To the Members,

Your Directors have pleasure in presenting their 109th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2016.

1 Standalone Financial Summary and Highlights:

(₹ in Lacs)

For the year ended 31st March	2016	2015
Profit for the year before Interest, Depreciation and Tax	**3,145**	3,033
Adjusting therefrom:		
Interest (net)	**3**	83
Depreciation	**614**	604
Excess Tax Provision written back	**-**	(290)
Provision for deferred tax liabilities or (assets)	**(9)**	121
Provision for current tax	**70**	100
Net Profit (Loss)	**2,467**	2,415
Adding thereto:		
Balance brought forward from last year	**4,134**	3,201
The amount available is	**6,601**	5,616
Appropriating there from:		
Provision for Dividend on Equity Shares	**-**	401
Provision for Corporate Dividend Tax	**-**	82
Transfer to General Reserve	**1,000**	1,000
Balance carried forward to next year's accounts	**5,601**	4,134

2 Transfer to reserve:

An amount of ₹ 1,000 lacs from the net profits for the financial year under review is proposed to be carried to General reserves.

3 Dividend:

Your Directors recommend Dividend on Equity Shares at ₹ 0.15 per share (i.e. 7.5 %) of face value ₹ 2/- per share for the year ended on 31st March, 2016 as against ₹ 0.15 per share (i.e. 7.5 %) for the year ended 31st March, 2015.

4 Management Discussion and Analysis Report:

The Report on Management Discussion and Analysis Report as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in this Report as Annexure A.

5 Operations and State of affairs of the Company:

The Company's Standalone revenues from operations including export incentives were ₹ 126.03 crore for the year ended 31st March, 2016 as compared to ₹ 143.95 crore for the previous year.

The Company has made Net Profit after Tax of ₹ 24.67 crore on standalone basis for the year under review as compared to ₹ 24.15 crore for the previous year.

The Consolidated Profit after Tax after considering Share of Associates' Profit for the year under review is ₹ 234.28 crore.

6 Subsidiaries, Associates and Joint Ventures:

The Company does not have any subsidiaries or joint ventures. Alembic Pharmaceuticals Limited and Alembic Exports Limited are Associate Companies.

As required under 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 associates is included in the financial statements.

In accordance with third provison 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.alembiclimited.com.

7 Directors:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Malika Amin, Director of the Company, will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The Board has appointed Mr. Udit Amin as Managing Director of the Company w.e.f. 28th March, 2016 for the remaining tenure of his appointment i.e. upto 23rd April, 2018.

8 Key Managerial Personnel:

Mr. Udit Amin, Managing Director and CEO, Mr. Rasesh Shah, CFO and Mr. Drigesh Mittal, Dy. Company Secretary are Key Managerial Personnel of the Company.

9 Meetings of the Board:

Five (5) Board Meetings were held during the financial year ended 31st March, 2016. 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 under 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 Evaluation Criteria are as follows:

(a) Evaluation Criteria for Non-Executive and Independent Directors:

- Knowledge and Skills
- Professional conduct
- Duties, Role and functions

(b) Evaluation Criteria for Executive Directors:

- Performance as Team Leader/Member
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Key set Goals/KRA 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 all Independent Directors with Mr. Milin Mehta as Chairman and

Mr. C. P. Buch and Mr. R. C. Saxena as members. The Committee inter alia reviews the Internal Control System, Reports of Internal Auditors and Compliance of various regulations. The Committee also reviews at length the financial statements before they are placed before the Board of Directors.

13 Vigil Mechanism:

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and the SEBI (Listing Obligations and Discloure 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' teams carry 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:

Corporate Social Responsibility (CSR) is not a new term for Alembic. Alembic Group has been proactively carrying out CSR activities since more than Fifty Years. Alembic Group has established, nurtured and promoted various Non Profit Organisation focusing on three major areas – Education, Healthcare and Rural Development.

During the year, the Company along with other entities in the group, settled a Trust in the name of Alembic CSR Foundation and obtained requisite statutory approvals for enabling it to carry out CSR activities for the entire group.

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, 2016 in the format prescribed under Rule 9 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure B.

16 Policy on Nomination and Remuneration:

The contents of Nomination and Remuneration Policy of the Company prepared in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Corporate Governance Report.

17 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 materially significant related party transactions made by the Company with Alembic Pharmaceuticals Limited, related party. However, no related party transactions have any potential conflict with the interest of the Company.

The Company had taken approval of shareholders for Material Related Party Transactions with Alembic Pharmaceuticals Limited in the last Annual General Meeting of the Company held on 12th August, 2015.

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 Discloure Requirements) Regulations, 2015 is as under:

http://www.alembiclimited.com/AL-RPT%20Policy.pdf

18 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 & Associates, Practicing 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.

19 Fixed Deposits:

During the year under review, the Company has not accepted/renewed any deposits.

20 Listing of shares:

The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 506235 and on National Stock Exchange of India Limited (NSE) with scrip code of ALEMBICLTD. The Company confirms that the annual listing fees to both the stock exchangesfor the financial year 2016-17 have been paid.

21 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 are given as Annexure C.

22 Auditors:

(a) **Statutory Auditors:**

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. K. S. Aiyar & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Company till the conclusion of Annual General Meeting for the F. Y. 2016-17, as approved by the members at their 107th Annual General Meeting held on 13th August, 2014.

Further, pursuant to the requirement of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors is to be ratified by the members at every Annual General Meeting. Members are requested to ratify their appointment for the F. Y. 2016-17.

The Auditor's Report for financial year 2015-16 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the financial statements in this Annual Report.

(b) **Secretarial Auditors:**

The Board of Directors of the Company appointed M/s. Samdani Shah & Associates, Practising Company Secretaries, Vadodara, to conduct Secretarial Audit for the F.Y. 2016-17.

The Secretarial Audit Report of M/s. Samdani Shah & Associates, Practising Company Secretaries for the financial year ended 31st March, 2016, is annexed as Annexure D.

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

(c) **Cost Auditors:**

The Board of Directors of the Company appointed M/s Santosh Jejurkar & Associates, Cost Accountant, Vadodara as Cost Auditor for the F.Y. 2016-17 for conducting audit of the cost accounts maintained by the Company relating to Bulk Drugs and Real Estate Division.

(d) **Internal Auditors:**

The Board of Directors has appointed CNK & Associates, LLP, Chartered Accountants and M/s. Sharp & Tannan Associates, Chartered Accountants as Internal Auditors of the Company for the F.Y. 2016-17.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. 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 Audit Committee and the Board of Directors of the Company.

23 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, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies as listed in Note Z 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, 2016 and of the profit of the Company for that period;

(c) the directors had 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 had prepared the annual accounts on a going concern basis; and

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

24 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, 2016. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

25 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, forms part of this report as Annexure E.

26 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 F.

27 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 G.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said 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 any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

28 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 H. 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.

For and on behalf of the Board of Directors,

Chirayu R. Amin
Chairman
27th April, 2016

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