

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALEMBIC LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ALEMBIC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over

Offices also at
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Bangaluru Coimbatore


financial reporting and the operating effectiveness of such controls. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

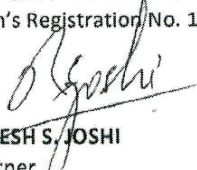
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
 2. As required by Section 143 (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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) 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, in our opinion and to the best of our information and according to the explanations given to us:
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K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- i. The Company has disclosed the impact of pending litigations on its financial position (net of provision made) in its financial statements –Z (II) (ii) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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


RAJESH S. JOSHI
Partner
Membership No. 38526

Place of Signature: Mumbai
Date: 7th May, 2015

ANNEXURE

Re: Alembic Limited.

Referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements of our report.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, however, item wise value in respect of assets other than land, buildings and vehicles prior to 1982 are not available;
- (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 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.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any secured or unsecured loans to any company or party covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a) and (b) of clause (iii) are not applicable to the Company.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control system.
- (v) The Company had not accepted deposits prior to the commencement of Companies Act, 2013. In terms of section 74(1)(b) of the Companies Act, 2013. During the year, the Company has not accepted any deposits from public in terms of section 73 to 76 of the Companies Act, 2013.
- (vi) Central Government has specified the maintenance of cost records under sub-section (l) 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, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities.

(b) Dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute are as under.

Nature of dues.	Amount not deposited Rs.	Forum where dispute is pending.	Period
Sales Tax, interest and penalty.	80,16,782	Joint Commissioner Appeals	2000-01
Excise Duty, Interest & Penalty.	1,72,556	Commissioner Appeals	2011
	5,00,000	CESTAT	2001-02
	59,77,921	Supreme Court	1995-96
	21,10,720	Supreme Court	1996-97
	35,21,786	Supreme Court	2003-04
	4,59,176	CESTAT	2008
	44,106	CESTAT	2011-12
Income Tax	1,39,458	ITAT	2010-11
Green Gujarat Cess Act, 2011. Cess on electricity generated in captive plant	15,99,100	Supreme Court	Jan 2013 to Mar 2015

(c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

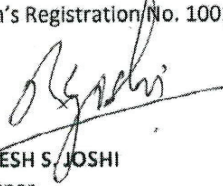
(viii) The Company does not have any accumulated losses as per the Balance Sheet as at the end of the financial year. The Company has not incurred any cash losses during

K. S. AIYAR & CO
CHARTERED ACCOUNTANTS

the financial year and has also not incurred cash loss during the immediately preceding financial year.

- (ix) The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) The Company has not given guarantees for loans taken by others from banks or financial institution.
- (xi) The Company has not taken any term loan from banks or financial institutions.
- (xii) No fraud on or by the Company has been noticed or reported 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: Mumbai
Date: 7th May, 2015