 003
Date: 16th May, 2018

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

Item No. 4

In accordance with the provisions of Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its Cost Records audited from a qualified Cost Accountant. The Board of Directors at its meeting held on 16th May, 2018, on the recommendation of Audit Committee, approved the appointment and remuneration of Mr. H. R. Kapadia, Cost Accountant, to conduct the audit of the cost records of the Company for the financial year 2018-19.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2018-19 as set out in the resolution for aforesaid services to be rendered by him.

The Board of Directors recommends the resolution at Item No. 4 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolution at Item No. 4 of this Notice.

Item No. 5

Mr. Shaunak Amin (DIN 00245523) is heading Branded Formulation Business of the Company. The Company has made steady progress in terms of revenues as well as in terms of profits in challenging times under his leadership and his continued services will benefit the Company in its growth path.

The Board of Directors at its meeting held on 31st January, 2018, on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. Shaunak Amin as Managing Director of the Company for a period of five years commencing from 2nd May, 2018.

The details of Mr. Shaunak Amin as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice

The Board of Directors recommends the resolution at Item No. 5 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 5 of this Notice.

Item No. 6

Mr. Pranav Amin (DIN 00245099) is heading International Business of the Company. The Company has registered huge growth during these years. In International Business, the Company has made significant inroads in the US markets against huge odds. Additionally lot of investments are being made in new projects to accelerate growth in future. The domestic business is also growing steadily inspite of lots of external hiccups.

Considering the progress made by the Company under his leadership and considering the industry benchmarks for the remuneration for similar position, the Board of Directors at its meeting held on 16th May, 2018, on the recommendation of Nomination and Remuneration Committee, approved the revision in remuneration payable to Mr. Pranav Amin, Managing Director of the Company w.e.f. 1st April, 2018.

The details of Mr. Pranav Amin as required under the provisions of para 1.2.5 of the Secretarial Standard on General Meetings (SS-2) are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 6 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Chirayu Amin, Mr. Pranav Amin and Mr. Shaunak Amin and their relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 6 of this Notice.

Item No. 7

Mr. K. G. Ramanathan (DIN 00243928) was appointed as an Independent Director of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with rules framed thereunder ('the Act') and the Clause 49 of the erstwhile Listing Agreements entered into with the stock exchanges. Mr. K. G. Ramanathan hold office as an Independent Director of the Company upto 31st March, 2019 ('first term') in terms of the explanation to Sections 149(10) and 149(11) of the Act.

Mr. K. G. Ramanathan is a Postgraduate in Physics from University of Madras and is a Retd. IAS Officer. He has worked in senior administrative positions in the State of Gujarat and Government of India for more than three decades. He has wide industrial experience particularly in the fields of fertilizers,

chemicals and petrochemicals. Before his retirement from Government service, he was the Chairman and Managing Director of erstwhile Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India. Mr. K. G. Ramanathan was the President of Chemical and Petrochemical Manufacturers Association of India. He is the founder President of Indian Centre for Plastics in the Environment (ICPE).

Mr. K. G. Ramanathan has attained the age of 78 years. Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which are effective from 1st April, 2019, requires the Company to obtain approval of members by way of a special resolution for appointing or continuing the directorship of a person as a Non-Executive Director who has attained seventy five years of age.

In the opinion of the Board, Mr. K. G. Ramanathan fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations, 2015') and is independent of the management.

The Board of Directors at its meeting held on 16th May, 2018, on the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, considers that given his background and experience and contributions made by him during his tenure, the association of Mr. K. G. Ramanathan would be beneficial to the Company and it is desirable to re-appoint Mr. K. G. Ramanathan as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. 1st April, 2019.

Copy of the draft letter of appointment of Mr. K. G. Ramanathan setting out the terms and conditions of appointment are available for inspection without any fee by the members at the Registered Office of the Company.

The details of Mr. K. G. Ramanathan as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 7 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. K. G. Ramanathan, has any concern or interest, financial or otherwise, in the resolution at Item No. 7 of this Notice.

Item No. 8

Mr. Pranav Parikh (DIN 00318726) was appointed as an Independent Director of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with rules framed thereunder ('the Act') and the Clause 49 of the erstwhile Listing Agreements entered into with the stock exchanges. Mr. Pranav Parikh hold office as an Independent Director of the Company upto 31st March, 2019 ('first term') in terms of the explanation to Sections 149(10) and 149(11) of the Act.

Mr. Pranav Parikh is a Commerce Graduate and has done Business Administration Program at Harvard University, USA. He is an Industrialist and the founder and Chairman of TechNova Imaging Systems (P) Ltd. ('Technova') and a Director of Lemuir Group, a comprehensive logistics solution provider. Mr. Pranav Parikh started Technova in 1979 and under his leadership, Technova has become one of the largest manufactures in the world for offset plates, graphics art chemistry and digital print media. He has vast experience as an industrialist and has been an active participant in various industrial fora and organizations.

Mr. Pranav Parikh has attained the age of 75 years. Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which are effective from 1st April, 2019, requires the Company to obtain approval of members by way of a special resolution for appointing or continuing the directorship of a person as a Non-Executive Director who has attained seventy five years of age..

In the opinion of the Board, Mr. Pranav Parikh fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations, 2015') and is independent of the management.

The Board of Directors at its meeting held on 16th May, 2018, on the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, considers that given his background and experience and contributions made by him during his tenure, the association of Mr. Pranav Parikh would be beneficial to the Company and it is desirable to re-appoint Mr. Pranav Parikh as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. 1st April, 2019.

Copy of the draft letter of appointment of Mr. Pranav Parikh setting out the terms and conditions of appointment are available for inspection without any fee by the members at the Registered Office of the Company.

The details of Mr. Pranav Parikh as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 8 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. Pranav Parikh and his relatives, has any concern or interest, financial or otherwise, in the resolution at Item No. 8 of this Notice.

Item No. 9

Mr. Paresh Saraiya (DIN 00063971) was appointed as an Independent Director of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with rules framed thereunder ('the Act') and the Clause 49 of the erstwhile Listing Agreements entered into with the stock exchanges. Mr. Paresh Saraiya hold office as an Independent Director of the Company upto 31st March, 2019 ('first term') in terms of the explanation to Sections 149(10) and 149(11) of the Act.

Mr. Paresh Saraiya is a senior business leader with over four decades of rich and diverse experience in technical, commercial, corporate leadership, entrepreneurship and corporate governance. He has done Graduation in Mechanical Engineering from The M.S. University of Baroda and has undergone various Management Development Programs. He started his career with Transpek Industry Limited, and after gaining rich experience of more than 25 years managing various functions, he assumed charge as Managing Director of Transpek Silox Industry Private Limited in Year 2001. A progressive leader, he is adept at building teams with shared vision and guiding them for effective execution of plans. He was a member of the Managing Committee of Federation of Gujarat Industries (FGI), Vadodara for many years. He was the Convenor of the task force on Chemicals and Dyestuff constituted by CII Western Region. He is also active in social service.

In the opinion of the Board, Mr. Paresh Saraiya fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations, 2015') and is independent of the management.

The Board of Directors at its meeting held on 16th May, 2018, on the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, considers that given his background and experience and contributions made by him during his tenure, the association of Mr. Paresh Saraiya would be beneficial to the Company and it is desirable to re-appoint Mr. Paresh Saraiya as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. 1st April, 2019.

Copy of the draft letter of appointment of Mr. Paresh Saraiya setting out the terms and conditions of appointment are available for inspection without any fee by the members at the Registered Office of the Company.

The details of Mr. Paresh Saraiya as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 9 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. Paresh Saraiya, has any concern or interest, financial or otherwise, in the resolution at Item No. 9 of this Notice.

Item No. 10

Mr. Milin Mehta (DIN 01297508) was appointed as an Independent Director of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with rules framed thereunder ('the Act') and the Clause 49 of the erstwhile Listing Agreements entered into with the stock exchanges. Mr. Milin Mehta hold office as an Independent Director of the Company upto 31st March, 2019 ('first term') in terms of the explanation to Sections 149(10) and 149(11) of the Act.

Mr. Milin Mehta is a Chartered Accountant and a Senior Partner of M/s. K. C. Mehta & Co., a reputed Chartered Accountants' Firm, since more than 3 decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and holds a Masters Degree in Commerce. He was also a member of the Committee set up by the Central Board of Direct Taxes (CBDT) for framing "Tax Accounting Standards" which are renamed as "Income-tax Computation and Disclosure Standards" (ICDS). Presently he is member of the Committee appointed by the Finance Minister under the CBDT for considering the MAT Impact on introduction of IndAS and also to notify further ICDS due to introduction of IndAS. He has also co-authored a book on "Minimum Alternate Tax" published by The Bombay Chartered Accountants' Society. He is also active in social service.

In the opinion of the Board, Mr. Milin Mehta fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 ('the Listing Regulations, 2015') and is independent of the management.

The Board of Directors at its meeting held on 16th May, 2018, on the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, considers that given his background and experience and contributions made by him during his tenure, the association of Mr. Milin Mehta would be beneficial to the Company and it is desirable to re-appoint Mr. Milin Mehta as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years w.e.f. 1st April, 2019.

Copy of the draft letter of appointment of Mr. Milin Mehta setting out the terms and conditions of appointment are available for inspection without any fee by the members at the Registered Office of the Company.

The details of Mr. Milin Mehta as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Annexure - A to this Notice.

The Board of Directors recommends the resolution at Item No. 10 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. Milin Mehta, has any concern or interest, financial or otherwise, in the resolution at Item No. 10 of this Notice.

Item No. 11 & 12

The Companies Act, 2013 read with rules framed thereunder ('the Act') has been gradually notified and implemented by the Ministry of Corporate Affairs, over the last four years.

The existing Memorandum of Association ('MoA') and Articles of Association (AoA) of the Company contained clauses / regulations which were based on the provisions of the old Companies Act, 1956 and contained references to the provisions of the same. It is considered desirable to amend MoA and substitute the entire regulations contained in the AoA of the Company with a new set of Articles, to bring them in conformity with the provisions of the Act.

Pursuant to the provisions of Section 13 and 14 of the Act, approval of the members by way of Special Resolution is required for amendment in the MoA and for adoption of a new set of AoA. The proposed draft of MoA and AoA is being uploaded on the Company's website for perusal by the members.

The Board of Directors recommends the resolutions at Item No. 11 & 12 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolutions at Item No. 11 & 12 of this Notice.

Item No. 13 & 14

Pursuant to the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans in excess of aggregate of the paid up capital, free reserves and securities premium account nor can create charge / security over the assets / undertaking of the Company which would be required to secure the borrowings.

The members of the Company had at their 4th Annual General Meeting held on 28th July, 2014, approved borrowing limits of upto ₹ 1,500 Crores. As on 31st March, 2018, the Company has borrowings to the extent of ₹ 685.04 Crores on standalone basis. In order to meet the requirements of proposed expansion plans, routine capex and working capital requirements as well as for unanticipated opportunities that may come up in future, it is proposed to increase borrowing limits from ₹ 1,500 Crores to ₹ 2,500 Crores and to create charge / security over the assets / undertaking of the Company for such borrowings.

The Board of Directors recommends the resolutions at Item No. 13 & 14 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the resolutions at Item Nos. 13 & 14 of this Notice.

Item No. 15

The Company had promoted a joint venture company along with Orbicular Pharmaceutical and Technologies Private Limited in the name and style of Aleor Dermaceuticals Limited (hereinafter referred to as 'Aleor'). The Company holds 60% of the equity capital in Aleor and hence Aleor is also a subsidiary of the Company. Aleor is engaged in the business of manufacturing and trading of dermaceutical products. Since, Aleor is in its initial state of operations, it would require funds for its business operations. It is proposed to grant loan or give guarantee or provide security in respect of any loan granted to Aleor for its principal business activities.

Pursuant to the provisions of Section 185 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014, approval of the members is required by way of special resolution to grant loan or give guarantee or provide security in respect of any loan granted to Aleor. The loans / guarantees / securities will be utilized by Aleor only for the purposes of its business activities.

The cumulative value of proposed transaction does not exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements and hence is not a material transaction in terms of Clause 23(1) of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 ('SEBI Listing Regulations, 2015'). The transaction is within the permissible limits as approved by the shareholders under Section 186 of the Companies Act, 2013. The terms and conditions to grant loan or give guarantee or provide security in respect of any loan granted to Aleor are as under:

Sr. No.	Particulars	Details
1.	The name of the related party and nature of relationship	Aleor Dermaceuticals Limited is a subsidiary of the Company.
2.	The nature, duration of the contract and particulars of the contract or arrangement	Granting of loans including any loan represented by a book debt, or giving any guarantee or providing any security in connection with any loan to Aleor Dermaceuticals Limited to the extent of ₹ 250 Crores, in multiple tranches.
		The repayment shall be governed by the terms agreed to between the parties to the joint venture.
3.	The material terms of the contract or arrangement including the value, if any	Interest / Fees / charges for granting loans, giving guarantee or providing security in connection with any loan to Aleor Dermaceuticals Limited will be determined as per the terms agreed to between the parties to the joint venture and shall be on arms-length basis.
4.	Any advance paid or received for the contract or arrangement, if any	Not applicable
5.	The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	As mentioned in clause 3 above.
6.	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	Yes

The Board of Directors recommends the resolution at Item No. 15 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives thereof have any concern or interest, financial or otherwise, in the resolution at Item No. 15 of this Notice.

By Order of the Board,

Sd/-
Ajay Kumar Desai
Senior Vice President – Finance & Company Secretary

Registered Office:
Alembic Road,
Vadodara - 390 003
Date: 16th May, 2018

Annexure – A

Details of the Directors seeking re-appointment/variation in terms of appointment at the Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are as under:

Name of the Director	Mr. R. K. Baheti	Mr. Shaunak Amin	Mr. Pranav Amin	Mr. K. G. Ramanathan
Age	58 years	39 years	42 years	78 years
Qualifications	B. Com. (Hon.), FCA & FCS	B. A.	M.B.A	P. G. in Physics
Experience	37 years	14 years	17 years	More than 50 years
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	N. A.	The details are provided in the resolution at Item no. 6 of this notice.	The details are provided in the resolution at Item no. 7 of this notice.	N. A.
Remuneration last drawn (2017-18)	₹ 3.35 Crores	₹ 15.66 Crores	₹ 15.65 Crores	Nil
Nature of expertise in specific functional Areas	Finance, Taxation & Management	Management & Leadership	Management & Leadership	Corporate Management
Date of first appointment on to the Board	16/06/2010	02/05/2013	31/03/2011	31/03/2011
No. of Shares held in the Company as on 31st March, 2018	Nil	10,06,980	10,09,800	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	Mr. R. K. Baheti does not have any relation with other Directors, Manager and other Key Managerial Personnel.	Mr. Shaunak Amin is son of Mr. Chirayu Amin and brother of Mr. Pranav Amin.	Mr. Pranav Amin is son of Mr. Chirayu Amin and brother of Mr. Shaunak Amin.	Mr. K. G. Ramanathan does not have any relation with other Directors, Manager and other Key Managerial Personnel.
No. of Meetings of the Board attended during the year	4	4	4	4
Directorship in other companies as on 31st March, 2018	1. Aleor Dermaceuticals Limited 2. Alembic Exports Limited	1. Shreno Limited 2. Shreno Publications Limited 3. Incozen Therapeutics Private Limited	1. Incozen Therapeutics Private Limited	Nil
Chairmanship/Membership of Committees of other Board	Nil	Nil	Nil	Nil

Name of the Director	Mr. Pranav Parikh	Mr. Paresh Saraiya	Mr. Milin Mehta
Age	75 years	64 years	53 years
Qualifications	B. Com & Business Administration	B. E. Mechanical	B. Com., M.Com, FCA & Law Graduate
Experience	More than 50 years	More than 40 years	More than 30 years
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	N. A.	N. A.	N. A.
Remuneration last drawn (2017-18)	Nil	Nil	Nil
Nature of expertise in specific functional Areas	Strategy, Management & Leadership	Management & Leadership	Strategy, Taxation & Corporate Restructuring
Date of first appointment on to the Board	31/03/2011	31/03/2011	31/03/2011
No. of Shares held in the Company as on 31st March, 2018	6,500	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	Mr. Pranav Parikh does not have any relation with other Directors, Manager and other Key Managerial Personnel.	Mr. Paresh Saraiya does not have any relation with other Directors, Manager and other Key Managerial Personnel.	Mr. Milin Mehta does not have any relation with other Directors, Manager and other Key Managerial Personnel.
No. of Meetings of the Board attended during the year	4	4	4
Directorship in other companies as on 31st March, 2018	1. TechNova Imaging Systems (P) Limited 2. Lee and Muirhead Private Limited 3. Shree Luxmi Wollen Mills Estate Limited 4. TechNova Graphics Private Limited 5. TechNova Prepress Private Limited	1. Transpek-Silok Industry Private Limited 2. Shroffs Engineering Limited 3. Excel Genetics Limited 4. Dinesh Remedies Limited 5. TechnoKraft Products Private Limited 6. SIAMP India Private Limited	1. Shaily Engineering Plastics Limited 2. Alembic Limited 3. Aleor Dermaceuticals Limited 4. Heubach Colour Private Limited 5. Gujarat Life Sciences Private Limited 6. TechnoKraft Products Private Limited 7. Startronic Investment Consultants Private Limited 8. Vadodara Marathon
Chairmanship/Membership of Committees of other Board	Nil	Transpek-Silox Industry Private Limited Chairman of Corporate Social Responsibility Committee Member of Audit Committee Dinesh Remedies Limited Chairman of Audit Committee Member of Nomination and Remuneration Committee	Shaily Engineering Plastics Limited Chairman of Audit Committee & Stakeholders Relationship Committee Member of Nomination & Remuneration Committee Alembic Limited Chairman of Audit Committee and Nomination & Remuneration Committee Member of Stakeholders Relationship Committee & Corporate Social Responsibility Committee Aleor Dermaceuticals Limited Chairman of Audit Committee and Nomination & Remuneration Committee

PROXY FORM

Alembic Pharmaceuticals Limited

Regd. Office: Alembic Road, Vadodara – 390 003
Tel: +91 265-2280550 Fax: +91 265-2282506
Web: www.alembicpharmaceuticals.com Email Id: apl.investors@alembic.co.in CIN: L24230GJ2010PLC061123

Name of the member(s):	
Registered address:	
E-mail ID:	
Folio No./DP ID:	
Client ID:	

I/we, being the member(s) of ..... shares of the above named company, hereby appoint:

(1) Name: _____
Address: _____
E-mail Id: _____
Signature _____ or failing him;

(2) Name: _____
Address: _____
E-mail Id: _____
Signature _____ or failing him;

(3) Name: _____
Address: _____
E-mail Id: _____
Signature _____ or failing him;

as my/our proxy to attend and vote on a poll for me/us and on my/our behalf at the 8th Annual General Meeting of the Company, to be held on Friday, 27th July, 2018 at 3:00 p.m. at "Sanskruti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions No.	Resolutions
Ordinary Business	
1.	Adoption of Financial Statements for the financial year ended 31st March, 2018.
2.	Declaration of dividend on Equity Shares of the Company.
3.	Re-appointment of Mr. R. K. Baheti, who retires by rotation.
Special Business	
4.	Ratification of Remuneration to the Cost Auditor for the F.Y. 2018-19.
5.	Re-appointment of Mr. Shaunak Amin (DIN 00245523) as Managing Director of the Company.
6.	Revision in Remuneration payable to Mr. Pranav Amin (DIN 00245099), Managing Director of the Company.
7.	Re-appointment of Mr. K. G. Ramanathan (DIN 00243928) as an Independent Director of the Company.

Resolutions No.	Resolutions
8.	Re-appointment of Mr. Pranav Parikh (DIN 00318726) as an Independent Director of the Company.
9.	Re-appointment of Mr. Paresh Saraiya (DIN 00063971) as an Independent Director of the Company.
10.	Re-appointment of Mr. Milin Mehta (DIN 01297508) as an Independent Director of the Company.
11.	Amendment to the Memorandum of Association of the Company.
12.	Adoption of new set of Articles of Association of the Company.
13.	Increase in borrowing powers of the Company.
14.	Creation of charge / security over the assets / undertaking of the Company.
15.	Granting loan, giving guarantee or providing security in respect of any loan to Subsidiary.

Signed this _____ day of _____ 2018

Affix Revenue Stamp ₹ 1

Signature of the Member(s): _____

Signature of the Proxy holder(s): _____

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please complete all details including details of member(s) before submission.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Alembic Pharmaceuticals Limited
Regd. Office: Alembic Road, Vadodara – 390 003
Tel: +91 265-2280550 Fax: +91 265-2282506
Web: www.alembicpharmaceuticals.com Email Id: apl.investors@alembic.co.in CIN: L24230GJ2010PLC061123

Name of the Member(s) / Proxy* (In Block Letters)	
Folio No.	
DP ID – Client ID	
No. of Shares held	

I hereby record my presence at the 8th Annual General Meeting (AGM) of the Company held on Friday, 27th July, 2018 at 3:00 p.m. at "Sanskruti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara – 390 003.

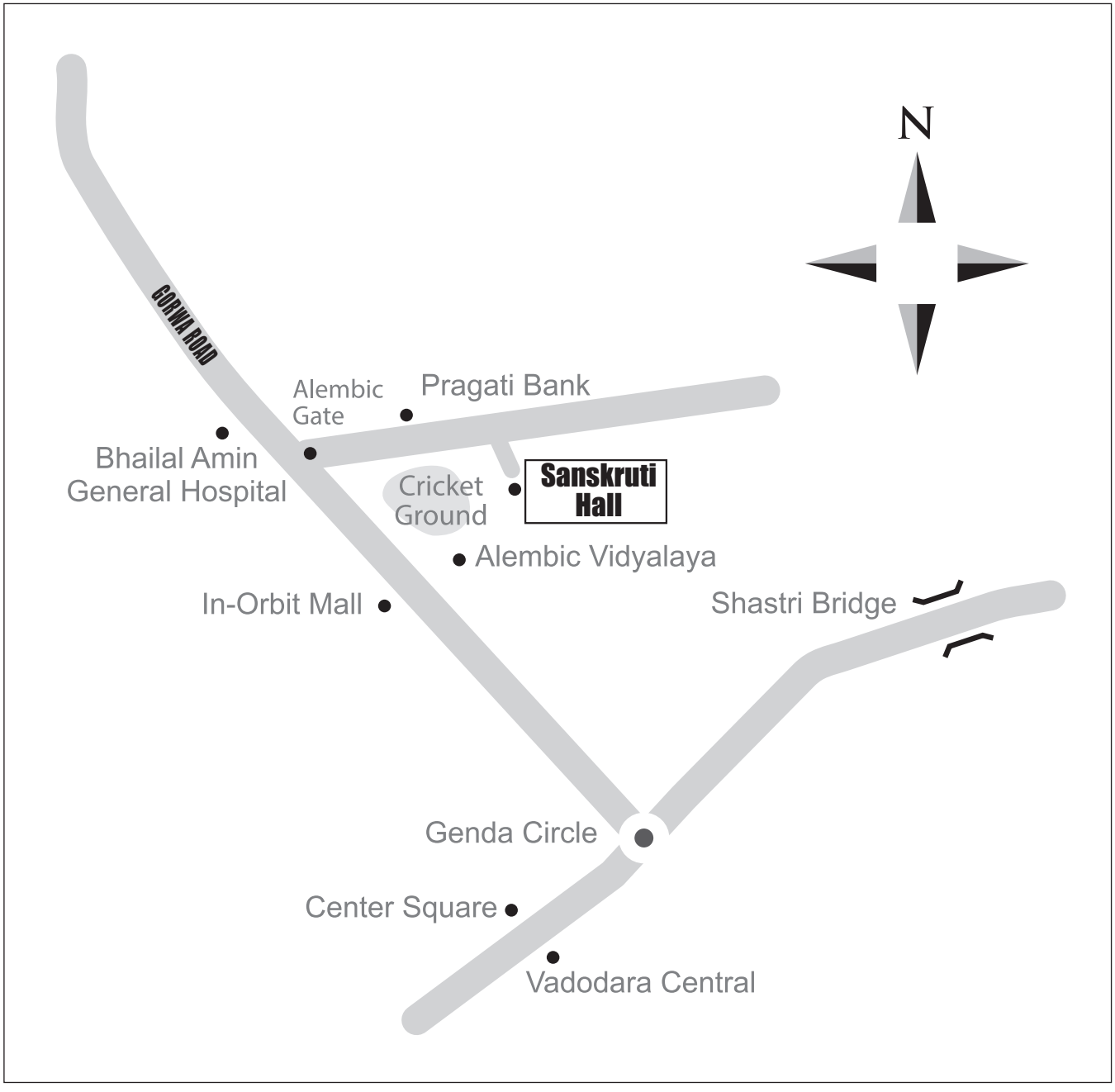
_____

Signature of the Member(s) / Proxy*

Notes:

1. Members are requested to bring their copies of Annual Report at the AGM.
2. *Please strike off whichever is not applicable.

Route Map to reach the venue of the Annual General Meeting



NOTES

CAUTIONARY STATEMENT

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

Alembic

Touching Lives over 100 years

concept, content and design at AICL (hello@aicl.in)