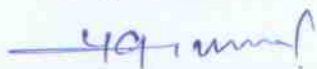


**FORM A**  
(Pursuant to clause 31(a) of the Listing Agreement)

|    |                                                |                       |
|----|------------------------------------------------|-----------------------|
| 1. | Name of the Company                            | Ajanta Pharma Limited |
| 2. | Annual financial statements for the year ended | 31st March, 2015      |
| 3. | Type of Audit observation                      | Un-qualified          |
| 4. | Frequency of observation                       | N.A.                  |

For Ajanta Pharma Ltd.



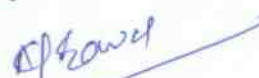
Mr. Yogesh M Agrawal  
Managing Director

For Ajanta Pharma Ltd.



Mr. Chandrakant Khetan  
Chairperson of Audit  
Committee

For Ajanta Pharma Ltd.



Mr. Arvind Agrawal  
Chief Financial Officer

Kapoor & Parekh Associates  
Chartered Accountants



S S Kapoor  
Partner  
M No. 5399



Mumbai, 8 May 2015

THE  
RIGHT  
THINGS

# right

Annual Report 2014-15

AT THE  
RIGHT  
TIME

**66%**

OF REVENUES FROM  
EXPORTS IN FY 2014-15

**34%**

EBIDTA OF REVENUE IN  
FY 2014-15

**₹34.84**

EPS FOR FY 2014-15

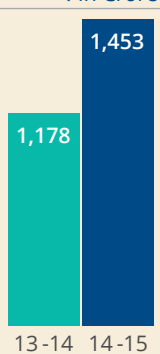
**₹10,769 CRORE**

MARKET CAPITALISATION AS  
ON 31<sup>ST</sup> MARCH, 2015

## REVENUE

₹ in Crore

₹1,453 Crore



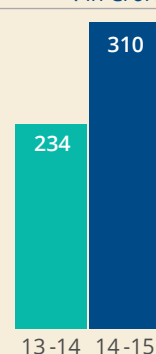
13-14 14-15

CONSOLIDATED

## PAT

₹ in Crore

₹310 Crore



13-14 14-15

CONSOLIDATED



# Contents

## CORPORATE OVERVIEW

01

|                                              |    |
|----------------------------------------------|----|
| Understanding Ajanta Right!                  | 02 |
| Developing right products                    | 10 |
| Entering right markets                       | 12 |
| Investing in right capabilities              | 14 |
| Board of Directors                           | 16 |
| The Right Initiatives. For the Right Causes. | 18 |
| Corporate Information                        | 20 |

## STATUTORY REPORTS

22

|                                    |    |
|------------------------------------|----|
| Management Discussion and Analysis | 22 |
| Directors' Report                  | 27 |
| Report on Corporate Governance     | 47 |

## FINANCIAL STATEMENTS

60

|              |    |
|--------------|----|
| Standalone   | 60 |
| Consolidated | 93 |

## NOTICE

128



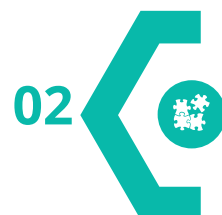
Dahej Plant, India

Ajanta Pharma has established itself as one of India's fastest growing pharmaceutical companies having presence in India, Emerging markets and USA.

The unprecedented growth during last decade is the result of our doing the Right Things at the Right Time in the following areas

#### RIGHT PRODUCTS

We have developed right products for fulfilling the unmet needs of the patients.



#### RIGHT MARKETS WITH RIGHT STRATEGIES

We entered right markets with the right strategies to take leadership in therapeutic segments.

#### RIGHT CAPABILITIES

We invested in right capabilities at right time like R&D, Manufacturing & Human Assets in line with the right strategies.



# Understanding Ajanta Right!



◆ R&D Advent (Mumbai)



◆ Bulk Packing Line, Dahej

Ajanta Pharma is speciality pharmaceutical company engaged in development, manufacture and marketing of quality finished dosages in domestic and international markets. We employ over 5,000 people worldwide and our products are sold in over 35 countries.



## OUR MISSION

Our mission is to Serve Global Healthcare needs through Empathy, Innovation and Technology. We believe that to ensure sustained growth, we need to clearly understand our customer's needs and use cutting edge technology to present innovative solutions.

## 35 COUNTRIES

WE HAVE ESTABLISHED  
LEADERSHIP IN MANY MARKETS  
WE ARE PRESENT IN

## 5 FACILITIES

OPERATE WITH 5 STATE-OF-THE  
ART MANUFACTURING FACILITIES  
IN INDIA THAT PRODUCE HIGH  
QUALITY PHARMACEUTICAL  
PRODUCTS

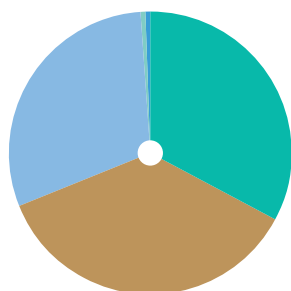
## TOP 50

CURRENTLY RANKED AS 36TH  
(IMS MAT MARCH 15) IN INDIAN  
PHARMACEUTICAL MARKET

## 5% ON R&D

WE SPEND ABOUT 5% OF OUR  
REVENUE ON R&D WHICH  
CONFIRMS OUR FOCUS ON  
INNOVATION

### PRODUCT SHARE IN TOTAL SALES



- **INDIA**  
33% of Total Sales
- **AFRICA**  
36% of Total Sales
- **ASIA**  
30% of Total Sales
- **LATAM**  
0.7% of Total Sales
- **GENERICS**  
0.3% of Total Sales

### BRANDED GENERICS

#### INDIA MARKET

- Speciality segments (ophthalmology, dermatology, cardiology and pain management)
- Leadership in above segments
- Field force of 3,000+ MRs
- Over 70% products are first-to-market launches

#### EMERGING MARKETS

- Customised product portfolio for each market
- Direct marketing through own field force of 500+
- Many first-to-market products
- Over 35 countries in Africa, Philippines, rest of Asia, Middle East, CIS and Latin America

### GENERIC GENERICS

#### USA

- Niche, difficult to make generics
- 2 ANDAs approved
- 23 ANDAs awaiting approval

### INSTITUTIONAL SALES

#### DOMESTIC MARKET

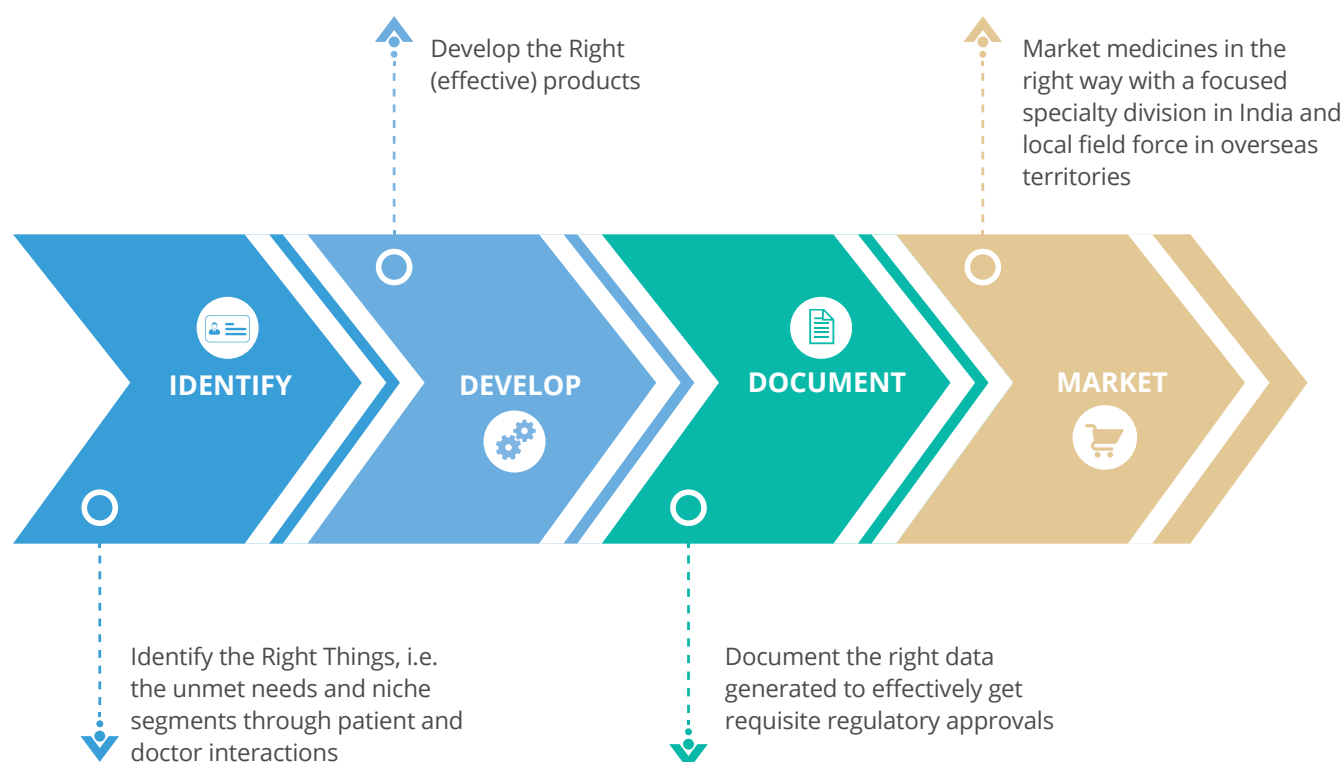
- Government supplies
- Unique product portfolio

#### EMERGING MARKETS

- Institutional sales (among six global suppliers of anti-malarial drug)

### DELIVERING WITH THE RIGHT APPROACH

Our business process focuses on innovation at every stage. From identifying the right medical needs of patients, to the marketing and distributing architecture at the final stage of delivery.

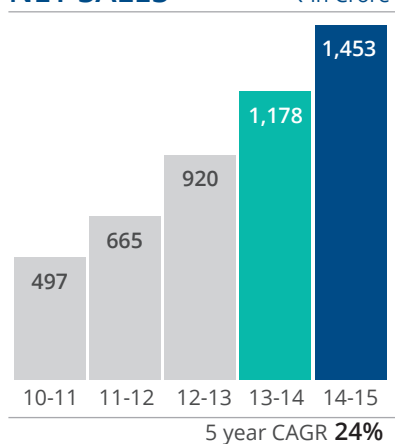


# Performing Right

Our focus on doing the right things at the right time has enabled us to create compelling and sustainable value for our shareholders. Adopting meaningful strategies and practices have yielded clear results; our net profit has risen consistently and so have the returns on invested capital. We manage our products portfolio successfully with financial discipline.

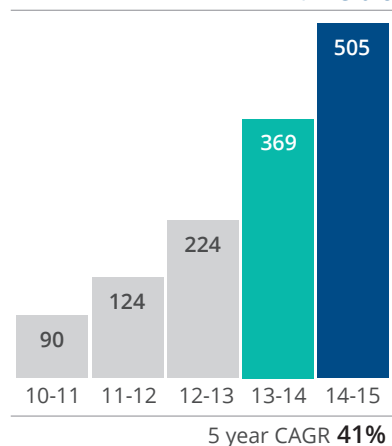
## NET SALES

₹ in Crore



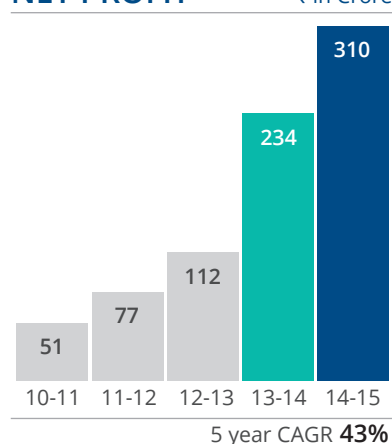
## EBIDTA

₹ in Crore



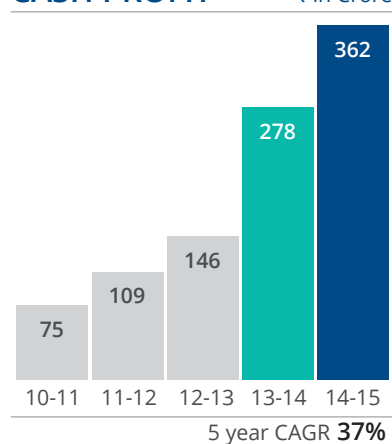
## NET PROFIT

₹ in Crore



## CASH PROFIT

₹ in Crore



## REVENUE & PAT

WITH CONSOLIDATED REVENUE AT ₹ 1, 453 CRORE AND PROFIT AFTER TAX OF ₹310 CRORE, WE HAVE BEEN ABLE TO POST A Y-O-Y GROWTH OF 23% AND 32% RESPECTIVELY.

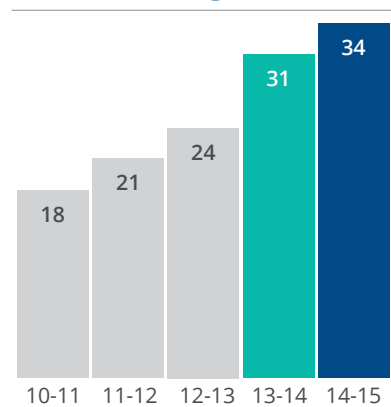
## MARGIN IMPROVEMENT

CONSISTENT MARGIN IMPROVEMENT DRIVEN BY A BETTER QUALITY BUSINESS, STRONG REVENUE GROWTH.

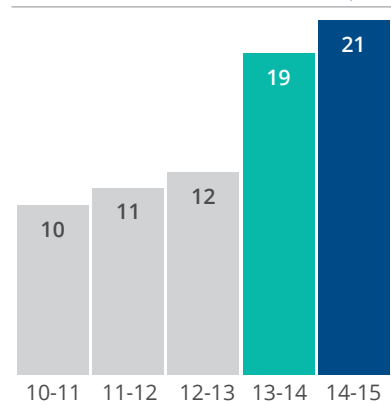
## FREE CASH FLOW

CONSISTENT FREE-CASH-FLOW GENERATION DUE TO STRONG BUSINESS MODEL

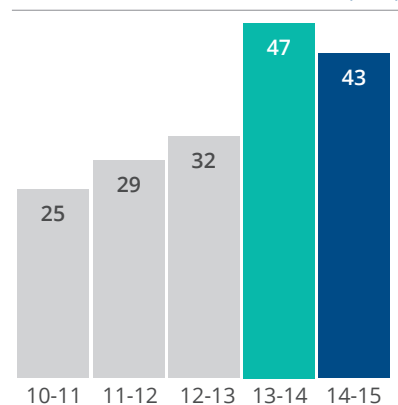
## EBIDTA MARGIN (in %)



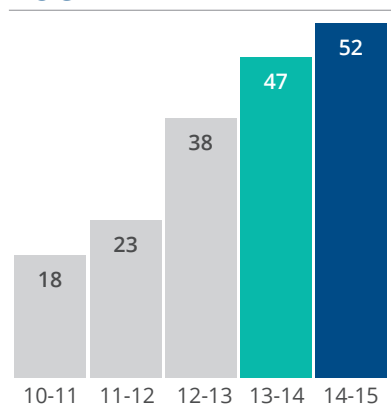
## NET MARGIN (in %)



## RONW (in %)



## ROCE (in %)



# Letter from Managing Director



**WE HAVE OVER 1,400  
PRODUCTS REGISTERED  
AND OVER 1,600 PRODUCTS  
WAITING FOR APPROVAL IN  
VARIOUS COUNTRIES.**

## **DEAR SHAREHOLDERS,**

Our strategy of 'The Right Things at the Right Time' focuses on identifying opportunities and capitalising on them ahead of others. We have been consistently following this approach and have been largely successful in our endeavour. With this strategy, we have been able to be among the leaders in the markets where we are present. All our businesses continue to perform in-line with our expectations. We remain committed and focused on existing geographies and therapeutic segments to drive above industry growth consistently. We continue to take proactive steps and make right investments in infrastructure - manufacturing and R&D - at the right time.

Last decade has been particularly significant for us as we grew at 23% CAGR, on the back of our branded generic business in India and Emerging markets, registering a

strong performance and building a sustainable, scalable and profitable business model.

Understanding the market, applying science with commitment and the passion to deliver the best cures are inherently present in our DNA. We have over 1,400 products registered currently, and over 1,600 products are waiting for approval in various countries.

We have built various manufacturing facilities meeting the global standards and continue to raise the bar in meeting regulatory compliances.

We have acquired the competence in the formulation development space and continue to climb the value chain in developing complex products.

We will consistently focus on building the right capabilities

**WE CONTINUE TO TAKE  
PROACTIVE STEPS AND  
MAKE RIGHT INVESTMENTS  
IN INFRASTRUCTURE -  
MANUFACTURING AND R&D  
- AT THE RIGHT TIME**

and competencies to cater to the emerging and unmet needs across the globe. Ajanta will continue to harness potential across global markets and generate sustainable value for all stakeholders.

Sincerely,

**YOGESH AGRAWAL**  
Managing Director

# Letter from Joint Managing Director



**AT AJANTA, WE HAVE  
EMBEDDED INNOVATION  
IN THE BUSINESS MODEL,  
PRODUCTS AND THE SUPPLY  
CHAIN.**

## DEAR SHAREHOLDERS,

As the pharmaceutical industry is constantly evolving, it means we also have to transform at every step. How do we do that? The answer is through relentless innovation. At Ajanta, we have embedded innovation in the business model, products and the supply chain, because that is critical for the industry, going forward. It is more and more relevant to discover unmet needs and develop new drugs.

Our aim is to use new science and competencies to meet the aspirations of customers globally. We identify potential needs, develop breakthrough products in India, using the right processes and marketing them right to patients. Our newly launched products vindicate our Company's mission to improving outcomes for individual patients. We realised our goals through perfecting our business processes.

We expect a healthy future because of a strong R&D pipeline. Our new products like Wrinclar, an anti-wrinkle cream that works at molecular level to wipe off wrinkles, and Ketrilin C-efficiently treats Diabetic Peripheral Neuropathy, are breakthrough innovations that we brought into India in 2014-15. We are exploring growth opportunities in pain management and aim to make many more breakthroughs in the years ahead.

We believe that the quality of our sales force interactions and the product's ability to address important medical needs have resulted in our success.

We are committed to accelerate our R&D efforts and the overall execution of our short term and long term strategies. We will also continue to reinforce our values of excellence, integrity and empathy.

**WE IDENTIFY POTENTIAL  
NEEDS, DEVELOP BREAK  
THROUGH PRODUCTS, USING  
THE RIGHT PROCESSES AND  
OFFERING THEM RIGHT TO  
PATIENTS.**

Our aim is to live up to our high standards, sustain industry-leading performance and find solutions that exceed expectations. We seek the support and trust of all our stakeholders in this endeavour.

Sincerely,

**RAJESH AGRAWAL**  
Joint Managing Director

right

THE  
RIGHT  
THINGS

AT THE  
RIGHT  
TIME

Every challenge is an opportunity in disguise. And this is how we view global healthcare needs, evolving as they are with changing lifestyles, and a need to reach out to many more people with the benefits of modern pharmaceutical solutions to address unmet needs.

For us, it is about doing things right in everything we do. We carefully select the therapies and molecules we want to be in, and invariably, we choose the ones that are not easy to make or do. We identify complex areas that need dedication and innovation, and commit ourselves to finding a solution, within a defined timeframe. We extend this thought-process to the markets we choose to enter, and the capabilities we want to build.

We do it because it is the right thing to do. And we ensure that we do it at the right time.

# Developing right products

The right products. For the right markets.



Some of our Domestic Brands



Some of our Global Brands

A one-size-fits-all approach does not always give the best results. At Ajanta, we have focused our energies in selecting the product segments we choose to be in with great care based on our identification of unmet patient needs. This calls for innovation which comes from our R&D which developed and delivered many 'First to Market' products in different markets.

The right therapy segments which include cardiology, dermatology, ophthalmology and pain management in India market and anti-malarial, anti-biotics etc. in Emerging markets, sharpen our focus on specialised segments. We are building powerful brands across continents to reach more people in need of therapies. For the emerging world, we have developed a country-specific brand portfolio, identifying precise unmet medical needs in that market.

## RIGHT PRODUCTS

Over the years, we have developed products that are focused on patient convenience and patient compliance. Be it ophthalmic solutions where only oral dosage were available or combination of right products for right treatment or changing release profile of the product to suit the needs of the patients, it is always the endeavour to develop right products for right market.

For regulatory markets, we have carefully identified niche products

portfolio which will generate value to the company.

We continue to identify and develop right products for the right markets.

## KEY DIFFERENTIATORS

- Strong brand portfolio of more than 400 products
- 127 First-to-market launches in India over last 10 years
- 1400+ product registration in emerging markets

## 1ST

GENERIC COMPANY TO OBTAIN 'WHO PRE-QUALIFICATION' FOR ANTI-MALARIAL PRODUCT (ARTEMETHER + LUMEFANTRINE COMBINATION)

## 74

NEW PRODUCTS LAUNCHED DURING 2014-15, IN INDIA & EMERGING MARKETS, 12 FIRST TO MARKET IN INDIA

## CLEAR FOCUS ON INNOVATION - A FEW EXAMPLES

### WRINCLAR

An anti-wrinkle cream that works at molecular level to prevent formation of new wrinkles.

### CAROFIT MAX

India's first unique combination demelanising cream for steroid free treatment to convert patients' dark patchy skin into a bright, glowing one.

### IVREA CREAM

A safe and powerful scabicial for treatment of scabies. Earlier the molecule was available only in oral dosages, but Ivrea become the first and a perfect substitute for treatment of this contagious skin infection in a cream form.

### MAXMOIST

India's first unique combination eye drops that protect and nurture eyes in case of dry eye, by enhancing the corneal healing rate and reducing eye fatigue.

### IFLOMAX GEL

Cures Dry Eyes Disease and offers fast and long term relief by forming a stable transparent moistening film on ocular surface, and increases tear production.

### METASPAN PLUS

It is for effective management of Diabetes and Cardiovascular Disease (CVD) complications. Metaspan Plus is India's 1st active and complete combination of Vitamins, Alpha Lipoic Acid (ALA) and Minerals which is effective against Metabolic Syndrome, Oxidative Stress, Endothelial Dysfunction and Deficiency of Vitamin D.

# Entering right markets

The right markets. For the right reasons.



Our strategy at Ajanta is to study market demands thoroughly and develop a portfolio of products that match specific requirements in that particular pharmaceutical landscape. Our brands are gaining ground across multiple geographies, which include emerging as well as regulated markets.

We are present in thirty five emerging economies, across Africa, CIS, the Middle East, Latin America and South East Asia in the branded generics space. We adopted the right strategy for these markets by deploying our own field force to build popular brands in these countries.

We are engaging with patients and doctors to create real-time connections and our people are imbued with a restless, entrepreneurial spirit to deliver enriched brands. We are present at all critical touch points across India and other emerging markets, with a differentiated delivery and distribution network.

### DOMESTIC MARKET

India is a huge market worth over ₹ 80,000 Crore. We are choosing the right speciality segments, such as ophthalmology, cardiology, dermatology, where our innovations are helping us succeed. 127 products out of our overall 181 actively marketed brands in India, are first time launches in the country.

### GLOBAL MARKETS

Global generic spending is expected to increase to \$400-430 billion by 2016. We have customised our product portfolio for each overseas market, addressing key unmet needs. We carefully choose markets which have the requisite demand and a potential to absorb our products. Our branded generics are exported to 35 countries in Africa, Philippines, rest of Asia, Middle East, CIS and Latin America.

**36<sup>TH</sup>**

**RANK 36TH IN INDIAN PHARMACEUTICAL MARKET**

**127**

**FIRST TIME LAUNCHES FROM AN OVERALL 181 ACTIVELY MARKETING BRANDS IN INDIAN MARKET**

## IDENTIFYING RIGHT MARKETS – A FEW EXAMPLES

### AFRICA

Africa has 25% of the world's disease problem but consumes less than 1% of global health expenditure as per the UN Economic Commission for Africa (UNECA). By 2016, pharmaceutical spending in Africa is expected to reach USD 30 billion. This value is driven by a 10.6% CAGR through 2016, second only to Asia Pacific (12.5%) and in line with Latin America (10.5%) during this period according to IMS. We were among the first few Indian companies to

have major pan Africa presence, and are a leading pharmaceutical branded generic player in that market. We have achieved high brand equity in these markets which enables us to post growth consistently.

### PHILIPPINES

APL entered Philippines in 2009. The Philippines market is poised to grow from USD 4.3 billion and reach USD 8 billion by 2020 as per research and consulting firm Global Data. We identified the inherent

growth potential of the market. These insights allowed us to cater to specific therapeutic areas such as orthopaedics, antidiabetic, respiratory and cardiovascular. Today, we have 21 brands in the market and another 30 brands under registration. Our success in the market is further highlighted by the fact that we were able to register nearly three times the market growth over the past year.

# Investing in right capabilities

The right capabilities. For the right solutions.



• Research & Development



• Tableting Machine, Paithan

At Ajanta, we are strengthening our Research and Development (R&D) efforts to develop innovative solutions for patients around the world. At the same time, our manufacturing and distribution capabilities are also being ramped up. We are investing in the right capabilities to sustain our competitive advantage globally.

### R&D CAPABILITIES

Our R&D centre in Mumbai, India has over 400+ scientists. We have significant expertise to develop and manufacture complex formulations in various dosage forms, including tablets, capsules, powders, ophthalmic sterile eye drops, ointments and injectables. Currently, we are focusing on oral solid dosage forms (tablets, capsules and powders) for the US market.

We are continuously enhancing R&D infrastructure. Our facilities are approved by the Department of Scientific and Industrial Research

(DSIR). Our R&D efforts comprise formulations development and API process development. It involves taking the existing molecule and modifying the delivery/release pattern for better efficacy of the product or developing synergetic fixed dose combination product.

### MANUFACTURING FACILITIES

We are enhancing our manufacturing facilities at right time. Along with rigorous expansion at existing facilities, we are building new facilities to meet our growth requirements in coming years. One facility at Dahej is ready and other is on the drawing board already.

## 400+

TEAM OF SCIENTISTS

## 5%

R&D EXPENDITURE FORMS 5% OF TOTAL SALES IN 2014-15

## ₹400 CRORE

INVESTMENT PLANNED FOR ENHANCING MANUFACTURING AND R&D CAPACITIES

## DEVELOPING THE RIGHT INFRASTRUCTURE

### USFDA COMPLIANT FACILITY AT DAHEJ

We have 23 ANDA's pending approval from USFDA and further planning to file 6-8 ANDA's every year. As these approvals will start coming in, we will have our new Dahej facility ready to service the US market. It is the example of building right capabilities at right time. The facility has been fully constructed with the latest, state-of-the-art equipment and procedures meeting the stringent

requirements of the FDA. This facility was completed in a record time of 24 months and regulatory filing batches are expected to be starting from quarter starting July 2015. This is our largest facility, spread over 400,000 square feet. The facility will cater to the US markets and manufactures oral solid dosages, with a capacity of Tablets - 1,740 million annually, Capsules - 216 million annually, Powder - 150 million annually.

### ADDITIONAL FORMULATION FACILITY

Looking at the growth requirement 2 years down the line our proactive management has already planned for one more facility for India and Emerging markets. This facility is expected to be ready by FY 2017-18.

# Board of Directors

## **MANNALAL AGRAWAL,** Chairman

Mr. Mannalal Agrawal has more than four decades of experience in the field of accounting and taxation. He takes keen interest in the social activities of the company.

## **PURUSHOTTAM AGRAWAL,** Vice-Chairman

Mr. Purushottam Agrawal is a pharmacy graduate with more than four decades experience in the pharmaceutical industry, he drives the Corporate Social Responsibility initiatives of eye camps and other social activities of the company.

## **MADHUSUDAN AGRAWAL,** Vice-Chairman

Mr. Madhusudan Agrawal has rich experience of over 30 years in the field of corporate affairs and business development. He contributes effectively towards social causes and philanthropic activities of the company.

## **YOGESH AGRAWAL,** Managing Director

Mr. Yogesh Agrawal is a management graduate from Johnson & Whales University, USA, he joined the company in 1996 and grew-up the ranks to become the Managing Director. It is under his leadership that Ajanta Pharma made a corporate turnaround from a loss making organization to emerge as a leading generic player from India having strong footprint in its chosen markets. He spearheads Ajanta's foray in the regulated and emerging international markets. He has envisioned and transformed the company's research program and manufacturing capabilities, setting-up state-of-art facilities that meet stringent regulatory requirements. His passion towards research and development has fuelled the company's growth.

## **RAJESH AGRAWAL,** Joint Managing Director

Mr. Rajesh Agrawal is a graduate in Business Studies from University of Buckingham, UK and MBA from Bentley College, USA, he joined the company in 1999. He has transformed Ajanta's domestic business to one of the best performing market for the company. Under his leadership, Ajanta has emerged as a speciality focussed company, especially in India and has improved its rank in the domestic market significantly. His keen focus on new products and strategising has made Ajanta a leading player in the segments of cardiology, dermatology and ophthalmology in a very short period. He has also replicated this success in the Philippines, where the Ajanta Pharma Philippines features amongst the fastest growing companies.

## **CHANDRAKANT KHETAN,** Non Executive, Independent Director

Mr. Khetan is a technical graduate with more than 35 years of valuable experience as an industrialist. He has diverse business interests spread across various segments and strong business acumen. His vision and commitment to professionalism is widely recognised in the industry.

**K. H. VISWANATHAN,**

Non Executive, Independent Director

Mr. Viswanathan is finance professional, retired from IDBI Bank as General Manager. He has around 30 years of experience in the field of banking and finance, and has served the Company's Board in the past as Nominee Director of IDBI.

**ANIL KUMAR,**

Non Executive, Independent Director

Dr. Kumar is an eminent cardiologist from Mumbai. He has been practicing medicine in many reputed institutions, such as Bombay Hospital and Sir JJ Hospital. He contributes in academics by teaching in medical colleges.

**PRABHAKAR DALAL,**

Non Executive, Independent Director

Mr. Dalal is a highly experienced banker in commercial and development banking, with extensive international exposure. He has worked with EXIM Bank of India for more than 31 years. He held various senior management positions with EXIM bank and was Executive Director of the Bank for over 3 years before retirement. Mr. Dalal's core competencies include corporate finance, international trade finance, overseas projects finance, human resources management and institutional and international relations.

**ANJANA GREWAL,**

Non Executive, Independent Director

Dr. Grewal is an experienced corporate professional with over three decades of experience in the fields of sales, marketing, financial services and insurance. She has worked with leading Indian and multinational corporates in pharma, FMCG, banking and insurance sectors. She is also an academician and visiting faculty at various leading management institutes in India and overseas and is also guest faculty and trainer at RBI and IBA. Currently, she is Senior Professor and Centre of Excellence Faculty Director- MISB Bocconi, India Campus of SDA Bocconi- Italy.

## The Right Initiatives. For the Right Causes.



• Doctor examining cataract patient after surgery, Jawahar



• Renovated, girls school at Akola

Our business priorities coexist with social commitments. A solid foundation of values underpins our sustainability initiatives. We remain responsible to the society and help create a better world with empathy and innovation.

In 2014-15, we continued our long-standing philanthropic initiatives and contributed generously for important medical awareness and treatment of poor and needy in rural part of India, building infrastructure in and around medical establishments, clinical care, education and awareness initiatives.

### KEY INITIATIVES IN FY 2014 -15

- We continued our efforts holding eye surgery camps in different parts of rural and tribal areas of Maharashtra to undertake 40,000+ cataract operations and restored the vision of all these patients. All these patients are poor, needy and don't have either understanding or awareness of the problem being faced by them.



• Diagnostic Eye camp at Risod

**40,000+**

CATARACT OPERATIONS

**981**

DIAGNOSTIC EYE CAMPS

- To create the awareness and to identify the problem of vision in the rural and tribal areas, we organised 981 diagnostic eye camps positively impacting 1,21,141 patients.
- One more major activity taken up by us was to develop infrastructure in the Government and charitable hospitals. We have constructed waiting areas for patients and relatives in Government Hospitals, donated amounts for building and equipment in many hospitals, including ICU unit, operation theatre unit, ambulances, etc. This has enabled these hospitals to provide more facilities to their poor and needy patients and accompanying relatives free of cost.
- Another major activity of our focus is developing education infrastructure in rural areas. Under this programme, we have renovated a girls School at Akola, Maharashtra along with setting up a computer lab, library, providing study material and bags for students, etc. Similar activities were taken in some part of Gujarat.

We continued to utilise our alliances, partnerships, collaborations, funding opportunities and avenues for benefiting underprivileged communities.

# Corporate Information

## BOARD OF DIRECTORS

**Mannalal B. Agrawal**  
Chairman

**Purushottam B. Agrawal**  
Vice Chairman

**Madhusudan B. Agrawal**  
Vice Chairman

**Yogesh M. Agrawal**  
Managing Director

**Rajesh M. Agrawal**  
Joint Managing Director

**Chandrakant M. Khetan**  
Director

**Dr. Anil Kumar**  
Director

**K. H. Viswanathan**  
Director

**P. R. Dalal**  
Director

**Dr. Anjana Grewal**  
Director

## AUDITORS

**Kapoor & Parekh Associates**

## COST AUDITORS

**Sevekari Khare & Associates**

## CHIEF FINANCIAL OFFICER

**Arvind Agrawal**

## COMPANY SECRETARY

**Gaurang Shah**

## CIN NO.

**L24230MH1979PLC022059**

## REGISTERED OFFICE

Ajanta House, Charkop, Kandivli  
(West), Mumbai – 400 067  
Tel: +91 22 6606 1000  
Fax: +91 22 6606 1200 / 1300  
Website: [www.ajantapharma.com](http://www.ajantapharma.com)  
Email: [info@ajantapharma.com](mailto:info@ajantapharma.com)

# STATUTORY REPORTS

|                                    |    |
|------------------------------------|----|
| Management Discussion and Analysis | 22 |
| Directors' Report                  | 27 |
| Corporate Governance Report        | 47 |

# Management Discussion and Analysis

## PHARMACEUTICAL INDUSTRY OVERVIEW

### GLOBAL

According to the EIU Data Services, pharmaceutical sales are projected to increase an average of 6.9% annually over 2014-2018, outpacing the estimated global health care spending rate of 5.2% during that same period. In addition to oncology drugs, the cardiovascular therapeutic class is likely to prosper, with four of the 10 projected blockbusters drugs belonging to the category. Demand for generic drugs will

continue to rise as payors take advantage of patent expiries to reduce costs.

Pharmaceutical spending growth in North America is expected to rise an average of 6.4% annually, bolstered by rising employment, continued economic recovery, and the expansion of insurance coverage in the U.S. Latin America's projected growth rate is slightly lower, at around

6.1% annually in 2014-2018. In contrast, pharmaceutical sales in Asia and Australasia should rise by an average of 10% in 2014-2018.

(Source: Deloitte 2015 Global life sciences outlook Adapting in an era of transformation)

### INDIA

#### The Industry In Numbers

- The country's pharmaceutical industry accounts for about 1.4% of the global pharmaceutical industry in value terms and 10% in volume terms.
- India's pharma exports stood at US\$ 15 billion in 2013-14.
- Pharmaceutical exports from India have grown at a CAGR of 21% over the last decade.
- India ranks fourth in terms of the total pharma market share in the Asia Pacific.
- India's pharma sales are expected to reach US\$ 27 billion by 2016.

Source: Pharmaceuticals Export Promotion Council of India, Ministry of Commerce & Industry, Govt. Of India

#### Outlook

The Indian Pharma industry is poised for expansion and is expected to grow to US\$55 billion by 2020 (Source: *Indian Pharma 2020, McKinsey*). High economic growth, rapid urbanisation resulting in lifestyle diseases, increased government spending on healthcare, improved healthcare facilities and healthcare insurance plans are some of the growth drivers for the pharma industry.

## SWOT Analysis of The Indian Pharma Industry

| Strengths                                                                                                                                                                                                                                                                                                                                                                        | Weaknesses                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Robust GDP growth forecast translates into higher disposable income and thereby increased allocation towards healthcare spending</li> <li>Increased competition leading to cost competitiveness</li> <li>Skilled labour force at lower cost raises growth prospect</li> <li>Improved ratio of treatment per patient population</li> </ul> | <ul style="list-style-type: none"> <li>Infrastructure bottlenecks</li> <li>Lack of health insurance</li> <li>Strict price controls</li> </ul>        |
| Opportunities                                                                                                                                                                                                                                                                                                                                                                    | Threats                                                                                                                                              |
| <ul style="list-style-type: none"> <li>Increase in global spending on medicines</li> <li>Growing demand for generics</li> <li>Rapid growth in Tier II and Tier III cities</li> <li>Changing Disease Profile</li> <li>Emphasise on PPP model approach to improve infrastructure</li> <li>Rising penetration of health insurance</li> </ul>                                        | <ul style="list-style-type: none"> <li>Fake counterparts</li> <li>Stiff competition from developing economies</li> <li>Unregulated market</li> </ul> |

## COMPANY OVERVIEW

Ajanta Pharma (BSE: 532331 | NSE: AJANTPHARM), established in 1973, is a Mumbai-based specialty pharmaceutical formulation company, engaged in the development, manufacture and marketing of

quality finished dosages in domestic and international markets. The Company has featured for the third time in a row in “Best 200 companies in Asia under a billion dollars” list of ‘Forbes Asia’.

## Performance Highlights

### Branded Generics - India

| Therapeutic areas | Dermatology                                                                                                                                                                                                                                                                        | Cardiology                                                                                                                                                                                                                                                           | Ophthalmology                                                                                                                                                                                                                                                             | Pain Management                                                                                                                                                                                                                   |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance       | <p>The Company has ~58 brands in this space with 10 brands leading in their respective categories. More than 40 brands are ‘first-of-their-kind’ launches.</p> <p>During the year, the segment recorded a 11% increase over the previous year compared to 18% in the industry.</p> | <p>The Company has ~ 32 brands in this space with nine brands leading their categories. About 11 brands were ‘first-of-their-kind’ launches.</p> <p>During the year, the segment recorded a 37% increase over the previous year compared to 10% in the industry.</p> | <p>The Company has ~61 brands in this space with eighteen brands leading their categories. More than 51 brands were ‘first-of-its-kind’ launches.</p> <p>During the year, the segment recorded a 31% increase over the previous year compared to 19% in the industry.</p> | <p>The Company has ~30 brands; two brands are leaders and 25 of them were ‘first-of-their-kind’ launches.</p> <p>During the year, the segment recorded a 27% increase over the previous year compared to 11% in the industry.</p> |

Over the past three years, Ajanta Pharma has steadily increased rankings in key therapeutic segments. A snapshot of these improvements is given in the table below:

|                 | FY 2015 | FY 2014 |
|-----------------|---------|---------|
| Ophthalmology   | 5       | 5       |
| Dermatology     | 13      | 13      |
| Cardiology      | 22      | 24      |
| Pain Management | 53      | 58      |

Source: IMS

In the years to come, Ajanta intends to maintain its growth momentum through strengthening its existing portfolio of products and new product launches.

### Pharmerging markets

During the year under review, Ajanta's performance in pharmerging markets improved significantly. Ajanta was ranked among the top 5 pharmaceutical companies in Franco Africa, recording the second highest growth among the top 25 companies in the region. Similarly, in Philippines, Ajanta was ranked among the top 25 companies and recorded the third highest growth among the top 40 companies in the country. A number of new products were introduced in these markets including thirty new products in Africa and eighteen new products in Asia.

A robust product pipeline, with 1,440 products under registration will drive growth in the pharmerging markets. As these products are launched, Ajanta's position in these key markets is expected to strengthen.

### Regulated markets

Ajanta has established its presence in the US, the largest global pharmaceutical market with its first product already launched. Company has filed 25 Abbreviated New Drug Applications (ANDAs) for approval with USFDA, out of which, it has received 2 approvals and balance 23 are awaited. It has launched its maiden product in the market through its own front-end sales and marketing team in the US. The Company has a pipeline of product under development for the US

market and expect to file about 5-6 ANDAs every year for approval with USFDA. With these initiatives, Ajanta expects to be firmly positioned as an important player in this large and growing market.

### RESEARCH AND DEVELOPMENT

During the year, various new formulations in the form of tablets, gel, capsules, powder, liquid were developed in the cardiology, dermatology, ophthalmology, pain relief and other segments for domestic and export markets with major thrust on bridging the gap between patient needs and availability. Development of New Abbreviated Drug Application (ANDA) for the US market continues to be another focus area for R&D.

Ajanta's R&D initiatives have not only improved processes but also built a robust product pipeline. With the sustained R&D efforts, the Company launched 24 new products in domestic market, 48 in emerging markets and 1 product in the US market. The Company also filed 2 more ANDAs with the USFDA. During the year, expenditure on R&D was ₹ 70 Crore, signifying about 5% of total sales.

Ajanta continues to scale up R&D facilities by adding resources and enhancing capacities and capabilities to meet growing demand. The Company plans to invest ₹ 80 Crore during the next 2 years to enhance/upgrade facilities of R&D centre in terms of space and equipment to support the research activities for continued growth. It intends to develop cost-effective formulations for the ever expanding consumer base and continue developing first time products.

### FINANCIAL OVERVIEW

The analysis of consolidated financial statements for the year is as follows:

#### Profit and Loss Statement

##### Revenues from operations (net)

Revenues from operations increased by 23%, from ₹ 1,208.34 Crore in 2013-14 to ₹ 1,480.56 Crore in 2014-15. This increase was driven by growth in volumes in domestic business of 25% and export business of 23% along with niche and new launches of products.

## A ROBUST PRODUCT PIPELINE

THE COMPANY LAUNCHED 24  
NEW PRODUCTS IN DOMESTIC  
MARKET, 48 IN EMERGING  
MARKETS AND 1 PRODUCT IN  
THE US MARKET.

**Material costs**

Material costs declined to 25% in 2014-15 against 29% in 2013-14. This reduction is on account of growth in quality business with niche and first time product launches.

**Employee expenses**

People-related expenses increased from ₹ 156.97 Crore in 2013-14 to ₹ 200.58 Crore in 2014-15. This increase was due to additional manpower recruited in marketing, R&D and other support functions.

**Other expenses**

Other expenses include marketing, R&D and administrative expenses and distribution which stood at ₹ 409.33 Crore in 2014-15 against ₹ 337.10 Crore in 2013-14. As a %age of revenue other expenses remained at 28%. The absolute increase is mainly due to increase in selling expense in line with increase in revenue.

**Margins**

Business margins jumped due to the increasing contribution of niche products and volumes in existing products to the Company's topline. The EBITDA and net margins stood at 34% and 21%, respectively, in 2014-15 compared to 31% and 19%, respectively, in 2013-14.

**Balance Sheet****Shareholders' funds**

Shareholders' funds increased from ₹ 593.31 Crore as on 31<sup>st</sup> March 2014 to ₹ 841.09 Crore as on 31<sup>st</sup> March 2015. This increase was primarily due to increase in net margins. The equity share capital increased from ₹ 17.67 Crore as on 31<sup>st</sup> March 2014 to ₹ 17.68 Crore as on 31<sup>st</sup> March 2015. This was due to equity shares allotted as bonus on employee stock option plan. The book value per share stood at ₹ 35.23 as on 31<sup>st</sup> March 2015 against ₹ 26.59 as on 31<sup>st</sup> March 2014.

**Non-current liabilities**

The balance under this head declined from ₹ 80.62 Crore as on 31<sup>st</sup> March 2014 to ₹ 55.67 Crore as on 31<sup>st</sup> March 2015 largely due to repayment of long term borrowings as well as reduction in deferred tax liabilities.

**Current liabilities**

The balance under this head decreased from ₹ 275.42 Crore as on 31<sup>st</sup> March 2014 to ₹ 249.59 Crore as on 31<sup>st</sup> March 2015. The decrease in balance was mainly due to repayment of short term borrowings for ₹ 42.65 Crore.

**Non-current assets**

Non-current assets, or the fixed assets, increased by ₹ 83.64 Crore in 2014-15 primarily due to additions in fixed assets under CWIP on account of setting-up of Dahej plant.

## INVESTING IN TALENT

THE COMPANY CONDUCTS VARIOUS PROGRAMMES AIMED TOWARDS STRENGTHENING SKILLS, ENHANCING PRODUCTIVITY AND BUILDING SENSE OF OWNERSHIP.

**Current assets**

The balance under this head increased from ₹ 520.05 Crore as on 31<sup>st</sup> March 2014 to ₹ 633.41 Crore as on 31<sup>st</sup> March 2015. This increase was largely due to investment of surpluses in fixed deposits with banks and increase in trade receivables in line with increase in operating revenue.

**HUMAN CAPITAL**

At Ajanta Pharma, employees are encouraged to participate in various extracurricular activities to enhance work life balance. Company organises various internal events to promote team building experience as also supports employees to participate in various external competition. Ajanta has a very aspiring cricket team which has won many trophies and cricket tournaments for the Company. Company conducts various programmes aimed towards strengthening skills, enhancing productivity and building sense of ownership among its employees.

The Company engages its people through Continuous Learning Programmes (CLP@Ajanta), which aids in personal and professional development. Besides, the Company arranges training cum leisure trips to build trust & self-confidence.

Ajanta promotes a unique team building experience for Ajantaites through Annual Sports Day where employees are persuaded to participate in different sports activities that impart a source of team lessons pushing Ajantaites to move laterally and challenging core strength and stability. Ajanta Pharma holds annual social gatherings at its factory locations to promote fun and festivity among its employees.

The Ajanta Team focuses on the 3S model – Scale, Skill and Speed – to align itself with the Company's overall objective of achieving sustained growth over long term. It benchmarks itself with the large successful organisations on these three parameters to ensure best practices implementation in the Company.

## **RISK MANAGEMENT**

Ajanta Pharma leverages its deep domain and management insights to undertake proactive counter-measures that strengthen viability across verticals, products, geographies and market cycles. The Company has implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to help ensure that there is a robust system of internal controls in place. Governed by a strong compliance ethic, it relies heavily on risk management and forecasting frameworks to manage competitive, economic, financial, geo-political and social risks. Company has put in place response mechanisms that mitigate environmental, operational and business risks and minimise impact on business.

The Company has laid down a foreign exchange risk policy as per which senior management team reviews and manages the foreign exchange risks in a systematic manner, including regular monitoring of exposures, proper advice from market experts, hedging of exposures, etc. The Company's currency hedging strategies have helped minimise volatility and have helped buffer the impact of currency exchange rate fluctuations.

The Company has adopted a Quality Management System (QMS) that defines corporate quality standards and systems for the Company as a whole to ensure operations comply with cGMP requirements globally and supports delivery of consistent and reliable products.

The Company mainly operates in branded generic segments launching differentiated products, with focus on specialty where it is insulated in terms of price controls to a great extent.

## **INTERNAL CONTROL SYSTEMS**

The Company's internal control framework is designed specifically to help ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance of laws and regulations. The Company has put in place automated internal business controls and a centralised global process framework that works and governs the day-to-day operations of key functions like research, procurement, manufacturing and supply chain, integrating them with key support functions like marketing, sales, finance, regulatory affairs and HR.

An alert and empowered internal audit group monitors systems and processes ensuring that automated control procedures ensure prudent financial control, accountability and integrity in every part of our organisation. The organisation's annual quality objectives are tracked on a quarterly basis through a planning and tracking module, which is part of a QMS (quality management system) software, specially developed by the Company's IT team. Our internal auditors Mahajan & Aibara and other auditors for different locations keep an eye on all the compliances and submit reports and updates to the Audit Committee of the Board, which reviews and provides direction on how we can further enhance controls within the Company.

# Directors' Report

## Dear Shareholders,

Your Directors have pleasure in presenting their report on the business operations and accounts of the Company for the Year ended 31<sup>st</sup> March 2015 along with 36<sup>th</sup> Annual Report.

## FINANCIAL SUMMARY /PERFORMANCE OF THE COMPANY

₹ in Crore

| Year ended 31 <sup>st</sup> March | Standalone |          |        | Consolidated |          |        |
|-----------------------------------|------------|----------|--------|--------------|----------|--------|
|                                   | 2015       | 2014     | Growth | 2015         | 2014     | Growth |
| Total Income                      | 1389.90    | 1,127.64 | 23%    | 1497.36      | 1,222.05 | 23%    |
| EBITDA                            | 472.56     | 346.04   | 37%    | 505.23       | 368.75   | 37%    |
| Profit before Tax                 | 451.83     | 313.06   | 44%    | 464.47       | 329.85   | 41%    |
| Profit after Tax                  | 306.37     | 220.86   | 39%    | 309.86       | 233.88   | 32%    |
| Earnings Per Share (EPS)          | 34.84      | 25.13    | -      | 35.24        | 26.62    | -      |

The Company proposes to transfer an amount of ₹ 160 Crore to the General Reserve. An amount of ₹ 119.40 Crore is proposed to be retained in the statement of Profit and loss.

## DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 6/- per equity share on the face-value of ₹ 2/- each for the year ended 31<sup>st</sup> March 2015.

## PERFORMANCE REVIEW

Company posted remarkable performance during the year under review. Consolidated sales scaled up by 23% over the previous year. Profit before interest, depreciation and tax (EBITDA) went up by 37%, whereas Profit after tax was higher by 32% over the previous year. Export sales contributed 66% of the revenue and domestic accounted for the rest. For the last 5 years, the Company has consistently posted healthy performance with its consolidated revenue showing a CAGR of 31% and net profit of 57%.

The Company continues to operate only in one segment i.e. pharmaceuticals and there is no change in the nature of business of the Company.

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this report.

No significant or material orders passed or have been passed against the Company by the regulators, courts,

or tribunals, which impacts the going concern status and Company's operations in future.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis forms part of this annual report, which is given elsewhere in the Report.

## SHARE CAPITAL

During the year, 26,700 shares were issued and listed under ESOS, 2011. Further, the Company sub-divided face value of its equity shares from ₹ 5/- to ₹ 2/- per share after taking approval of the members. Consequent thereto, total paid up equity share capital of the Company as on 31<sup>st</sup> March 2015 stands at ₹ 17.58 Crore divided into 8,79,43,500 shares of ₹ 2/- each.

## EMPLOYEES STOCK OPTION SCHEME

Particulars of Employee Stock Options under ESOS 2011 are given in "Annexure A" to this report.

## CREDIT RATING

Your Company's bank facilities have been rated by Credit Analysis and Research Limited (CARE) during September 2014. The Company has received the highest rating A+ (A plus) for its short term facilities as per which Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. For the long term borrowings, the Company has received AA- (Double A minus), which indicates high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

## SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANIES

- a.** Your Company has six subsidiaries overseas, including one step down subsidiary and has one Joint Venture (JV) company. Financials of subsidiaries are disclosed in the consolidated financial statements, which forms part of this Annual Report. The Company does not have significant influence on its JV in Turkmenistan namely, Turkmenderman Ajanta Pharma Limited (TDAPL) as day-to-day management is controlled by the JV partner and the JV operates under severe restriction that significantly impairs its ability to transfer the funds to the Company. The Company is therefore looking for divestment of this JV and as such, JV's accounts are not consolidated.

Statement containing salient features of financial statements of subsidiaries pursuant to section 129 of the Companies Act, 2013 (Act) read with Rule 5 of the Companies (Accounts) Rules, 2014 is annexed to this Report as "Annexure B" in the prescribed Form AOC-I.

The Financial statements of the subsidiary companies are kept for inspection by the shareholders at the registered office of the Company.

The Company has laid down policy on Material subsidiary and the same is placed on the website of the Company at [www.ajantapharma.com](http://www.ajantapharma.com) ([www.ajantapharma.com/financials/Investor\\_Articles/Policy%20on%20Material%20Subsidiaries.pdf](http://www.ajantapharma.com/financials/Investor_Articles/Policy%20on%20Material%20Subsidiaries.pdf)). None of the subsidiaries are material subsidiary as per the Policy.

## DIRECTORS

- a.** Appointment of Mr. Prabhakar Dalal and Dr. Anjana Grewal as Independent Directors was confirmed by the members at the Annual General Meeting held on 5<sup>th</sup> August 2014. Apart from this, there were no changes in the directors or Key Managerial Personnel during the year.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Mr. Rajesh M. Agrawal retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Madhusudan B. Agrawal, was appointed as Whole time Director of the Company for five years w.e.f. 1<sup>st</sup> April 2010. The Board has on the recommendation of the Nomination and Remuneration Committee,

reappointed him as Vice Chairman and Executive Director for another term of 5 years w.e.f. 1<sup>st</sup> April 2015, on the terms and condition including remuneration set out in the Agreement and subject to approval of members.

The Board recommends re-appointment of Mr. Rajesh M. Agrawal and Mr. Madhusudan B. Agrawal at the ensuing Annual General Meeting. Based on disclosures provided by them, none of them are disqualified from being appointed as Directors as per section 164 of the Companies Act, 2013.

### b. Board meetings

During the year, five Board meetings were held, with gap between Meetings not exceeding the period prescribed under the Act. Details of Board and Board committee meetings held during the year are given in the Corporate Governance Report.

Board meeting dates are finalised in consultation with all directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board to take informed decisions. A detailed presentation is also made to apprise the Board of important developments in industry, segments, business operations, marketing, products etc.

### c. Independent Director's familiarisation Programme

As per requirements under the Listing Agreement, the Company undertook directors' familiarisation programme for Independent Directors in order to familiarise them with business model, management structure, product portfolio, Industry overview, manufacturing operations, internal control system and processes, FOREX management, risk management framework, functioning of various divisions, HR Management, CSR activities etc. Details of such familiarisation programme is placed on the Company's website at [www.ajantapharma.com](http://www.ajantapharma.com) ([www.ajantapharma.com/financials/Investor\\_Articles/FPFID.pdf](http://www.ajantapharma.com/financials/Investor_Articles/FPFID.pdf)).

### d. Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board had carried out performance evaluation of its own, the Board Committees and of the Independent directors. Independent Directors at a separate meeting evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board. The manner in which the evaluation has been carried out has been detailed in the Corporate Governance Report.

#### e. Policy on appointment and remuneration of Directors

The Board has on the recommendation of the Nomination & Remuneration Committee, formulated criteria for determining Qualifications, Positive Attributes and Independence of a Director as also a Policy for remuneration of Directors, Key managerial Personnel and senior management. The details of criteria laid down and the Remuneration Policy are given in the Corporate Governance Report.

#### CAPEX

Your Company is committed to continuously invest in the infrastructure well in advance to complement its growth plans. It demonstrates the vision and foresight of the management to anticipate the future requirements and take bold initiatives at the right time. When building the facilities and infrastructure, Company has been guided with its philosophy of doing the best in uncompromising way and giving lot of attention to details. The work on new Dahej facility is just completed and management has already started work on another new facility.

The Dahej facility has been specially constructed for catering to the requirements of markets like USA, WHO and Emerging Markets with a total investment of about ₹ 220 Crore. It has world class standard, employing latest technology and state of the art machinery complying with USFDA / UKMHRA / WHO standards. This new facility has capacities to manufacture annually 1,740 Million Tablets, 216 Million Capsules and 150 Million Powder sachets. The facility will start taking validation batches in next few months.

The Company is also expanding its R & D facilities at Mumbai to cater to the growing needs. This expansion will take about 2 years and has spent ₹ 70 Crore on the same during the year.

#### AUDITORS

##### a. Statutory Auditors

Your Company's statutory auditors, M/s. Kapoor & Parekh Associates, Chartered Accountants, Mumbai, retire at the conclusion of ensuing Annual General Meeting. Your Company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provisions of section 139 & 141 of the Act, and are eligible for re-appointment, holding peer review certificate. Audit Committee and the Board recommend their reappointment.

The remarks as contained in the Auditor's Report read with Notes forming part of the accounts are self-explanatory.

##### b. Cost Auditors

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Bulk Drugs and Formulations activity are required to be audited by cost auditors. The Board has on the recommendation of the Audit Committee, appointed M/s. Sevekari, Khare & Associates, Practicing Cost Accountants to audit the cost accounts of the Company for the financial year 2015-16 on a remuneration of ₹ 3 lacs, subject to ratification by members. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s. Sevekari, Khare & Associates, Cost Auditors is included at Item No. 7 of the Notice convening the Annual General Meeting.

##### c. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn D'Souza & Company, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure C". There is no qualification, reservation or adverse remark in the report.

#### INTERNAL CONTROL SYSTEM AND COMPLIANCE FRAMEWORK

The Company has an Internal Control System, commensurate with size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations.

The Company has appointed M/s. Mahajan & Aibara as Internal Auditors of the Company. The Audit Committee in consultation with the internal auditors formulates the scope, functioning, periodicity and methodology for conducting the internal audit. The internal auditors carry out audit, covering inter alia, monitoring and evaluating the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations and submit their periodical internal audit reports to the Audit Committee. Based on the internal audit report and review by the Audit committee, process owners undertake necessary actions in their respective areas. The internal auditors have expressed that the internal control system in the Company is robust and effective.

The Board has also put in place requisite legal compliance framework to ensure compliance of all the applicable laws and that such systems are adequate and operating effectively.

## RISK MANAGEMENT

Company has implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to help ensure that there is a robust system of risk controls and mitigation in place. Senior management periodically reviews this risk management framework to keep updated and address emerging challenges.

Major risks identified for the Company by the management are Currency fluctuation, Compliance, Regulatory changes, Manufacturing & Supply, Litigation, Information Technology and new capital investments return. The management is however, of the view that none of the above risks may threaten the existence of the Company as robust Risk mitigation mechanism is put in place to ensure that there is nil or minimum impact on the Company in case any of these risks materialise.

## VIGIL MECHANISM

The Company has set up vigil mechanism viz. Whistle Blower Policy to enable the employees and Directors to report genuine concerns and irregularities, if any in the Company, noticed by them. It is posted on the intranet of the Company. The same is reviewed by the Audit Committee from time to time.

## RELATED PARTY TRANSACTIONS AND POLICY ON RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have a potential conflict with the interest of the Company at large and thus disclosure in Form AOC-2 is not required.

The Board has formulated Policy on Related Party Transactions and the same is uploaded on the Company's website at [www.ajantapharma.com](http://www.ajantapharma.com) ([www.ajantapharma.com/financials/Investor\\_Articles/Policy%20on%20Related%20Party%20Transactions.pdf](http://www.ajantapharma.com/financials/Investor_Articles/Policy%20on%20Related%20Party%20Transactions.pdf)).

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company other than sitting fees and commission payable to them.

## MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

The above information is not being sent along with this Report to the Members of the Company as per the

provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before the 36th Annual General Meeting and upto the date of the Annual General Meeting during the business hours on working days.

## LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments, if any covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of section 135 of the Act, read with CSR Rules, the Company has constituted CSR committee and formulated CSR policy. The Policy primarily rests on four broad categories: Healthcare, Education, Community Development and Ecology. During the year, the Company undertook several initiatives under the CSR program. The details of CSR policy and CSR activities undertaken during the year are annexed herewith as "Annexure D".

## DEPOSITS

Your Company has not accepted any deposits from the public falling within the purview of Section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014.

## EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure E".

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors confirm:

- that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- that the directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March 2015 and of the profit of the Company for that period;
- that proper and sufficient care has been taken for the 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 fraud and other irregularities;

- d. that the annual accounts/financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that 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.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to Conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134 of the Act, read with the Companies (Accounts) Rules, 2014 is given as "Annexure F" and forms part of this report.

### **CORPORATE GOVERNANCE**

Report on Corporate Governance is given elsewhere in this Annual Report. Certificate from the Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is also appended to the report on Corporate Governance.

### **HUMAN RESOURCE**

Your Company firmly believes that employees are the most valuable assets and key players of business success and sustained growth. Various employee benefits, recreational and team building programs are conducted to enhance employee skills, motivation as also to foster team spirit. Company also conducts in-house training programs to develop leadership as well as technical/functional capabilities in order to meet future talent requirements. Industrial relations were cordial throughout the year.

### **GRATITUDE & ACKNOWLEDGMENTS**

Your Directors place on record their earnest appreciation for the unstinted commitment, dedication, hard work and significant contribution made by employees across the globe in ensuring sustained growth of the Company. Your Directors also sincerely thanks all the stakeholders, medical professionals, business partners, government, other statutory bodies, banks, financial institutions, analysts and shareholders for their continued assistance, co-operation and support.

For and on behalf of the Board of Directors

**Mannalal B. Agrawal**  
*Chairman*

Mumbai, 8<sup>th</sup> May 2015

## Annexure “A” to Directors’ Report - Employee Stock Options Scheme

| No. | Description                                                                                                                                                                                                                                                                                                                                                                               | Details/ No. of options                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a)  | Total Options granted                                                                                                                                                                                                                                                                                                                                                                     | 1,40,000 on 24 <sup>th</sup> October 2011 & 7,500 options on 5 <sup>th</sup> May 2013 (refer note) under ESOS 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| b)  | The pricing formula                                                                                                                                                                                                                                                                                                                                                                       | Exercise price for above options is face value of the shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| c)  | Options vested                                                                                                                                                                                                                                                                                                                                                                            | 1,42,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| d)  | Options exercised                                                                                                                                                                                                                                                                                                                                                                         | 86,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| e)  | Total number of shares arising as result of exercise of options                                                                                                                                                                                                                                                                                                                           | 86,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| f)  | Options lapsed during the year                                                                                                                                                                                                                                                                                                                                                            | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| g)  | Variation of terms of options                                                                                                                                                                                                                                                                                                                                                             | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| h)  | Money realised by exercise of options                                                                                                                                                                                                                                                                                                                                                     | ₹ 1,73,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| i)  | Total no. of options in force                                                                                                                                                                                                                                                                                                                                                             | 61,000 under ESOS, 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| j)  | Employee-wise details of options granted to                                                                                                                                                                                                                                                                                                                                               | 1,40,000 options are granted to senior management employees of the Company and 7,500 options are granted to a senior management employee of overseas subsidiary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|     | i. Senior Managerial Personnel                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|     | ii. Any other employees to whom options granted amounting to 5% or more, of the total options granted during the year                                                                                                                                                                                                                                                                     | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | iii. Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year                                                                                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| k)  | Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options during the year and ESOSs outstanding as on 31.03.2015, calculated in accordance with Accounting Standard (AS) 20 ‘Earning per share’                                                                                                                                                                 | ₹ 34.80                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| l)  | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| m)  | Weighted average exercise prices weighted average fair values of options disclosed separately for options whose exercise price equals to market price exceeds or is less than the market price of the stock                                                                                                                                                                               | <ol style="list-style-type: none"> <li>1. Weighted average exercise price – ₹ 2/- per share for all the options.</li> <li>2. Weighted average fair value of 1,40,000 options is ₹ 59.54 per option</li> <li>3. Weighted average fair value of 7,500 options is ₹ 298.44 per option</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| n)  | Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information :                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• Fair value calculated by using Black-Scholes option pricing formula</li> <li>• Stock price: The closing price on NSE as on the date of grant has been considered for valuing the options granted</li> <li>• Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options</li> <li>• Risk free rate of return: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities</li> <li>• Time to Maturity: Time to Maturity/ Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised</li> <li>• Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial year preceding the date of the grant</li> </ul> |

| No.                                                                     | Description | Details/ No. of options       |                             |
|-------------------------------------------------------------------------|-------------|-------------------------------|-----------------------------|
| Variables                                                               |             | Weighted Average Information  |                             |
| Plan                                                                    |             | ESOS, 2011                    |                             |
|                                                                         |             | 1,40,000 options              | 7,500 options               |
| Grant date                                                              |             | 24 <sup>th</sup> October 2011 | 30 <sup>th</sup> April 2013 |
| Last date for acceptance                                                |             | 31 <sup>st</sup> March 2012   | 7 <sup>th</sup> May 2013    |
| Risk free rate (%)                                                      |             | 8.50%                         | 8.00%                       |
| Expected Life (years)                                                   |             | Between 1 to 3.2 years        |                             |
| Volatility (%)                                                          |             | 96%                           | 57%                         |
| Dividend yield (%)                                                      |             | 1.73%                         | 2.51%                       |
| Price of the underlying share in the market at the time of option grant |             | ₹ 64.98                       | ₹ 318.36                    |

Note: Consequent to sub-division of face value of equity shares from ₹ 5/- to ₹ 2/-, number of options granted, vested, exercised, in force and price of underlying share in the market at the time of grant have been correspondingly adjusted.

## Annexure "B" to Directors' Report - Form AOC - 1

### Statement containing salient features of the financial statement of subsidiaries

|                                                                                  |                                                  |                                |                        | ₹ in Lacs                  |
|----------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------|------------------------|----------------------------|
| Name of the Subsidiary Company                                                   | Ajanta Pharma (Mauritius) Limited (Consolidated) | Ajanta Pharma Philippines Inc. | Ajanta Pharma USA Inc. | Ajanta Pharma Nigeria Ltd. |
| Financial Year ended on                                                          | 31-Mar-15                                        | 31-Mar-15                      | 31-Mar-15              | 31-Mar-15                  |
| Share Capital                                                                    | 809.60                                           | 138.40                         | 606.89                 | 23.08                      |
| Reserves & Surplus                                                               | 7,769.07                                         | 2,479.37                       | (264.62)               | 9.47                       |
| Total Liabilities                                                                | 97.13                                            | 2,387.54                       | 517.88                 | 140.30                     |
| Total Assets                                                                     | 8,675.80                                         | 5,005.31                       | 860.15                 | 172.85                     |
| Investments                                                                      | -                                                | -                              | -                      | -                          |
| Turnover                                                                         | 18,667.16                                        | 8,511.80                       | 246.29                 | 118.47                     |
| Profit before taxation                                                           | 2,875.16                                         | 2,166.89                       | (267.68)               | 11.23                      |
| Provision for taxation                                                           | 119.41                                           | 645.06                         | -                      | -                          |
| Profit after taxation                                                            | 2,755.75                                         | 1,521.83                       | (267.68)               | 11.23                      |
| Proposed Dividend                                                                | -                                                | -                              | -                      | -                          |
| % of shareholding                                                                | 100%                                             | 100%                           | 100%                   | 100%                       |
| Foreign Currency of Subsidiary                                                   | MUR                                              | PHP                            | USD                    | NN                         |
| Rupee Equivalent of 1 Unit of Foreign Currency as at 31 <sup>st</sup> March 2015 | 1.70                                             | 1.40                           | 62.50                  | 0.32                       |

Note:

1. Ajanta Pharma (Mauritius) Ltd. consolidated figures includes its wholly owned subsidiary Ajanta Pharma (Mauritius) Int'l Ltd.
2. Details of Ajanta Pharma UK Limited have not been given as it has not started business operations.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

## Annexure “C” to Directors’ Report - Secretarial Audit Report

To,  
The Members,  
**Ajanta Pharma Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Ajanta Pharma Limited (hereinafter called “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 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 authorised 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 31<sup>st</sup> March 2015 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 31<sup>st</sup> March 2015 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, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (vi) Based on the representation made by the management of the Company, the Company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with specific applicable laws, rules, regulations and guidelines viz., Drugs and Cosmetics Act, 1940, The Pharmacy Act, 1948 and Food and Drug Administration licensing terms and conditions etc.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India have been followed with respect to Board meetings.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange and the National Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no non-compliances that have come to our knowledge.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all 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 clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and

operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has sub-divided its equity shares with the approval by the shareholders of the Company accorded through postal ballot / electronic voting on 11<sup>th</sup> March 2015. Accordingly, 3,54,84,000 Issued Equity Shares having a face value of ₹ 5/- each, stood sub-divided into 8,87,10,000 Equity Shares of the face value of ₹ 2/- each.

For Alwyn D'Souza & Co.

**Alwyn P. D'Souza**

FCS No. 5559

C P No. 5137

Place: Mumbai  
Date: 8<sup>th</sup> May 2015

## Annexure "D" to Directors' Report - Report on CSR

1. A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: **CSR policy is appended and is also posted on the website of the Company at [www.ajantapharma.com/pdf/CSR\\_Poily.pdf#toolbar=0&navpanes=0](http://www.ajantapharma.com/pdf/CSR_Poily.pdf#toolbar=0&navpanes=0)**
2. Composition of CSR Committee:  
**Mr. Mannalal B. Agrawal - Chairman**  
**Mr. Chandrakant M. Khetan - Member**  
**Mr. Yogesh M. Agrawal - Member**
3. Average net profit of the Company for last three financial years: **₹ 187.18 Crore**
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): **The Company is required to spend ₹ 3.74 Crore towards CSR.**
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year: **₹ 3.74 Crore**
  - (b) Amount unspent, if any: **None**

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

(₹ Lacs)

| #     | CSR project / activity                      | Sector                                                 | Location - State/Dist.         | Budget FY '15 | Actual spent FY '15 | Direct/Agency                                                                                     |
|-------|---------------------------------------------|--------------------------------------------------------|--------------------------------|---------------|---------------------|---------------------------------------------------------------------------------------------------|
| 1     | Eye Care & cataract Surgeries Camps         | Promoting health care including preventive health care | Maharashtra                    | 65.00         | 68.31               | Direct                                                                                            |
| 2     | Family planning camps                       |                                                        | Maharashtra                    | 10.00         | 1.14                | Direct                                                                                            |
| 3     | Waiting areas in Govt. hospitals            |                                                        | Maharashtra                    | 25.00         | 24.73               | Direct                                                                                            |
| 4     | Subsidised food for patients & relatives    |                                                        | Maharashtra                    | 60.00         | 56.36               | Direct                                                                                            |
| 5     | Hospital charges for needy patients         |                                                        | Maharashtra                    | -             | 8.91                | Direct                                                                                            |
| 6     | Ambulance                                   |                                                        | Maharashtra                    | -             | 8.94                | Bhagini Sanskar Parishad & Shri Ramakrishna Arogya Sansthan                                       |
| 7     | Renovation of Dharamshala for poor patients |                                                        | Maharashtra                    | -             | 7.00                | Lion's Club                                                                                       |
| 8     | Charitable Hospital Facility upgradation    |                                                        | Himachal Pradesh & Maharashtra |               | 125.00              | Mahatma Gandhi Mission Trust, Fateh Chand Charitable Trust and Himalayan Institute Hospital Trust |
| 9     | Fees / Other expenses to needy students     | Promoting Education, including special education       | All India                      | 35.00         | 31.38               | Direct & B.J. Trust                                                                               |
| 10    | School Renovation /Facilities               |                                                        | Maharashtra                    | 25.00         | 22.32               | Direct                                                                                            |
| 11    | Social Educational                          |                                                        | All India                      | 25.00         | 23.00               | Global Vipassana Foundation                                                                       |
| 12    | Social Educational                          |                                                        | All India                      | 25.00         | 11.69               | Direct                                                                                            |
| 13    | Unallocated                                 |                                                        |                                | 112.00        | -                   | -                                                                                                 |
| TOTAL |                                             |                                                        |                                | 382.00        | 388.79              |                                                                                                   |

Note : No overheads are included in the amount spent.

6. The Corporate Social Responsibility Committee of the Company hereby confirms that the implementation & monitoring of CSR policy, is in compliance with CSR objectives & policy of the Company.

For Ajanta Pharma Limited

For and on behalf of the  
Corporate Social Responsibility Committee of Ajanta Pharma Limited

**Yogesh M. Agrawal**  
Managing Director

**Mannalal B. Agrawal**  
Chairman of the Corporate Social Responsibility Committee

## CSR POLICY

(Approved by the Board of Directors on 5<sup>th</sup> May 2014)

### Background:

Corporate Social Responsibility at Ajanta Pharma stems from the ideology of providing sustainable value to the society in which the Company operates. While meeting the interests of our stakeholders, we recognise the importance of contributing towards development of the underprivileged sections of the society and are committed to execute it responsibly. Through our small contribution, we aspire to improve the quality of life of

the weaker sections in the society by making available some basic necessities which are not easily accessible and/or available to them.

### CSR Policy:

The programs under Ajanta's CSR policy primarily rest on 4 broad categories: Healthcare, Education, Community Development and Ecology. These programs are aimed at long-term sustainability and inclusive development. With special emphasis on areas around Company's operational locations, the programs are designed and implemented taking into consideration specific needs of each area.

1. In Healthcare, our aim is to provide medical assistance to rural underprivileged living in remote village areas with initiatives like:
  - a. Free medical camps for health, eye, cataract surgeries, family welfare and related areas;
  - b. Developing basic infrastructure around government hospitals for people visiting from remote areas like shelter, subsidised food and similar facilities.
2. In Education, our efforts concentrate on providing quality learning at affordable cost in rural areas by aiding schools, vocational skill centers and related institutions.
3. In community development we advocate and support sustainability in rural areas giving assistance for safe drinking water, community halls, parks, welfare of victims of natural calamities, amenities in government hospitals, subsidised meals for needy patients & relatives, other such initiatives.
4. For maintaining a balance in the eco-system, we support and initiate programs for continual

improvement in Environment, Health and Safety standards.

5. On selective basis, we contribute to Government, voluntary organisations and academic institutes working for any of the above cause.

#### **Budget:**

Minimum of 2% of the Average Net Profit (before tax) of the preceding three years will be allocated every financial year for CSR activities. The expenditure incurred on capacity building programs such as training, workshops, seminars, conferences, etc. and on corporate communication strategies for engagement of all stakeholders, whether internal or external to implement CSR of the Company will be accounted as CSR expenditure. CSR budget will be non-lapsable in nature, that is any income or surplus arising out of CSR activity will be added to the corpus of CSR activity for the next year.

#### **Monitoring and Review:**

The Company Board has formed CSR Committee who will oversee the policy execution and prepare monitoring mechanism to ensure implementation of the projects, programmes and activities proposed to be undertaken by the Company as per the Policy. The CSR Policy shall be periodically reviewed and appropriately revised by the CSR Committee.

## **Annexure "E" to Directors' Report - Form No. MGT 9**

### **EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2015**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

#### **I. REGISTRATION & OTHER DETAILS:**

|    |                                                                            |                                                                                                              |
|----|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 1. | CIN                                                                        | L24230MH1979PLC022059                                                                                        |
| 2. | Registration Date                                                          | 31.12.1979                                                                                                   |
| 3. | Name of the Company                                                        | Ajanta Pharma Limited                                                                                        |
| 4. | Category/Sub-category of the Company                                       | Company having Share Capital                                                                                 |
| 5. | Address of the Registered office & contact details                         | 'Ajanta House', 98 Govt Industrial Area, Charkop, Kandivali (West), Mumbai 400 067                           |
| 6. | Whether listed company                                                     | Yes                                                                                                          |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Pvt Ltd<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated):

| SN | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|----|--------------------------------------------------|---------------------------------|------------------------------------|
| 1  | Pharmaceutical products                          | 21002 & 21005                   | 100%                               |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the company                                                                                                             | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held        | Applicable section |
|----|---------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------|-------------------------|--------------------|
| 1  | Ajanta Pharma UK LTD 2 Cabot House, Compass Point Business Park, ST IVES,                                                                   | N.A     | Subsidiary                    | 100%                    | 2(87)              |
| 2  | Ajanta Pharma Philippines Inc<br>Unit 710, AXA Life Bldg.,<br>1286, Sen. Gil Puyat Ave., Makati City, Phillipines                           | N.A     | Subsidiary                    | 100%                    | 2(87)              |
| 3  | Ajanta Pharma Mauritius Limited<br>Media Building<br>Goodlands, Mauritius                                                                   | N.A     | Subsidiary                    | 100%                    | 2(87)              |
| 4  | Ajanta Pharma USA Inc 600 1st Ave., Raritan, NJ 08869.                                                                                      | N.A     | Subsidiary                    | 100%                    | 2(87)              |
| 5  | Ajanta Pharma Mauritius International Limited<br>Abax Corporate Administrators Ltd of 6th Floor, Tower A,<br>1 Cyber City, Ebene, Mauritius | N.A     | Subsidiary                    | Step down<br>Subsidiary | 2(87)              |
| 6  | Ajanta Pharma Nigeria Limited<br>Block 6, House 6B, Houson Wright Estate, Oregon, Lagos                                                     | N.A     | Subsidiary                    | 100%                    | 2(87)              |
| 7  | Turkmenderman Ajanta Pharma Limited<br>47, Oguz Khan Street, Aitakov, Ashgabat, Republic of<br>Turkmenistan                                 | N.A     | Associate                     | 50%                     | 2(6)               |

## IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

### A) Category-wise Shareholding

| Category of Shareholders                  | No. of Shares held at the beginning of the year[As on 31-March-2014] |          |                    |                   | No. of Shares held at the end of the year[As on 31-March-2015] |          |                    |                   | % Change during the year |
|-------------------------------------------|----------------------------------------------------------------------|----------|--------------------|-------------------|----------------------------------------------------------------|----------|--------------------|-------------------|--------------------------|
|                                           | Demat                                                                | Physical | Total              | % of Total Shares | Demat                                                          | Physical | Total              | % of Total Shares |                          |
| <b>A. PROMOTERS</b>                       |                                                                      |          |                    |                   |                                                                |          |                    |                   |                          |
| <b>(1) Indian</b>                         |                                                                      |          |                    |                   |                                                                |          |                    |                   |                          |
| a) Individual/ HUF                        | 2,25,15,000                                                          | -        | 2,25,15,000        | 64.05             | 5,65,37,497                                                    | -        | 5,65,37,497        | 64.28             | 0.23                     |
| b) Central Govt                           | -                                                                    | -        | -                  | -                 | -                                                              | -        | -                  | -                 | -                        |
| c) State Govt(s)                          | -                                                                    | -        | -                  | -                 | -                                                              | -        | -                  | -                 | -                        |
| d) Bodies Corp.                           | 33,56,905                                                            | -        | 33,56,905          | 9.55              | 83,92,262                                                      | -        | 83,92,262          | 9.55              | -                        |
| e) Banks / FI                             | -                                                                    | -        | -                  | -                 | -                                                              | -        | -                  | -                 | -                        |
| f) Any other                              | -                                                                    | -        | -                  | -                 | -                                                              | -        | -                  | -                 | -                        |
| <b>TOTAL SHAREHOLDING OF PROMOTER (A)</b> | <b>2,58,71,905</b>                                                   | <b>-</b> | <b>2,58,71,905</b> | <b>73.60</b>      | <b>6,49,29,759</b>                                             | <b>-</b> | <b>6,49,29,759</b> | <b>73.83</b>      | <b>0.23</b>              |

| Category of Shareholders                                                        | No. of Shares held at the beginning of the year[As on 31-March-2014] |                 |                    |                   | No. of Shares held at the end of the year[As on 31-March-2015] |                 |                    |                   | % Change during the year |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------|--------------------|-------------------|----------------------------------------------------------------|-----------------|--------------------|-------------------|--------------------------|
|                                                                                 | Demat                                                                | Physical        | Total              | % of Total Shares | Demat                                                          | Physical        | Total              | % of Total Shares |                          |
| <b>B. PUBLIC SHAREHOLDING</b>                                                   |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| <b>(1) Institutions</b>                                                         |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| a) Mutual Funds                                                                 | 14,590                                                               | -               | 14,590             | 0.04              | 13,40,999                                                      | -               | 13,40,999          | 1.52              | 1.48                     |
| b) Banks / FI                                                                   | 13,051                                                               | -               | 13,051             | 0.04              | 22,518                                                         | -               | 22,518             | 0.03              | (0.01)                   |
| c) Central Govt                                                                 | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| d) State Govt(s)                                                                | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| e) Venture Capital Funds                                                        | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| f) Insurance Companies                                                          | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| g) FIs                                                                          | 13,37,727                                                            | -               | 13,37,727          | 3.81              | 66,63,525                                                      | -               | 66,63,525          | 7.58              | 3.77                     |
| h) Foreign Venture Capital Funds                                                | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| i) Others (specify)                                                             | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| <b>SUB-TOTAL (B)(1):-</b>                                                       | <b>13,65,368</b>                                                     | <b>-</b>        | <b>13,65,368</b>   | <b>3.89</b>       | <b>80,27,042</b>                                               | <b>-</b>        | <b>80,27,042</b>   | <b>9.13</b>       | <b>5.24</b>              |
| <b>(2) Non-Institutions</b>                                                     |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| <b>a) Bodies Corp.</b>                                                          |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| i) Indian                                                                       | 30,52,023                                                            | 300             | 30,52,323          | 8.68              | 13,59,705                                                      | 750             | 13,60,455          | 1.55              | (7.13)                   |
| ii) Overseas                                                                    | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| <b>b) Individuals</b>                                                           |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 28,54,967                                                            | 2,79,043        | 31,34,010          | 8.92              | 80,69,185                                                      | 5,95,768        | 86,64,953          | 9.85              | 0.93                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 15,66,948                                                            | -               | 15,66,948          | 4.46              | 42,50,064                                                      | -               | 42,50,064          | 4.83              | 0.37                     |
| <b>c) Others (specify)</b>                                                      |                                                                      |                 |                    |                   |                                                                |                 |                    |                   |                          |
| Non Resident Indians                                                            | 94,564                                                               | 4,650           | 99,214             | 0.28              | 5,38,274                                                       | 15,375          | 5,53,649           | 0.63              | 0.35                     |
| Overseas Corporate Bodies                                                       | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| Foreign Nationals                                                               | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| Clearing Members                                                                | 33,169                                                               | -               | 33,169             | 0.11              | 1,04,042                                                       | -               | 1,04,042           | 0.13              | 0.02                     |
| Trusts                                                                          | -                                                                    | -               | -                  | -                 | 7,622                                                          | -               | 7,622              | 0.01              | 0.01                     |
| Foreign Bodies - D R                                                            | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| HUF                                                                             | 20,789                                                               | -               | 20,789             | 0.06              | 31,182                                                         | -               | 31,182             | 0.04              | (0.02)                   |
| <b>SUB-TOTAL (B)(2):-</b>                                                       | <b>76,29,434</b>                                                     | <b>2,83,993</b> | <b>79,13,427</b>   | <b>22.51</b>      | <b>1,43,74,806</b>                                             | <b>6,11,893</b> | <b>1,49,86,699</b> | <b>17.04</b>      | <b>(5.47)</b>            |
| <b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+ (B)(2)</b>                            | <b>89,94,802</b>                                                     | <b>2,83,993</b> | <b>92,78,795</b>   | <b>26.40</b>      | <b>2,24,01,848</b>                                             | <b>6,11,893</b> | <b>2,30,13,741</b> | <b>26.17</b>      | <b>(0.23)</b>            |
| C. Shares held by Custodian for GDRs & ADRs                                     | -                                                                    | -               | -                  | -                 | -                                                              | -               | -                  | -                 | -                        |
| <b>GRAND TOTAL(A+B+C)</b>                                                       | <b>3,48,66,707</b>                                                   | <b>2,83,993</b> | <b>3,51,50,700</b> | <b>100.00</b>     | <b>8,73,31,607</b>                                             | <b>6,11,893</b> | <b>8,79,43,500</b> | <b>100.00</b>     | <b>-</b>                 |

**B) Shareholding of Promoter**

| SN  | Shareholder's Name                  | Shareholding at the beginning of the year |                                  |                                                  | Shareholding at the end of the year |                                  |                                                  | % change in shareholding during the year |
|-----|-------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------|
|     |                                     | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                          |
| 1.  | Gabs Investments Pvt Ltd            | 33,56,905                                 | 9.55                             | 2.53                                             | 83,92,262                           | 9.55                             | 1.20                                             | -                                        |
| 2.  | Rajesh M. Agrawal                   | 25,39,441                                 | 7.22                             | -                                                | 64,11,102                           | 7.29                             | -                                                | 0.07*                                    |
| 3.  | Yogesh M. Agrawal                   | 25,28,424                                 | 7.19                             | -                                                | 63,83,560                           | 7.26                             | -                                                | 0.07*                                    |
| 4.  | Mannalal B. Agrawal                 | 21,62,688                                 | 6.15                             | -                                                | 54,06,720                           | 6.15                             | -                                                | -                                        |
| 5.  | Purushottam B. Agrawal              | 21,55,770                                 | 6.13                             | -                                                | 53,89,425                           | 6.13                             | -                                                | -                                        |
| 6.  | Madhusudan B. Agrawal               | 21,55,500                                 | 6.13                             | -                                                | 53,88,750                           | 6.13                             | -                                                | -                                        |
| 7.  | Vimal M. Agrawal & Mamta M. Agrawal | 20,55,000                                 | 5.85                             | -                                                | 51,37,500                           | 5.85                             | -                                                | -                                        |
| 8.  | Madhusudan B. Agrawal               | 12,30,000                                 | 3.50                             | -                                                | 30,75,000                           | 3.50                             | -                                                | -                                        |
| 9.  | Mannalal B. Agrawal                 | 12,24,261                                 | 3.48                             | -                                                | 30,60,652                           | 3.48                             | -                                                | -                                        |
| 10. | Purushottam B. Agrawal              | 12,14,406                                 | 3.45                             | -                                                | 30,36,015                           | 3.45                             | -                                                | -                                        |
| 11. | Ravi P. Agrawal                     | 10,81,824                                 | 3.08                             | -                                                | 27,67,060                           | 3.15                             | -                                                | 0.07*                                    |
| 12. | Aayush M. Agrawal                   | 10,05,927                                 | 2.86                             | -                                                | 25,77,317                           | 2.93                             | -                                                | 0.07*                                    |
| 13. | Mamta M. Agrawal                    | 7,23,573                                  | 2.06                             | -                                                | 18,08,932                           | 2.06                             | -                                                | -                                        |
| 14. | Manisha Y. Agrawal                  | 6,71,565                                  | 1.91                             | -                                                | 16,78,912                           | 1.91                             | -                                                | -                                        |
| 15. | Richa R. Agrawal                    | 6,63,000                                  | 1.89                             | -                                                | 16,57,500                           | 1.89                             | -                                                | -                                        |
| 16. | Smriti R. Agrawal                   | 6,62,121                                  | 1.88                             | -                                                | 16,55,302                           | 1.88                             | -                                                | -                                        |
| 17. | Vimal M. Agrawal                    | 4,41,500                                  | 1.26                             | -                                                | 11,03,750                           | 1.26                             | -                                                | -                                        |

Note:- There is change in holding due to subdivision of shares from Face- value of ₹ 5/- to ₹ 2/-, however where there is any change due to purchase/sell etc. it has been shown in remark column.

\* 25000 shares were purchased by each of them on 22.08.2014.

**C) Change in Promoters' Shareholding**

(Please specify, if there is no change)

| SN | Particulars       | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----|-------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|    |                   | No. of Shares                             | % of total shares of the company | No. of Shares                           | % of total shares of the company |
| 1. | Yogesh M. Agrawal | 25,28,424                                 | 7.19                             | 63,83,560*                              | 7.26                             |
| 2. | Rajesh M. Agrawal | 25,39,441                                 | 7.22                             | 64,11,102*                              | 7.29                             |
| 3. | Ravi P. Agrawal   | 10,81,824                                 | 3.08                             | 27,67,060*                              | 3.15                             |
| 4. | Aayush M. Agrawal | 10,05,927                                 | 2.86                             | 25,77,317*                              | 2.93                             |

Note:- Details are given only in respect of those Promoters, whose holdings have changed during the year. The above changes are on account of subdivision of face value of shares from ₹ 5 /- to ₹ 2/- as also purchase of 25000 shares by each one of them

**D) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs)

| SN    | For Each of the Top 10 Shareholders           | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|-----------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|       |                                               | No. of Shares                             | % of total shares of the company | No. of Shares                           | % of total shares of the company |
| 1.    | Ganga Securities & Investment Private Limited | 11,31,332                                 | 3.23                             | 11,31,332                               | 3.23                             |
| Less: | Market Sale                                   | 11,31,332                                 | 3.23                             | Nil                                     | N.A.                             |

| SN    | For Each of the<br>Top 10 Shareholders                                       | Shareholding at the beginning of<br>the year |                                     | Cumulative Shareholding during<br>the year |                                     |
|-------|------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------|--------------------------------------------|-------------------------------------|
|       |                                                                              | No. of Shares                                | % of total shares<br>of the company | No. of Shares                              | % of total shares<br>of the company |
| 2.    | Bagadia Securities Private Limited                                           | 7,42,429                                     | 2.11                                | 7,42,429                                   | 2.11                                |
| Less: | Market Sale                                                                  | 7,41,974                                     | 2.11                                | 455                                        | 0.00                                |
| Add:  | Addition on accounts of Sub-division                                         | 682                                          | 0.00                                | 1,137                                      | 0.00                                |
| 3.    | Narendra Kumar Agrawal                                                       | 5,00,000                                     | 1.42                                | 5,00,000                                   | 1.42                                |
| Less: | Market Sale                                                                  | 1,00,000                                     | 0.28                                | 4,00,000                                   | 1.14                                |
| Add:  | Addition on accounts of Sub-division                                         | 6,00,000                                     | 0.68                                | 10,00,000                                  | 1.14                                |
| 4.    | Anand Rathi Share and Stock Brokers Ltd                                      | 4,10,717                                     | 1.17                                | 4,10,717                                   | 1.17                                |
| Add:  | Market Purchase                                                              | 40,088                                       | 0.11                                | 4,50,805                                   | 1.28                                |
| Less: | Market Sale                                                                  | 4,50,804                                     | 1.28                                | 1                                          | 0.00                                |
| 5     | Narendra Kumar Agrawal                                                       | 3,52,897                                     | 1.00                                | 3,52,897                                   | 1.00                                |
| Less: | Market Sale                                                                  | 84,097                                       | 0.22                                | 2,68,800                                   | 0.78                                |
| Add:  | Addition on accounts of Sub-division                                         | 4,03,200                                     | 0.45                                | 6,72,000                                   | 0.76                                |
| 6     | Onkar Singh Kalra                                                            | 2,03,700                                     | 0.58                                | 2,03,700                                   | 0.58                                |
| Add:  | Market Purchase                                                              | 6,056                                        | 0.02                                | 2,09,756                                   | 0.60                                |
| Less: | Market Sale                                                                  | 7,306                                        | 0.02                                | 2,02,450                                   | 0.58                                |
| Add:  | Addition on accounts of Sub-division                                         | 3,03,675                                     | 0.35                                | 5,06,125                                   | 0.58                                |
| 7     | Grandeur Peak Global Opportunities Fund                                      | 1,28,864                                     | 0.37                                | 1,28,864                                   | 0.37                                |
| Add:  | Market Purchase                                                              | 1,01,894                                     | 0.29                                | 2,30,758                                   | 0.66                                |
| Less: | Market Sale                                                                  | 1,12,251                                     | 0.32                                | 1,18,507                                   | 0.34                                |
| Add:  | Addition on accounts of Sub-division                                         | 1,77,760                                     | 0.20                                | 2,96,267                                   | 0.34                                |
| 8     | Grandeur Peak International Opportunities Fund                               | 1,22,451                                     | 0.35                                | 1,22,451                                   | 0.35                                |
| Add:  | Market Purchase                                                              | 1,16,500                                     | 0.33                                | 2,38,951                                   | 0.68                                |
| Less: | Market Sale                                                                  | 90,429                                       | 0.26                                | 1,48,522                                   | 0.42                                |
| Add:  | Addition on accounts of Sub-division                                         | 2,22,783                                     | 0.25                                | 3,71,305                                   | 0.42                                |
| 9     | Morgan Stanley Asia (Singapore) Pte                                          | 1,15,594                                     | 0.33                                | 1,15,594                                   | 0.33                                |
| Add:  | Market Purchase                                                              | 36,418                                       | 0.10                                | 1,52,012                                   | 0.43                                |
| Less: | Market Sale                                                                  | 1,52,012                                     | 0.43                                | -                                          | -                                   |
| 10    | The Emerging Markets Small Cap Series of the<br>DFA Investment Trust Company | 1,03,292                                     | 0.29                                | 1,03,292                                   | 0.29                                |
| Add:  | Market Purchase                                                              | 7,637                                        | 0.02                                | 1,10,929                                   | 0.31                                |
| Add:  | Addition on accounts of Sub-division                                         | 1,66,393                                     | 0.19                                | 2,77,322                                   | 0.31                                |

### E) Shareholding of Directors and Key Managerial Personnel

| SN   | Shareholding of each Directors and each Key<br>Managerial Personnel | Shareholding at the beginning of<br>the year |                                     | Cumulative Shareholding during<br>the year |                                     |
|------|---------------------------------------------------------------------|----------------------------------------------|-------------------------------------|--------------------------------------------|-------------------------------------|
|      |                                                                     | No. of shares                                | % of total shares<br>of the company | No. of shares                              | % of total shares<br>of the company |
| 1    | Mannalal B. Agrawal, Chairman                                       | 21,62,688                                    | 6.15                                | 21,62,688                                  | 6.15                                |
| Add: | Addition on account of sub-division                                 | 32,44,032                                    | -                                   | 54,06,720                                  | 6.15                                |
| 2    | Purushottam B. Agrawal, Vice-Chairman                               | 21,55,770                                    | 6.13                                | 21,55,770                                  | 6.13                                |
| Add: | Addition on account of sub-division                                 | 32,33,655                                    | -                                   | 53,89,425                                  | 6.13                                |
| 3    | Madhusudan B. Agrawal, Vice-Chairman                                | 21,55,500                                    | 6.13                                | 21,55,500                                  | 6.13                                |
| Add: | Addition on account of sub-division                                 | 32,33,250                                    | -                                   | 53,88,750                                  | 6.13                                |
| 4    | Yogesh M. Agrawal, Managing Director                                | 25,28,424                                    | 7.19                                | 25,28,424                                  | 7.19                                |
| Add: | Market Purchase                                                     | 25,000                                       | 0.07                                | 25,53,424                                  | 7.26                                |
| Add: | Addition on account of sub-division                                 | 38,30,136                                    | -                                   | 63,83,560                                  | 7.26                                |
| 5    | Rajesh M. Agrawal, Joint Managing Director                          | 25,39,441                                    | 7.22                                | 25,39,441                                  | 7.22                                |
| Add: | Market Purchase                                                     | 25,000                                       | 0.07                                | 25,64,441                                  | 7.29                                |
| Add: | Addition on accounts of Sub-division                                | 38,46,661                                    | -                                   | 64,11,102                                  | 7.29                                |
| 6    | Dr. Anil Kumar, Independent Director                                | -                                            | -                                   | -                                          | -                                   |
| 7    | Chandrakant Khetan, Independent Director                            | -                                            | -                                   | -                                          | -                                   |

| SN   | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------|------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|      |                                                                  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 8    | K. H. Viswanathan, Independent Director                          | -                                         | -                                | -                                       | -                                |
| 9    | Prabhakar Dalal, Independent Director                            | -                                         | -                                | -                                       | -                                |
| 10   | Dr. Anjana Grewal, Independent Director                          | -                                         | -                                | -                                       | -                                |
| 11   | Arvind Agrawal, Chief Financial Officer                          | 4,500                                     | 0.01                             | 4,500                                   | 0.01                             |
| Add: | ESOP Allotment                                                   | 4,500                                     | 0.01                             | 9,000                                   | 0.03                             |
| Add: | Addition on account of sub-division                              | 13,500                                    | -                                | 22,500                                  | 0.03                             |
| 12   | Gaurang Shah, Company Secretary                                  | -                                         | -                                | -                                       | -                                |
| Add: | Market Purchase                                                  | 130                                       | 0.00                             | 130                                     | 0.00                             |
| Add: | Addition on account of sub-division                              | 195                                       | 0.00                             | 325                                     | 0.00                             |

## V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

|                                                     | (₹ In crs)                       |                 |          |                    |
|-----------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
|                                                     | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| i) Principal Amount                                 | 118.17                           | 10.77           | -        | 128.94             |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | 0.12                             | -               | -        | 0.12               |
| <b>TOTAL (i+ii+iii)</b>                             | <b>118.29</b>                    | <b>10.77</b>    | <b>-</b> | <b>129.06</b>      |
| Change in Indebtedness during the financial year    |                                  |                 |          |                    |
| * Addition                                          | -                                | -               | -        | -                  |
| * Reduction                                         | 58.78                            | -               | -        | 58.78              |
| Net Change                                          | 58.78                            | -               | -        | 58.78              |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| i) Principal Amount                                 | 59.49                            | 10.77           | -        | 70.26              |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | 0.02                             | -               | -        | 0.02               |
| <b>TOTAL (i+ii+iii)</b>                             | <b>59.51</b>                     | <b>10.77</b>    | <b>-</b> | <b>70.28</b>       |

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| SN | Particulars of Remuneration                                                         | Name of MD/WT/ Manager |                       |                    |                    | Total Amount       |
|----|-------------------------------------------------------------------------------------|------------------------|-----------------------|--------------------|--------------------|--------------------|
|    |                                                                                     | Purushottam B. Agrawal | Madhusudan B. Agrawal | Yogesh M. Agrawal  | Rajesh M. Agrawal  |                    |
| 1  | Gross salary                                                                        |                        |                       |                    |                    |                    |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,31,32,800            | 1,31,32,800           | 1,31,32,800        | 1,31,32,800        | 5,25,31,200        |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 39,20,000              | 39,20,000             | 39,20,000          | -                  | 1,17,60,000        |
|    | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                      | -                     | -                  | -                  | -                  |
| 2  | Stock Option                                                                        | N.A.                   | N.A.                  | N.A.               | N.A.               | N.A.               |
| 3  | Sweat Equity                                                                        | N.A.                   | N.A.                  | N.A.               | N.A.               | N.A.               |
| 4  | Commission                                                                          | Nil                    | Nil                   | Nil                | Nil                | Nil                |
|    | - as % of profit                                                                    |                        |                       |                    |                    |                    |
|    | - others, specify...                                                                |                        |                       |                    |                    |                    |
| 5  | Others, please specify                                                              | Nil                    | Nil                   | Nil                | Nil                | Nil                |
|    | <b>TOTAL (A)</b>                                                                    | <b>1,70,52,800</b>     | <b>1,70,52,800</b>    | <b>1,70,52,800</b> | <b>1,31,32,800</b> | <b>6,42,91,200</b> |
|    | Overall ceiling for payment of remuneration to MD/WT/                               |                        |                       |                    |                    | 45,28,90,000       |

**B. Remuneration to Other Directors**

| SN | Particulars of Remuneration                                                | Name of Directors   |                       |                 |                   |                 |                   | Total Amount       |
|----|----------------------------------------------------------------------------|---------------------|-----------------------|-----------------|-------------------|-----------------|-------------------|--------------------|
|    |                                                                            | Mannalal B. Agrawal | Chandrakant M. Khetan | Dr. Anil Kumar  | K. H. Viswanathan | P. R. Dalal     | Dr. Anjana Grewal |                    |
| 1  | Independent Directors                                                      |                     |                       |                 |                   |                 |                   |                    |
|    | Fee for attending board & committee meetings                               | -                   | 75,000                | 70,000          | 90,000            | 40,000          | 30,000            | 3,05,000           |
|    | Commission                                                                 | -                   | 2,50,000              | 2,50,000        | 1,75,000          | 1,75,000        | 1,75,000          | 10,25,000          |
|    | Others, please specify                                                     | -                   | -                     | -               | -                 | -               | -                 | -                  |
|    | <b>TOTAL (1)</b>                                                           | -                   | <b>3,25,000</b>       | <b>3,20,000</b> | <b>2,65,000</b>   | <b>2,15,000</b> | <b>2,05,000</b>   | <b>13,30,000</b>   |
| 2  | Other Non-Executive Directors                                              |                     |                       |                 |                   |                 |                   |                    |
|    | Fee for attending board & committee meetings                               | 65,000              | -                     | -               | -                 | -               | -                 | -                  |
|    | Commission                                                                 | 1,51,00,000         | -                     | -               | -                 | -               | -                 | -                  |
|    | Others, please specify                                                     | -                   | -                     | -               | -                 | -               | -                 | -                  |
|    | <b>TOTAL (2)</b>                                                           | <b>1,51,65,000</b>  | -                     | -               | -                 | -               | -                 | <b>1,51,65,000</b> |
|    | <b>TOTAL (B)=(1+2)</b>                                                     | <b>1,51,65,000</b>  | <b>3,25,000</b>       | <b>3,20,000</b> | <b>2,65,000</b>   | <b>2,15,000</b> | <b>2,05,000</b>   | <b>1,64,95,000</b> |
|    | <b>TOTAL MANAGERIAL REMUNERATION</b>                                       |                     |                       |                 |                   |                 |                   | <b>8,07,86,200</b> |
|    | Overall ceiling for payment of remuneration to Directors other than MD/WTd |                     |                       |                 |                   |                 |                   | 4,52,89,000        |

**C. Remuneration to key managerial personnel other than MD/Manager/WTd**

| SN | Particulars of Remuneration                                                         |                  |                  |                    |
|----|-------------------------------------------------------------------------------------|------------------|------------------|--------------------|
|    |                                                                                     | CS               | CFO              | Total              |
| 1  | Gross salary                                                                        |                  |                  |                    |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 27,29,021        | 58,99,518        | 86,28,539          |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 32,400           | 21,600           | 54,000             |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                | -                | -                  |
| 2  | Stock Option                                                                        | N.A.             | 29,33,775        | 29,33,775          |
| 3  | Sweat Equity                                                                        | N.A.             | N.A.             | N.A.               |
| 4  | Commission - as % of profit others specify...                                       | N.A.             | N.A.             | N.A.               |
| 5  | Others, please specify                                                              | N.A.             | N.A.             | N.A.               |
|    | <b>TOTAL</b>                                                                        | <b>27,61,421</b> | <b>88,54,893</b> | <b>1,16,16,314</b> |

**VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

| Type                         | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|------------------------------|------------------------------|-------------------|-----------------------------------------------------------|------------------------------|------------------------------------|
| A. COMPANY                   |                              |                   |                                                           |                              |                                    |
| Penalty                      |                              |                   | None                                                      |                              |                                    |
| Punishment                   |                              |                   |                                                           |                              |                                    |
| Compounding                  |                              |                   |                                                           |                              |                                    |
| B. DIRECTORS                 |                              |                   |                                                           |                              |                                    |
| Penalty                      |                              |                   | None                                                      |                              |                                    |
| Punishment                   |                              |                   |                                                           |                              |                                    |
| Compounding                  |                              |                   |                                                           |                              |                                    |
| C. OTHER OFFICERS IN DEFAULT |                              |                   |                                                           |                              |                                    |
| Penalty                      |                              |                   | None                                                      |                              |                                    |
| Punishment                   |                              |                   |                                                           |                              |                                    |
| Compounding                  |                              |                   |                                                           |                              |                                    |

## Annexure “F” to Director’s Report

### A. CONSERVATION OF ENERGY:

#### 1. Energy Conservation Measures taken during the year:

- i. Variable frequency drivers used for all HVAC and other equipment motors
- ii. Variable speed drive fixed to heavy load machines
- iii. Energy + Tube light and LED tube fixed instead of regular tube light in plant to reduce energy consumption.
- iv. Continuous monitoring of Air Handling units as and when required to reduce consumption.
- v. Saving in diesel consumption for steam generation boiler operation.
- vi. Installed HVAC energy saving electrical motors (std. Bharat III)
- vii. Chiller of 70kw load replaced with air-cooled chiller of 45kw
- viii. Eliminated steam leakages in steam generation boiler operation
- ix. Continuous monitoring of energy consumption throughout all plants and curtailing wastages
- x. Improved performance of DG sets and reduction of fuel consumption

#### 2. Impact of above measures:

- i. Reduction in power consumption
- ii. Reduction in fuel consumption
- iii. Reduction of utility cost and increase in efficiencies

#### 3. Total energy consumption and energy consumption per unit of production

As per details in Form A below:

| Form A                                 |               |               |
|----------------------------------------|---------------|---------------|
| Year ended 31 <sup>st</sup> March      | 2015          | 2014          |
| (i) Power and fuel consumption         |               |               |
| Electricity                            |               |               |
| (a) Purchased Unit (Thousand KWH)      | 10,945.22     | 9,178.07      |
| <b>TOTAL Amount (₹ In lacs)</b>        | <b>791.56</b> | <b>672.36</b> |
| Rate/Unit (KWH) (₹)                    | 7.28          | 7.43          |
| (b) Own generation Unit (Thousand KWH) | 570.81        | 648.38        |
| Unit per Ltr. of Diesel Oil (KWH)      | 3.31          | 4.76          |
| Cost / Unit (KWH) (₹)                  | 19.49         | 15.49         |

#### (ii) Consumption per unit of production

The Company manufactures APIs and several drug formulations of different pack sizes. It is therefore, impracticable to apportion the consumption and the cost of utilities to each product.

#### 4. Steps taken by the company for utilising alternate sources of energy: None

#### 5. Capital investment on energy conservation equipment: None

### B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

#### 1. Specific areas in which R&D carried out:

R & D continues to be the key driver for sustained growth of the Company. It encompasses formulation, analytical and Active Pharmaceutical Ingredients (API) development. R & D's major capabilities vest in developing robust and safe formulations at affordable cost, development of newer processes for synthesis of API and improving processes for existing API and formulation products, development of Novel drug delivery systems for existing and newer active drug substances etc.

With the innovative R & D, the Company has been successful in launching many first to market products. During the year, various new formulations in the form of tablets, gel, capsules, power, liquid were developed in the cardiology, dermatology, ophthalmology, pain relief and other segments for domestic and export markets with major thrust on bridging the gap between patient needs and availability. Development of New Abbreviated Drug Application (ANDA) for US market continues to be another focus area for R & D.

**Specific R & D was carried out in the following areas:**

- gel for management of Dry Eye.
- complete combination of Vitamins, Alpha Lipoic Acid and Minerals which is effective against *Metabolic Syndrome, Oxidative Stress, Endothelial Dysfunction and Deficiency of Vitamin D*.
- Talimus ointment for effective management of Vernal Keratoconjunctivitis
- anti-wrinkle cream.
- Molecule to fight against Diabetic Peripheral Neuropathy
- Molecule for steroid free treatment of Melasma, Chloasma and Hyperpigmentation.
- For US market, simple, faster and easy to manufacture cost effective generic formulations are developed viz :
  - i. Delayed release pellets,
  - ii. OROS (Osmotic [Controlled] Release Oral [Delivery] System),
  - iii. Orally Disintegrating Tablets ,
  - iv. Highly potent & very low strength/ dose formulations viz. 0.1 mg / Tablet

## 2. Benefits derived as a result of R&D

Consistent thrust and enhanced capacities and capabilities in R&D have yielded handsome results in the form of the Company attaining leadership position in every market segments where it has presence. R&D has helped bring

out an improvement in processes and build robust product pipeline. During the year, with the sustained R & D efforts, the Company launched 24 new products in domestic market, 48 in emerging markets and 1 product in US market. The Company has also filed 2 more ANDAs with USFDA during the year.

Further, 7 APIs were successfully developed and charged for stability study, 2 API were scaled-up at plant for commercialisation and 4 APIs are developed at the lab, charged in stability and ready for scale-up at plant for regulated market. Lab development is in progress for 2 APIs and initiated lab development for 6 new APIs. Four process patents were filed for IPR protection.

## 3. Future plan of action

The Company continues to scale up R & D facilities by adding resources and enhancing capacity and capabilities to meet the growing needs. The Company plans to invest ₹ 80 Crore during the next 2 years to enhance/upgrade facilities of R&D Center in terms of space and equipment to support the research initiatives for continued growth. The R&D work also is focused on:

- New platform technologies development like multi-particulate systems and OROS being worked out.
- Continue to develop cost-effective formulations for the ever expanding consumer base.
- Continue trials for better stability of ophthalmic formulations considering Nano-emulsion technology.
- Continue developing 1st time products and product combinations.
- Continue Upgradation with latest technologies to strengthen and expand Product pipelines for markets across the globes.

## 4. Efforts in brief, made towards Technology absorption, adaptation and innovation

- The Company is continuously taking steps to improve the product and process technology in an effort to provide superior quality and cost effective products to consumers.

- Efforts to develop APIs In-house are also being carried out predominantly. Dedicated Technology transfer team is working in close association with our research associates to help in smooth transfer of technology from the lab to plant.
- Strict adherence to Current Good Manufacturing Practice (cGMP), Good Laboratory Practices (GLP) & Good Documentation Practices (GDP) regulations is followed to provide world class quality products backed by best in class technology.
- Continuous Learning Programs (CLPs) to enhance knowledge base of R&D personnel to keep them abreast of technological developments and innovations.

## 5. Expenditure on R&D

| Particulars                                             | ₹ Crs        |
|---------------------------------------------------------|--------------|
| Capital Expenditure                                     | 7.73         |
| Recurring Expenditure                                   | 70.07        |
| <b>TOTAL</b>                                            | <b>77.80</b> |
| Total R&D expenditure as a percentage of total turnover | 5.69%        |

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Information on activities relating to exports, initiatives taken to increase exports, etc. are covered in the Management Discussion and Analysis in this annual report.
2. **Total foreign exchange used and earned**
  - Earnings in foreign currency – ₹ 849.43 Crore previous year ₹ 689.57 Crore
  - Outgo in foreign currency – ₹ 124.71 Crore previous year ₹ 116.79 Crore

# Report on Corporate Governance

## I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company adheres to best practices in Corporate Governance in its true spirit and benchmarks it with highest standards. It considers transparency and accountability as two basic tenets of Corporate Governance which are integral part of its business. In its last 4 decades of existence, your Company has been proud to be a responsible corporate citizen in all its conduct. Apart from complying with all mandatory requirements, Company has been complying with some non-mandatory requirements as well. Company has guiding principles laid out through its Code of business conduct, duly adopted by directors and senior management personnel which has been posted on website of Company ([www.ajantapharma.com](http://www.ajantapharma.com)).

## II. Board of Directors:

The Board consists of 10 directors and is evenly balanced with 4 Executive Promoter Directors, 1 Non-Executive Promoter Director and 5 Independent Directors.

Your directors have rich and varied experience in fields of business management, medicine, banking & finance, project management, risk management, international operations, marketing, HR, Corporate Governance and bring in extensive knowledge and expertise to the Board. Board provides guidance and strategic direction to the management.

During the financial year 2014-15, five Board Meetings were held on 5<sup>th</sup> May 2014; 13<sup>th</sup> June 2014; 5<sup>th</sup> August 2014; 30<sup>th</sup> October 2014 and 28<sup>th</sup> January 2015. Board meeting dates are finalised in consultation with all directors and agenda papers with detailed notes and other background information, which are essential for the Board to effectively and reasonably perform their duties and functions, are circulated well in advance before the meeting thereby enabling the Board to take informed decisions. Arrangements are also made for participation of Board members in the Board Meeting through video conferencing or other audio visual means as and when requested.

### Attendance of Directors at the Board Meetings and last Annual General Meeting

| Name of the Director         | Category of Directorship | No. of Board Meetings attended | Last AGM Attended (05-Aug-14) | No. of other Directorships # | No. of shares held * | All Committee Membership (including non mandatory) |          |
|------------------------------|--------------------------|--------------------------------|-------------------------------|------------------------------|----------------------|----------------------------------------------------|----------|
|                              |                          |                                |                               |                              |                      | Member                                             | Chairman |
| Mr. Mannalal B. Agrawal @    | P&NED                    | 5                              | Yes                           | 5                            | 54,06,720            | 3                                                  | 1        |
| Mr. Purushottam B. Agrawal @ | P&ED                     | 4                              | No                            | 5                            | 53,89,425            | 2                                                  | -        |
| Mr. Madhusudan B. Agrawal @  | P&ED                     | 5                              | Yes                           | 6                            | 53,88,750            | 2                                                  | -        |
| Mr. Yogesh M. Agrawal @      | P&ED                     | 5                              | Yes                           | 1                            | 63,83,560            | 2                                                  | 1        |
| Mr. Rajesh M. Agrawal @      | P&ED                     | 5                              | Yes                           | -                            | 64,11,102            | 2                                                  | -        |
| Mr. Chandrakant M. Khetan    | I&NED                    | 4                              | No                            | 5                            | Nil                  | 2                                                  | 2        |
| Dr. Anil Kumar               | I&NED                    | 5                              | Yes                           | -                            | Nil                  | 2                                                  | 3        |
| Mr. Prabhakar Dalal          | I&NED                    | 3                              | Yes                           | 7                            | Nil                  | 15                                                 | 2        |
| Mr. K. H. Viswanathan        | I&NED                    | 5                              | Yes                           | -                            | Nil                  | 2                                                  | -        |
| Dr. Anjana Grewal            | I&NED                    | 3                              | Yes                           | 1                            | Nil                  | 3                                                  | -        |

#### Notes:

- I - Independent; P - Promoter; ED - Executive Director; NED - Non-Executive Director
- # excludes Private Limited Companies & Foreign Companies
- \* Details of shares held are as on 31<sup>st</sup> March 2015
- @ Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Mr. Madhusudan B. Agrawal are brothers and Mr. Yogesh M. Agrawal and Mr. Rajesh M. Agrawal are also brothers hence they are related to each other. Mr. Mannalal B. Agrawal is related to Mr. Yogesh M. Agrawal and Mr. Rajesh Agrawal as he is the father of both
- e) Number of Committee Membership is taken as on the date of this report

### III. RE-APPOINTMENT OF DIRECTORS LIABLE TO RETIRE BY ROTATION

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under clause 49 of the listing agreement is annexed to the Notice convening the Annual General Meeting and forms part of this Annual Report.

### IV. SELECTION AND EVALUATION OF DIRECTORS

The Board has based on recommendations of the Nomination and Remuneration Committee, laid down following policies:

1. Policy for Determining Qualifications, Positive Attributes and Independence of a Director
2. Policy for Board diversity
3. Policy for Board & Independent Directors' Evaluation

#### Selection of Directors

Selection and appointment of Directors is done based on various criteria laid down in the Policy for Determining Qualifications, Positive Attributes & Independence of a Director and Policy for Board diversity. The criteria inter alia includes, having qualified in any professional discipline or having proven track record of strong managerial capabilities; possessing knowledge and skills in one or more fields of sales, marketing, technical operations, research, accounting, finance, management, administration, corporate governance; possessing relevant experience at policy-making and at leadership position in large organisations; having high standards of integrity and probity etc. In case of Independent Directors, he/she must fulfill the criteria of independence attributes to bring independent judgment to Board's deliberations and decisions over and above other attributes. Woman member on the Board to be selected on merit and must meet criteria as per these policies.

#### Performance Evaluation of Board, Committees and Directors

Based on the criteria laid down in the Policy for evaluation of Board and Independent Directors, the Board carried out the annual performance evaluation of Board Committees and the Independent Directors, whereas at a separate meeting, Independent Directors evaluated the performance of Executive Directors, Board as a whole and of the Chairman. Nomination and Remuneration Committee also evaluated individual directors' performance.

- (i) As per the said Policy, evaluation criteria for evaluation Board inter alia covers: Composition in light of business complexities and statutory requirements; establishment of vision, mission, objectives and values for the Company; laying down strategic

road map for the Company & annual plans; growth attained by the Company; providing leadership and directions to the Company and employees; effectiveness in ensuring statutory compliances and discharging its duties / responsibilities towards all stakeholders; Identification, monitoring & mitigation of significant corporate risks; composition of various committees, laying down terms of reference and reviewing committee's working etc.

- (ii) Performance evaluation criteria for Executive Directors inter alia include: level of skill, knowledge and core competence; performance and achievement vis-à-vis budget and operating plans; Effectiveness towards ensuring statutory compliances; discharging duties/responsibilities towards all stakeholders; reviewing/monitoring Executive management performance, adherence to ethical standards of integrity & probity; employment of strategic perception and business acumen in critical matters etc.
- (iii) Performance of Independent Directors is evaluated based on: objectivity & constructivity while exercising duties; providing independent judgment on strategy, performance, risk management and Board's deliberations; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interests of all stakeholders, particularly minority shareholders; upholding ethical standards of integrity & probity; updating knowledge of the Company & its external environment etc.
- (iv) Evaluation criteria for performance evaluation of Chairman are: providing guidance and counsel in strategic matters; providing overall direction to Board towards achieving Company's objectives; effectiveness towards ensuring statutory compliances; maintaining critical balance between the views of different Board Members; ensuring maximum participation and contribution by each Board member; monitoring effectiveness of Company's governance practices; conducting Board and Shareholders meetings in effective and orderly manner etc.
- (v) Committees of the Board are evaluated for their performance based on: effectiveness in discharging duties and functions conferred; setting up and implementation of various policies, procedures and plans, effective use of Committee's powers as per terms of reference, periodicity of meetings, attendance and participation of committee members; providing strategic guidance to the Board on various matters coming under committee's purview etc.

Performance evaluation was done by rating the performance on each criteria on the scale of 1 to 5, 1 being satisfactory and 5 being Excellent. Separate exercise was carried for evaluation of each director and category i.e. Independent Directors, Executive Directors, Chairman, the Board & the Committees.

The Board expressed its satisfaction on the process as well as performance of all Directors, committees and Board as a whole.

## V. BOARD COMMITTEES

As per the requirement of the Companies Act, 2013 read with Rules and amended clause 49 of the Listing Agreement, various Board committees have been formed for better governance and accountability viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Compensation Committee, Selection Committee, Executive Committee and Share Transfer Committee.

The terms of reference of each committee is determined by the Board as per the requirement of law and their relevance is reviewed from time to time. Minutes of the Committee meetings are sent to all the Directors and tabled at the Board Meeting.

### a) Audit Committee

The terms of reference of this committee covers matters specified under clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and other matters referred by the Board from time to time. Committee lays emphasis on adequate disclosures and compliance with all relevant statutes.

The Committee comprises of four Directors, out of which three are Independent Directors. All members of the Audit Committee are financially literate. In the financial year 2014-15, four meetings were held on 5<sup>th</sup> May 2014; 5<sup>th</sup> August 2014; 30<sup>th</sup> October 2014 and 28<sup>th</sup> January 2015. Composition of committee as on 31<sup>st</sup> March 2015 and member's attendance at the meetings during the year are as under:

| Name                    | Category               | Designation | Meetings attended |
|-------------------------|------------------------|-------------|-------------------|
| Mr. Chandrakant Khetan  | Independent Director   | Chairman    | 3                 |
| Mr. K. H. Viswanathan   | Independent Director   | Member      | 4                 |
| Mr. Prabhakar Dalal     | Independent Director   | Member      | 2 *               |
| Mr. Mannalal B. Agrawal | Non-Executive Director | Member      | 4                 |

\* was appointed as a Committee member on 5<sup>th</sup> August 2014

Chief Financial Officer attends all meetings and statutory auditors and internal auditors are also invited for the meeting. The Company Secretary acts as Secretary of the Committee.

### b) Nomination & Remuneration Committee:

Terms of reference of the committee comprise various matters provided under Clause 49 of the Listing Agreement and section 178 of the Companies Act, 2013, and other matters referred by the Board from time to time.

The Committee comprises of four Independent Directors. In the financial year 2014-15, four meetings of the Committee were held on 5<sup>th</sup> May 2014; 13<sup>th</sup> June 2014; 30<sup>th</sup> October 2014 and 28<sup>th</sup> January 2015. Composition of committee as on 31<sup>st</sup> March 2015 and member's attendance at the meeting during the year are as under. The Company Secretary acts as Secretary of the Committee.

| Name                   | Category               | Designation | Meetings attended |
|------------------------|------------------------|-------------|-------------------|
| Dr. Anil Kumar         | Independent Director   | Chairman    | 4                 |
| Mr. Chandrakant Khetan | Independent Director   | Member      | 4                 |
| Mr. K. H. Viswanathan  | Independent Director   | Member      | 4                 |
| Mr. Prabhakar Dalal    | Non-Executive Director | Member      | 2 *               |

\* was appointed as a Committee member on 5<sup>th</sup> August 2014

### Remuneration policy for Directors

The Committee has formulated Policy for Remuneration of Directors, KMP & other employees. As per the Policy, remuneration to Non-executive Independent Directors include:

- Fees for attending meetings of the Board as well as Committees of the Board as decided by the Board within the limits prescribed under the Companies Act.
- Commission on the net profits of the Company as decided by the Board within the limits prescribed under the Companies Act, 2013 and rules there under.
- Travelling and other expenses they incur for attending to the Company's affairs, including attending Committee, Board and General Meetings of the Company.

Further, as per the policy, remuneration to Executive Directors shall be fair and reasonable after taking into account, level of skill, knowledge and core competence

of individual, functions, duties and responsibilities, Company's performance and achievements, compensation of peers and industry standard and other factors laid down in the policy.

The Committee, based on the policy adopted, shall recommend periodic revision in the remuneration of Executive Directors to the Board and the Board shall fix their remuneration taking into consideration above factors as also ceiling limits prescribed under the Companies Act, 2013 and other statutes. The same shall also be approved by the shareholders where required.

### Remuneration to Directors

Payments of remuneration to all Executive Directors is governed by the agreement executed between them and the Company by Aggregate value of salary and perquisites paid to all directors, subject to provisions of Schedule V of the Companies Act, 2013, for the financial year ended 31<sup>st</sup> March 2015 was as under:

| Particulars                                    | ₹           |
|------------------------------------------------|-------------|
| <b>REMUNERATION TO EXECUTIVE DIRECTORS</b>     |             |
| Mr. Purushottam B. Agrawal, Vice-Chairman      | 1,70,52,800 |
| Mr. Madhusudan B. Agrawal, Vice-Chairman       | 1,70,52,800 |
| Mr. Yogesh M. Agrawal, Managing Director       | 1,70,52,800 |
| Mr. Rajesh M. Agrawal, Joint Managing Director | 1,31,32,800 |
| <b>REMUNERATION TO NON-EXECUTIVE DIRECTORS</b> |             |
| <b>a) Sitting Fees paid:</b>                   |             |
| Mr. Mannalal B. Agrawal                        | 65,000      |
| Dr. Anil Kumar                                 | 70,000      |
| Mr. Prabhakar Dalal                            | 40,000      |
| Dr. Anjana Grewal                              | 30,000      |
| Mr. Chandrakant Khetan                         | 75,000      |
| Mr. K. H. Viswanathan                          | 90,000      |
| <b>b) Commission payable:</b>                  |             |
| Mr. Mannalal B. Agrawal                        | 1,51,00,000 |
| Mr. Chandrakant Khetan                         | 2,50,000    |
| Dr. Anil Kumar                                 | 2,50,000    |
| Mr. K. H. Viswanathan                          | 1,75,000    |
| Mr. Prabhakar Dalal                            | 1,75,000    |
| Dr. Anjana Grewal                              | 1,75,000    |

### c) Stakeholders' Relationship Committee

Committee performs various functions provided under the Listing Agreement and section 178 of the Companies Act, 2013.

The Committee comprises of four Directors out of which three are independent. It is headed by Dr. Anil Kumar, an Independent Director. In the financial year 2014-15, four meetings of the Committee were held on 5<sup>th</sup> May 2014; 5<sup>th</sup> August 2014; 30<sup>th</sup> October 2014 and 28<sup>th</sup> January 2015. Composition of committee as on 31<sup>st</sup> March 2015

and member's attendance at the meeting during the year are as under:

| Name                  | Category             | Designation | Meetings attended |
|-----------------------|----------------------|-------------|-------------------|
| Dr. Anil Kumar        | Independent Director | Chairman    | 4                 |
| Mr. K. H. Viswanathan | Independent Director | Member      | 4                 |
| Dr. Anjana Grewal     | Independent Director | Member      | 2*                |
| Mr. Rajesh Agrawal    | Executive Director   | Member      | 4                 |

\* was appointed as Committee Member on 5<sup>th</sup> August 2014

The Company Secretary is designated as the compliance officer by the Company and acts as Secretary of the Committee.

Company received 101 complaints during the year and all of them have been redressed/answered to the satisfaction of the Shareholders. No investor grievance remained unattended/pending for more than 30 days.

### d) Corporate Social Responsibility Committee (CSR)

The Committee comprises of three Directors. In the financial year 2014-15, four meetings of the Committee were held on 5<sup>th</sup> May 2014; 5<sup>th</sup> August 2014; 30<sup>th</sup> October 2014 and 28<sup>th</sup> January 2015. Composition of committee as on 31<sup>st</sup> March 2015 and member's attendance at the meeting during the year are as under:

| Name                    | Category               | Designation | Meetings attended |
|-------------------------|------------------------|-------------|-------------------|
| Mr. Mannalal B. Agrawal | Non Executive Director | Chairman    | 4                 |
| Mr. Yogesh M. Agrawal   | Executive Director     | Member      | 4                 |
| Mr. Chandrakant Khetan  | Independent Director   | Member      | 3                 |

The Company Secretary acts as Secretary of the Committee.

Corporate Social Responsibility at the Company stems from the ideology of providing sustainable value to the society in which the Company operates and contributing towards development of the underprivileged sections of the society. Based on the recommendations of the CSR Committee, the Company has laid down the CSR policy, which is displayed on the website of the Company. It can be accessed at [www.ajantapharma.com/pdf/CSR\\_Policy.pdf#toolbar=0&navpanes=0](http://www.ajantapharma.com/pdf/CSR_Policy.pdf#toolbar=0&navpanes=0)

The Committee oversees the execution of Policy and provides guidance on various CSR activities to be undertaken by the Company. The policy is within the ambit of Schedule VII of the Companies Act, 2013.

#### e) **Compensation Committee**

The Committee looks into the aspects relating to employee stock options. During the financial year 2014-15, one meeting was held on 5<sup>th</sup> May 2014

Mr. Yogesh M. Agrawal and Dr. Anjana Grewal were inducted as members of the Committee from 5<sup>th</sup> May 2014 & 5<sup>th</sup> August 2014 respectively. The Company Secretary acts as Secretary of the Committee. The details of composition of the Committee as on 31<sup>st</sup> March 2015 and member's attendance at the meeting are as under:

| Name                   | Category             | Designation | Meetings attended |
|------------------------|----------------------|-------------|-------------------|
| Mr. Chandrakant Khetan | Independent Director | Chairman    | 1                 |
| Mr. Yogesh M. Agrawal  | Executive Director   | Member      | N.A. *            |
| Mr. K. H. Viswanathan  | Independent Director | Member      | 1                 |
| Dr. Anjana Grewal      | Independent Director | Member      | N.A. *            |

\* No meetings held after their appointment.

#### f) **Executive Committee**

The Board has constituted Executive Committee for dealing with day to day operational matters and for administrative convenience. Nine meetings of Executive Committee were held during the year. The details of composition of the Committee and member's attendance at the meeting are as under:

| Name                       | Category           | Designation | Meetings attended |
|----------------------------|--------------------|-------------|-------------------|
| Mr. Yogesh M. Agrawal      | Executive Director | Chairman    | 8                 |
| Mr. Rajesh M. Agrawal      | Executive Director | Member      | 9                 |
| Mr. Purushottam B. Agrawal | Executive Director | Member      | 7                 |
| Mr. Madhusudan B. Agrawal  | Executive Director | Member      | 8                 |

### **VI. INDEPENDENT DIRECTORS MEETING**

During the year under review, one meeting of independent Directors was held on 28<sup>th</sup> January 2015 in compliance with the requirements of schedule IV of the Companies Act, 2013. Following items were considered at the said meeting:

1. Presentation on familiarising the Independent Directors with operations of the Company;
2. Performance review of Non-independent directors, Board as a whole and Chairman of the Company;
3. Assessed the quality, quantity and timeliness of flow of information between Company management and the Board.

All the Independent Directors were present at the meeting.

### **VII. INDEPENDENT DIRECTOR'S FAMILIARISATION PROGRAMME**

The details of the familiarisation programme of Independent Directors have been put on the website of the Company. The link can be accessed at: [www.ajantapharma.com/financials/Investor\\_Articles/FPFID.pdf](http://www.ajantapharma.com/financials/Investor_Articles/FPFID.pdf)

### **VIII. PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading in order to regulate, monitor and control trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.

### **IX. SUBSIDIARY COMPANIES**

Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings. Copies of the Minutes of the Board Meetings of Subsidiary companies are individually given to all the Directors and are tabled at the subsequent Board Meetings.

### **X. GENERAL BODY MEETINGS**

Annual General Meetings during last 3 years were held on 7<sup>th</sup> July 2012 (For FY 2011-12), 29<sup>th</sup> July 2013 (For FY 2012-13) and 5<sup>th</sup> August 2014 (For FY 2013-14) at the same location namely Prabodhankar Thackeray Natyagrah, Sodawala Lane, Borivali West, Mumbai - 400092. All resolutions including special resolutions set out in respective Notices were passed by shareholders.

#### **Postal Ballot**

During the year, the Company had sought approval from the shareholders for sub-division of shares from face-value of ₹ 5/- each to ₹ 2/- each through Postal Ballot. The Company had also provided e-voting facility for the postal ballot. The Company had appointed Mr. Alwyn D'Souza,

Practicing Company Secretary to act as Scrutinizer for the entire Postal Ballot process. The result of the same was as under:

| Sr. No. | Particulars                                  | Resolution No. 1                                                                            | Resolution No. 2                                                      | Resolution No. 3                                                     |
|---------|----------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------|
| 1.      | Type of resolution                           | Ordinary                                                                                    | Ordinary                                                              | Special                                                              |
| 2.      | Subject matter of resolution                 | Sub-division of nominal value of equity shares of the Company from ₹ 5/- each to ₹ 2/- each | Amendment to Clause V of the Memorandum of Association of the Company | Amendment to Article 4 of the Articles of Association of the Company |
| 3.      | Votes cast in favour                         | 2,87,89,723                                                                                 | 2,87,87,387                                                           | 2,87,88,781                                                          |
| 4.      | Votes cast against                           | 2,344                                                                                       | 1,632                                                                 | 1,732                                                                |
| 5.      | Votes in favour as percentage of total votes | 99.992%                                                                                     | 99.994%                                                               | 99.994%                                                              |

#### Procedure for postal ballot

The Company had vide Postal Ballot Notice dated 28<sup>th</sup> January 2015 sought approval of shareholders for above mentioned resolutions. It had completed dispatch of Notice of postal ballot along with postal ballot form and a self addressed reply envelope on 4<sup>th</sup> February 2015. Emails were sent to the shareholders desirous of receiving Notice through email under Section 110 of Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

The voting commenced on 9<sup>th</sup> February 2015 at 9:00 a.m. and ended on 10<sup>th</sup> March 2015 at 6:00 p.m. Scrutinizer had submitted his report on 11<sup>th</sup> March 2015. On the basis of the Scrutinizer's report, Chairman announced the results of the Postal Ballot on 11<sup>th</sup> March 2015 at the Registered Office of the Company and the same have been uploaded on the website of the Company i.e. [www.ajantapharma.com](http://www.ajantapharma.com).

## XI. DISCLOSURES

- a. There were no transactions of material nature with its related parties that may have the potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 48 of the Financial Statements.
- b. There were no instances of non-compliance nor have any penalties/strictures imposed by Stock Exchanges or SEBI or any other statutory authority on any matters related to capital market, during last 3 financial years.
- c. The Board of Directors of the Company has adopted and put in place a Whistle Blower Policy and no personnel have been denied access to the audit committee.
- d. **Code of Conduct for Directors and Senior Management**

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is available on Company's website at [www.ajantapharma.com](http://www.ajantapharma.com)

#### e. CEO / CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (IX) of the Listing Agreement and the certificate forms part of Annual Report.

#### f. Status of compliance of Non-Mandatory requirements of clause 49 of the listing agreement.

The Company complies with the following non mandatory requirements of clause 49 of the listing agreement:

- i. A non-executive Chairman is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- ii. The Auditors have expressed no qualification in their report.
- iii. The Company has appointed separate persons to the post of Chairman and Managing Director/ CEO.
- iv. The Internal auditor periodically reports to the Audit Committee.

#### g. Accounting treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

## XII. MEANS OF COMMUNICATION

Board of Directors approves and takes on record Unaudited Quarterly Results and Audited Annual Results and announces forthwith the results to both Stock

Exchanges where the shares of the Company are listed. Same are published within 48 hours in The Economic Times (English daily newspaper) and Maharashtra Times (Marathi newspaper) and are displayed on the website of the Company [www.ajantapharma.com](http://www.ajantapharma.com). Management Discussion and Analysis forms part of the Annual Report.

### XIII. GENERAL SHAREHOLDERS INFORMATION

#### 1. Annual General Meeting to be held on:

Saturday, 4<sup>th</sup> July 2015 at 11.00 a.m. at Prabodhankar Thackeray Natyagrah, Sodawala Lane, Borivali West, Mumbai- 400092

#### 2. Financial Calendar

Financial year: 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016  
Quarterly results will be declared normally in 3<sup>rd</sup> or 4<sup>th</sup> week of following month after the end of financial quarter.

#### 3. Dates of Book Closure

Saturday, 27<sup>th</sup> June 2015 to Saturday, 4<sup>th</sup> July 2015 (both days inclusive)

#### 4. Dividend Payment Date

After 4<sup>th</sup> July 2015

#### 5. Listing on Stock Exchanges

- a) Bombay Stock Exchange Limited  
(Code: AJANTAPH 532331)
- b) National Stock Exchange of India Limited  
(Code: AJANTPHARMEQ)

The Annual Listing fees were paid in time to both these Stock Exchanges.

#### 6. ISIN number for NSDL and CDSL

INE031B01049

#### 7. CIN number

L24230MH1979PLC022059

#### 8. Sub-division of the face value of Equity Shares

Pursuant to the resolution passed at the Meeting of Board of Directors of the Company held on 28<sup>th</sup> January 2015, and subsequent approval of shareholders by resolution through Postal Ballot, Company's equity shares of the face value of ₹ 5/- each have been sub-divided into face value of ₹ 2/- each.

The Record date for the purpose of ascertaining the names of the shareholders entitled to receive sub-divided shares was 23<sup>rd</sup> March 2015. Upon sub-division, the depository accounts of the shareholders holding shares in dematerialised form, were directly credited with the new shares of the face value of ₹ 2/- each, on the next day of the Record Date, under new ISIN: INE 031B01049.

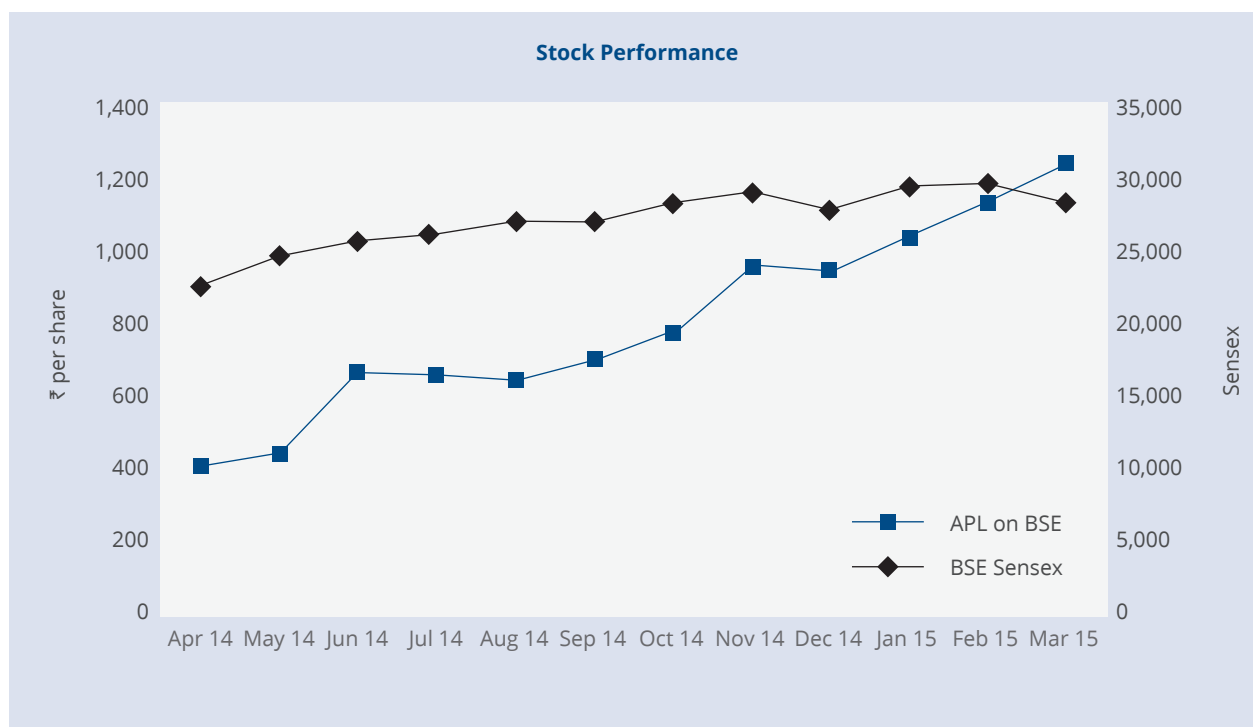
Shareholders holding shares in physical form were issued a composite share certificate for the new shares of the face value of ₹ 2/- each. Consequent to issuance of new share certificates, the existing share certificates for the shares of the face value of ₹ 5/- each are treated as cancelled and invalid.

#### 9. Stock Market Data

The trading at stock exchanges in new share of the face value of ₹ 2/- each was started from 20<sup>th</sup> March 2015. The share market data before the split has been reworked for the face value of ₹ 2/- in the below table and graph to make it comparable and easy for understanding.

|        | Bombay Stock Exchange (BSE) |          | National Stock Exchange (NSE) |          |
|--------|-----------------------------|----------|-------------------------------|----------|
|        | High (₹)                    | Low (₹)  | High (₹)                      | Low (₹)  |
| Apl-14 | 416.00                      | 385.20   | 408.42                        | 384.00   |
| May-14 | 455.44                      | 389.20   | 456.00                        | 389.28   |
| Jun-14 | 675.20                      | 429.16   | 675.20                        | 428.40   |
| Jul-14 | 691.94                      | 567.22   | 692.00                        | 566.00   |
| Aug-14 | 719.38                      | 580.00   | 719.52                        | 580.00   |
| Sep-14 | 739.40                      | 630.10   | 737.92                        | 630.66   |
| Oct-14 | 778.70                      | 652.94   | 779.12                        | 650.00   |
| Nov-14 | 1,011.20                    | 747.20   | 1,010.78                      | 745.46   |
| Dec-14 | 1,099.38                    | 890.00   | 1,099.94                      | 890.00   |
| Jan-15 | 1,099.60                    | 918.00   | 1,099.60                      | 905.00   |
| Feb-15 | 1,139.20                    | 968.89   | 1,140.00                      | 968.00   |
| Mar-15 | 1,380.00                    | 1,090.00 | 1,384.00                      | 1,088.00 |

## 10. Performance of APL Share price in comparison to BSE Sensex



## 11. Registrar and Transfer Agents

Link Intime India Private Limited  
Unit: Ajanta Pharma Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai - 400078  
Tel.: 022 - 2594 6970; Fax: 022 - 2594 6969;  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 12. Share Transfer System

Shares in physical form sent for registering transfer, to the Registrar and Shares Transfer Agents, M/s. Link Intime India Private Limited are registered and returned within a period of 30 days from the date of receipt, if the documents are in order in

all respects. The Share Transfer Committee of the Company meets as often as required. During the year, 2014-15 the total numbers of shares transferred in physical form were as follow:-

| Transfer period (in days) | No. of requests (processed, effected & dispatched) | No. of shares | %          |
|---------------------------|----------------------------------------------------|---------------|------------|
| 1-15                      | 28                                                 | 7,100         | 86.06      |
| 16-20                     | 4                                                  | 1,150         | 13.94      |
| 21-30                     | Nil                                                | Nil           | 0.00       |
| 30 & Above                | Nil                                                | Nil           | 0.00       |
| <b>TOTAL</b>              | <b>32</b>                                          | <b>8,250</b>  | <b>100</b> |

## 13. Distribution of Equity Shareholding as on 31<sup>st</sup> March 2015

| No. of shares held | Shareholders  |               | Shares             |               |
|--------------------|---------------|---------------|--------------------|---------------|
|                    | No.           | %             | No.                | %             |
| Upto 500           | 16,554        | 78.95         | 16,41,558          | 1.87          |
| 501- 1000          | 2,300         | 10.97         | 16,96,610          | 1.93          |
| 1001-2000          | 1,081         | 5.15          | 14,90,562          | 1.70          |
| 2001-3000          | 358           | 1.71          | 9,05,606           | 1.03          |
| 3001-4000          | 190           | 0.91          | 6,86,459           | 0.78          |
| 4001-5000          | 93            | 0.44          | 4,25,050           | 0.48          |
| 5001-10000         | 188           | 0.90          | 13,50,776          | 1.53          |
| 10001 & above      | 204           | 0.97          | 7,97,46,879        | 90.68         |
| <b>TOTAL</b>       | <b>20,968</b> | <b>100.00</b> | <b>8,79,43,500</b> | <b>100.00</b> |

#### 14. Pattern of Shareholding

| SN. | Category                                                                                                          | As on 31 <sup>st</sup> March 2015 |                          |
|-----|-------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------|
|     |                                                                                                                   | No of Shares                      | % of Total No. of Shares |
| 1.  | Promoters Holding                                                                                                 |                                   |                          |
|     | • Promoters                                                                                                       | 6,49,29,759                       | 73.83                    |
|     | • Foreign Promoters                                                                                               | -                                 | -                        |
| 2.  | Mutual Funds                                                                                                      | 13,40,999                         | 1.52                     |
| 3.  | Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions) | 22,518                            | 0.03                     |
| 4.  | Private Corporate Bodies                                                                                          | 13,60,455                         | 1.55                     |
| 5.  | Indian Public                                                                                                     | 1,29,53,821                       | 14.73                    |
| 6.  | NRIs/OCBs/FII's                                                                                                   | 72,17,174                         | 8.21                     |
| 7.  | In Clearance                                                                                                      | 1,18,774                          | 0.13                     |
|     | <b>TOTAL</b>                                                                                                      | <b>8,79,43,500</b>                | <b>100.00</b>            |

#### 15. Dematerialisation of Shares and liquidity

99.30% of the total equity capital is held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> March 2015. As per guidelines of SEBI, the trading in equity shares of the Company is permitted only in dematerialised form.

All shares of the Company are liquid and traded in normal volume on BSE and NSE. Relevant data for the average daily turnover for the financial year 2014-15 is given below: -

|                  | Bombay Stock Exchange (BSE) | National Stock Exchange (NSE) | BSE + NSE    |
|------------------|-----------------------------|-------------------------------|--------------|
| In no. of Shares | 36,276                      | 1,77,787                      | 2,14,063     |
| In value terms ₹ | 2,85,86,922                 | 14,02,28,602                  | 16,88,15,524 |

#### 16. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity

As of date, the Company has not issued these types of securities.

#### 17. Employees Stock Option Scheme 2011 (ESOS 2011)

During the year 17,800 options were exercised (out of which 1,000 options were exercised by employee of a subsidiary company). Bonus element of 8,900 options was also granted and exercised. Thus a total of 26,700 options were exercised, allotted and listed on the Stock Exchanges. As on 31<sup>st</sup> March 2015, 23,100 (57,750 options after sub-division of face value from ₹ 5/- to ₹ 2/-), options are due for vesting.

#### 18. Plant Locations

The Company has four existing Manufacturing Plants located in and around Aurangabad in Maharashtra, India, the addresses of which are as follows:

- B-4, B-5, B-6, MIDC Industrial Area, Paithan
- 31-O, MIDC Industrial Area, Chikalthana
- Gut No. 11/12/14/15, Chitegaon, Paithan Road
- Gut No. 378, Plot No. 8, Waluj

Company has set up new manufacturing facility in Gujarat, India at : Plot No Z-103/A, Dahej SEZ - Part II, Dist. Bharuch.

**19. R & D Centre is at 43 AB & 44BCD, ADVENT, Charkop, Kandivali West, Mumbai, Maharashtra**

**20. Investor Correspondence Address**

**For shares held in physical form**

Link Intime India Private Limited  
Unit: Ajanta Pharma Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup West, Mumbai - 400078  
Tel: 022- 25946970  
Fax: 022- 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**For shares held in demat form**

To the Depository participant

E-mail ID designated for Investor Complaints: [investorgrievance@ajantapharma.com](mailto:investorgrievance@ajantapharma.com)

**Details of Compliance Officer**

Mr. Gaurang Shah  
Sr. General Manager - Legal & Company Secretary  
Ajanta Pharma Limited  
Ajanta House, 98 Govt Ind Area  
Charkop, Kandivali West,  
Mumbai - 400067  
Tel.: 022- 66061000  
Fax: 022-6606 1200/1300  
E-mail: [gaurang.shah@ajantapharma.com](mailto:gaurang.shah@ajantapharma.com)

For and Behalf of the Board of Directors

Mumbai, 8<sup>th</sup> May 2015

**Mannalal B.Agrawal**  
*Chairman*

---

**DECLARATION PURSUANT TO CLAUSE 49(II) (E) OF THE LISTING AGREEMENT**

In accordance with Clause 49(II) (E) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31<sup>st</sup> March 2015.

For Ajanta Pharma Limited

Mumbai, 8<sup>th</sup> May 2015

**Yogesh M. Agrawal**  
*Managing Director*

## CERTIFICATE PURSUANT TO CLAUSE 49(IX) OF THE LISTING AGREEMENT

We, Mr. Yogesh M. Agrawal, Managing Director and Mr. Arvind K. Agrawal, Chief Financial Officer hereby certify for the financial year ended 31<sup>st</sup> March 2015 that: -

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) that there are no significant changes in internal control over financial reporting during the year;
  - (ii) that there are no significant changes in accounting policies during the year; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

For Ajanta Pharma Limited

For Ajanta Pharma Limited

**Yogesh M. Agrawal**  
Managing Director

**Arvind Agrawal**  
Chief Financial Officer

Mumbai, 8<sup>th</sup> May 2015

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

To,  
**The Members of Ajanta Pharma Limited**

We have examined the compliance of conditions of corporate governance by Ajanta Pharma Limited ("the Company"), for the year ended on 31<sup>st</sup> March 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examinations has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreements.

We 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.

**For Kapoor & Parekh Associates**

*Chartered Accountants*

*ICAI FRN 104803W*

**S. S. Kapoor**

*Partner*

M. No. 5399

Mumbai, 8<sup>th</sup> May 2015

# FINANCIAL STATEMENTS

|                                   |    |
|-----------------------------------|----|
| Standalone Financial Statements   | 60 |
| Consolidated Financial Statements | 93 |

# Independent Auditors' Report

To  
The Members of  
**AJANTA PHARMA LIMITED**

## REPORT ON STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **AJANTA PHARMA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss and 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 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 and presentation of these standalone 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over 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 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 31<sup>st</sup> 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, to the extent applicable.

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 standalone 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 31<sup>st</sup> March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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:

- i. The Company has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March 2015, on its financial position in its standalone financial statements – Refer Note 33 to the financial statements;
- ii. The Company has not entered into any on long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards, for 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 Kapoor & Parekh Associates**

*Chartered Accountants*  
ICAI FRN 104803W

**S. S. Kapoor**  
*Partner*  
M.No. 5399

Mumbai, 8<sup>th</sup> May 2015

## Annexure to the Independent Auditors' Report

(The Annexure referred to in para 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of **AJANTA PHARMA LIMITED** on the financial statements for the year ended 31<sup>st</sup> March 2015.)

- 1) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of additions made during the year which are in the process of updation.
  - b) As informed to us by the management the Company has a policy of physically verifying fixed assets in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there was no material discrepancies noticed on such verification which were accounted in the financial statements.
- 2) In respect of its inventories:
  - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year except for stocks with third parties for which most of the confirmation certificates have been obtained by the Company.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
- 3) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence, clause 3(iii) of the Order is not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) The Company has not accepted any deposit from public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 6) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under 148(1) of the Companies Act, 2013 in relation to products manufactured, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- 7) According to the information and explanations given to us:
  - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues with the appropriate authorities during the year. There are no undisputed amounts payable in respect of aforesaid material statutory dues as at 31<sup>st</sup> March 2015, which were in arrears for a period of more than six months from the date they became payable.
  - b) On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise

Duty, Value Added Tax and Cess which have not been deposited on account of a dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

| Name of the statute            | Nature of the Dues             | Amount*<br>(₹ in Crore) | Period to which<br>amounts relate | Forum where dispute is Pending                               |
|--------------------------------|--------------------------------|-------------------------|-----------------------------------|--------------------------------------------------------------|
| The Bombay Sales Tax Act, 1959 | Sales Tax/Interest/<br>Penalty | 0.07                    | FY 2004-05                        | Maharashtra Sales Tax Tribunal-<br>Mumbai                    |
| The A. P. VAT Act, 2005        | VAT/Interest/Penalty           | 0.15                    | FY 2009-10                        | Appellate Dy. Commissioner<br>(Commercial Tax)- Secunderabad |
| Central Excise Act, 1944       | Excise                         | 0.06                    | FY 2007-08<br>to FY 2008-09       | Commissioner of Central Excise,<br>Thane-II                  |
| Central Excise Act, 1944       | Excise                         | 0.04                    | FY 2006-07<br>to FY 2010-11       | Assistant Commissioner of Central<br>Excise Thane-II         |

\*Net of amounts paid under protest or otherwise. Amount as per demand order including interest and penalty wherever quant .

- c) The amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- 8) The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- 9) Based on our audit procedures, information and explanations given to us, in our opinion the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any outstanding debentures during the year.
- 10) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 11) According to the information and explanations given to us, the Company has not taken any term loan during the year.
- 12) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Kapoor & Parekh Associates**  
Chartered Accountants  
ICAI FRN 104803W

**S. S. Kapoor**  
Partner  
M.No. 5399

Mumbai, 8<sup>th</sup> May 2015

# Balance Sheet

as at 31<sup>st</sup> March 2015

|                                |         | ₹ in Crore      |               |
|--------------------------------|---------|-----------------|---------------|
|                                | Note No | 31 March 2015   | 31 March 2014 |
| <b>EQUITY AND LIABILITIES</b>  |         |                 |               |
| <b>Shareholders' Funds</b>     |         |                 |               |
| Share Capital                  | 3       | 17.68           | 17.67         |
| Reserves and Surplus           | 4       | 768.65          | 518.65        |
| <b>Non-Current Liabilities</b> |         |                 |               |
| Long-Term Borrowings           | 5       | 32.27           | 51.28         |
| Deferred Tax Liabilities (Net) | 6       | 15.16           | 22.98         |
| Other Long Term Liabilities    | 7       | 2.50            | 2.50          |
| Long-Term Provisions           | 8       | 4.76            | 2.83          |
|                                |         | <b>54.69</b>    | <b>79.59</b>  |
| <b>Current Liabilities</b>     |         |                 |               |
| Short-Term Borrowings          | 9       | 17.90           | 60.54         |
| Trade Payables                 | 10      | 108.12          | 110.90        |
| Other Current Liabilities      | 11      | 54.51           | 49.81         |
| Short-Term Provisions          | 12      | 64.30           | 42.71         |
|                                |         | <b>244.83</b>   | <b>263.96</b> |
| <b>TOTAL</b>                   |         | <b>1,085.85</b> | <b>879.87</b> |
| <b>ASSETS</b>                  |         |                 |               |
| <b>Non-current assets</b>      |         |                 |               |
| <b>Fixed Assets</b>            |         |                 |               |
|                                | 13      |                 |               |
| Tangible Assets                |         | 268.16          | 260.02        |
| Intangible Assets              |         | 3.16            | 1.38          |
| Capital Work-in-Progress       |         | 170.20          | 93.55         |
|                                |         | <b>441.52</b>   | <b>354.95</b> |
| Non-current Investments        | 14      | 57.16           | 23.84         |
| Long-Term Loans and Advances   | 15      | 8.87            | 38.68         |
| Other Non Current assets       | 16      | 5.27            | 8.75          |
|                                |         | <b>512.82</b>   | <b>426.22</b> |
| <b>Current Assets</b>          |         |                 |               |
| Current Investments            | 17      | 19.46           | 55.00         |
| Inventories                    | 18      | 153.05          | 148.77        |
| Trade Receivables              | 19      | 240.85          | 177.09        |
| Cash and Bank Balances         | 20      | 105.69          | 29.08         |
| Short-Term Loans and Advances  | 21      | 45.04           | 43.09         |
| Other Current Assets           | 22      | 8.94            | 0.62          |
|                                |         | <b>573.03</b>   | <b>453.65</b> |
| <b>TOTAL</b>                   |         | <b>1,085.85</b> | <b>879.87</b> |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2015

|                                                                           |         | ₹ in Crore      |                 |
|---------------------------------------------------------------------------|---------|-----------------|-----------------|
|                                                                           | Note No | 31 March 2015   | 31 March 2014   |
| <b>REVENUE :</b>                                                          |         |                 |                 |
| Revenue from operations (Gross)                                           | 23      | 1,367.85        | 1,117.57        |
| Less : Excise Duty                                                        |         | 11.65           | 7.65            |
| Revenue from operations (Net)                                             |         | 1,356.20        | 1,109.92        |
| Other Income                                                              | 24      | 33.70           | 17.72           |
| <b>TOTAL REVENUE</b>                                                      |         | <b>1,389.90</b> | <b>1,127.64</b> |
| <b>EXPENSES :</b>                                                         |         |                 |                 |
| Cost of Materials Consumed                                                | 25      | 321.18          | 299.87          |
| Purchase of Stock-in-Trade                                                | 26      | 50.21           | 40.67           |
| Changes in Inventories of Finished Goods/ Work-in-progress/Stock-in-Trade | 27      | 9.22            | 7.14            |
| Employee Benefits Expense                                                 | 28      | 186.34          | 147.25          |
| Finance Costs                                                             | 29      | 5.01            | 8.22            |
| Depreciation & Amortisation Expense                                       | 13      | 49.42           | 41.97           |
| Other Expenses                                                            | 30      | 316.69          | 269.46          |
| <b>TOTAL EXPENSES</b>                                                     |         | <b>938.07</b>   | <b>814.58</b>   |
| <b>Profit Before Exceptional Items and Tax</b>                            |         | <b>451.83</b>   | <b>313.06</b>   |
| <b>Exceptional Item - Income (Expense)</b>                                |         |                 |                 |
| Diminution in value of investments                                        | 56      | (6.95)          | -               |
| <b>Profit Before Tax</b>                                                  |         | <b>444.88</b>   | <b>313.06</b>   |
| <b>Tax Expense :</b>                                                      |         |                 |                 |
| Current Tax                                                               |         | 145.21          | 83.58           |
| MAT Credit Entitlement Utilised                                           |         | -               | 9.84            |
| Income Tax of Earlier Years Written Off (Back)                            |         | 0.54            | (0.55)          |
| Deferred Tax Charge (Credit)                                              |         | (7.24)          | (0.67)          |
| <b>Profit For The Year</b>                                                |         | <b>306.37</b>   | <b>220.86</b>   |
| Their are no Extra Ordinary Items and Discontinuing Operations            |         |                 |                 |
| <b>Earning Per Equity Share (Face Value ₹ 2/-)</b>                        |         |                 |                 |
| Basic ( ₹ )                                                               | 31      | 34.84           | 25.13           |
| Diluted ( ₹ )                                                             |         | 34.80           | 25.09           |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Statement of Cash Flow

for the year ended 31<sup>st</sup> March 2015

₹ in Crore

|                                                                 | 31 March 2015   | 31 March 2014   |
|-----------------------------------------------------------------|-----------------|-----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                 |                 |
| Profit before Tax                                               | 444.88          | 313.06          |
| Adjustment to reconcile profit before tax to net cash flows :   |                 |                 |
| Depreciation & Amortisation Expense                             | 49.42           | 41.97           |
| Diminution in value of Investments                              | 6.95            | -               |
| (Profit) Loss on Fixed Asset Sold                               | 0.05            | (0.66)          |
| Interest Expense                                                | 5.01            | 8.22            |
| Dividend from Subsidiary                                        | (18.08)         | (6.25)          |
| Income on Investments & Deposits                                | (10.92)         | (9.72)          |
| Employee Stock Option Expenses                                  | 0.10            | 0.21            |
| Receivable Written Off                                          | 1.65            | 0.72            |
| <b>Operating Profit before Working Capital Changes</b>          | <b>479.06</b>   | <b>347.55</b>   |
| Changes in working capital :                                    |                 |                 |
| Decrease (Increase) in Trade Receivable                         | (65.41)         | (42.63)         |
| Decrease (Increase) in Long-Term Loans and Advances             | (2.02)          | (0.39)          |
| Decrease (Increase) in Short-Term Loans and Advances            | (7.26)          | (16.46)         |
| Decrease (Increase) in Other Current Assets                     | (3.75)          | 0.01            |
| Decrease (Increase) in Inventories                              | (4.28)          | (5.26)          |
| Increase (decrease) in Other Current Liabilities                | 1.14            | 15.81           |
| Increase (decrease) in Other Long Term Provisions               | 1.93            | (0.15)          |
| Increase (decrease) in Short Term Provisions                    | 1.68            | 0.06            |
| Increase (decrease) in Trade Payables                           | (2.78)          | (19.14)         |
| <b>Cash generated from Operations</b>                           | <b>398.31</b>   | <b>279.40</b>   |
| Direct Taxes Paid (Net of Refunds)                              | (135.39)        | (89.69)         |
| <b>Net Cash Generated from Operating Activities</b>             | <b>262.92</b>   | <b>189.71</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                 |                 |
| Capital Expenditure on Fixed Assets including Capital Advances  | (107.75)        | (124.28)        |
| Proceeds from Sale of Fixed Assets                              | (0.93)          | 3.96            |
| Bank Balances not considered as Cash and Cash Equivalents (Net) | (56.61)         | (10.80)         |
| Dividend from Subsidiary                                        | 18.08           | 6.25            |
| Current Investments                                             | 35.54           | (55.00)         |
| Income on Investments & Deposits                                | 6.31            | 9.28            |
| Non Current Investments                                         | (40.04)         | -               |
| Investments in Subsidiaries                                     | (0.23)          | (4.98)          |
| <b>Net Cash Generated from (Used in) Investing Activities</b>   | <b>(145.63)</b> | <b>(175.57)</b> |

|                                                                       | ₹ in Crore      |                |
|-----------------------------------------------------------------------|-----------------|----------------|
|                                                                       | 31 March 2015   | 31 March 2014  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                 |                |
| Repayment of Long Term Borrowings                                     | (15.44)         | (3.80)         |
| Proceeds (Repayment) of Short Term Borrowings                         | (42.64)         | 9.28           |
| Proceeds from Issue of Equity Shares (ESOPs)                          | 0.01            | 0.01           |
| Interest Paid                                                         | (5.11)          | (8.19)         |
| Dividend Paid                                                         | (35.09)         | (14.61)        |
| Dividend Distribution Tax Paid                                        | (2.91)          | (2.49)         |
| <b>Net Cash Generated from (Used in) Financing Activities</b>         | <b>(101.18)</b> | <b>(19.80)</b> |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>           | <b>16.11</b>    | <b>(5.66)</b>  |
| Cash and Cash Equivalents as at the Beginning of the Year             | 7.30            | 12.96          |
| Cash and Cash Equivalents as at the End of the Year (Refer Note 20.1) | <b>23.41</b>    | <b>7.30</b>    |
| <b>Components of Cash and Cash Equivalents</b>                        |                 |                |
| Balance with Banks - In Current Accounts                              | 14.15           | 7.22           |
| Cash on Hand                                                          | 0.11            | 0.08           |
| In Deposit Accounts (with original maturity 3 months or less)         | 9.15            | -              |
| <b>TOTAL CASH AND CASH EQUIVALENTS</b>                                | <b>23.41</b>    | <b>7.30</b>    |
| Figures in brackets indicates outflow.                                |                 |                |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 1. GENERAL INFORMATION

Ajanta Pharma Limited ("the Company") is a public company domiciled in India. The Company is speciality focused Pharmaceutical Company developing, producing and marketing a wide range of branded and generic formulations.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### 2.1. Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to apply as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other recognised accounting practises and policies generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise specified. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

### 2.2. Use of Estimates

Preparation of financial statements in conformity with Indian GAAP requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognised in the period in which results are known/ materialised.

### 2.3. Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value, cost of which includes duties and taxes (net off CENVAT and VAT, wherever applicable) and is arrived at on FIFO basis. Cost of imported raw

materials and packing materials lying in bonded warehouse includes customs duty. However, materials and other items held for use in production of inventories are not written below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived at on FIFO basis.

Cost of finished products and work-in-progress includes material cost, standard overheads and excise duty, where applicable.

### 2.4. Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of the non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

### 2.5. Cash and Cash Equivalent

Cash and Cash Equivalents for the purpose of cash flow statement comprise of cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.

### 2.6. Fixed Assets

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses incurred to bring the assets to its working condition for its intended use, less accumulated depreciation/amortisation/ impairment losses, if any.

Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment loss, if any. Intangible assets are recognised only if it is probable that the expected future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

## 2.7. Expenditure during Construction Period

All identifiable revenue expenses including interest incurred in respect of various projects/expansions are allocated to capital cost of respective assets on their completion/installation.

## 2.8. Depreciation/Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets is provided on Written Down Value method based on useful lives of the assets specified in Schedule II of the Companies Act, 2013. Premium on leasehold land is being written off over the period of lease. Computer software are amortised over estimated useful life.

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

## 2.9. Revenue Recognition

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. The amount recognised as revenue is exclusive of sales tax, value added tax ("VAT"), and is net off returns, applicable trade discounts and allowances. Excise duty collected on sales is shown by way of deduction from sales. Revenue from sale of technology / know how (rights, licences and other intangibles) are recognised when performance obligation is completed as per the terms of the agreement. Incomes from services are recognised when services are rendered. Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Export benefits available under prevalent schemes are accounted to the extent considered receivable. Revenue is recognised when there is reasonable certainty of its realisation.

## 2.10. Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.

## 2.11. Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Research and development expenditure of a revenue nature is charged to the revenue in the period in which it is incurred and expenditure of a capital nature is added to respective fixed assets.

## 2.12. Excise and Custom Duty

Excise and custom duty is accounted on the basis of payment made in respect of goods cleared and provision is made for goods lying in bonded warehouse and included in the valuation of inventory.

## 2.13. Cenvat, Service Tax and Vat Credit

Cenvat, Service tax and Vat credit receivable/availed are treated as an asset when there is reasonable certainty in availing/utilising the credits and relevant expenses being accounted net of such credit. Further the said assets are reduced to the extent of their utilisation.

## 2.14. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions and / or restatement are dealt with in the statement of profit and loss as income or expenses of the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the statement of profit and loss.

In respect of the Forward Exchange contracts with underlying transaction, the premium or discount arising at the inception of such contracts are recognised as expenses or income over the life of the contract. In cases where forward contracts are entered, the relevant foreign currency assets / liabilities are translated at the forward rate. The resulting exchange difference, if any, is charged to the statement of profit and loss.

### 2.15. Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

Long term Investments are carried individually at cost, less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually at lower of cost and realisable value.

Cost of investments includes expenses directly incurred on acquisition of investments.

Investments in foreign currency are stated at cost by converting at exchange rate prevailing, at the time of acquisition/remittance.

### 2.16. Employee Benefits

#### Short Term Employee Benefits

These are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the period in which the related services are rendered. Short term compensated absences are provided for based on actuarial valuation in accordance with company's policies.

#### Post Employment Benefits

Company's contribution for the period paid / payable to defined contribution retirement

benefit schemes are charged to statement of profit and loss. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's policies.

### Stock Based Compensation

Employee stock options are accounted as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, as amended till date, issued by Securities and Exchange Board of India. The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

### 2.17. Borrowing Costs

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as cost of such assets.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

### 2.18. Operating Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

### 2.19. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.20. Accounting for Tax

Tax expense comprises of Current and Deferred tax.

Current tax is accounted on the basis of the provisions of the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the book and tax profits for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. The carrying amount of deferred tax assets/liabilities are reviewed at each Balance Sheet date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

MAT Credit Entitlement as per the provisions of the Income Tax Act, 1961 is treated as an asset by credit to the Statement of Profit & Loss.

### 2.21. Impairment of Assets

The fixed assets are reviewed for impairment at each balance sheet date. An asset is treated

as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

### 2.22. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

Contingent liabilities are disclosed for (i) Possible obligations which will be confirmed only by 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 amount of the obligation cannot be made.

Contingent Liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 3. SHARE CAPITAL

|                                                    | 31 March 2015                |              | 31 March 2014              |              |
|----------------------------------------------------|------------------------------|--------------|----------------------------|--------------|
|                                                    | No. of Shares<br>of FV ₹ 2 * | ₹ in Crore   | No. of Shares<br>of FV ₹ 5 | ₹ in Crore   |
| <b>Authorised :</b>                                |                              |              |                            |              |
| Equity Shares                                      | 15,00,00,000                 | 30.00        | 6,00,00,000                | 30.00        |
| <b>Issued :</b>                                    |                              |              |                            |              |
| Equity Shares                                      | 8,87,10,000                  | 17.74        | 3,54,57,300                | 17.73        |
| <b>Subscribed &amp; Paid up:</b>                   |                              |              |                            |              |
| Equity Shares fully paid up                        | 8,79,43,500                  | 17.59        | 3,51,50,700                | 17.58        |
| Add :- Share Forfeited - Amount originally paid up | 7,66,500                     | 0.09         | 3,06,600                   | 0.09         |
|                                                    |                              | <b>17.68</b> |                            | <b>17.67</b> |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 3.1 Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

|                                                                                                            | 31 March 2015                |            | 31 March 2014              |            |
|------------------------------------------------------------------------------------------------------------|------------------------------|------------|----------------------------|------------|
|                                                                                                            | No. of Shares<br>of FV ₹ 2 * | ₹ in Crore | No. of Shares<br>of FV ₹ 5 | ₹ in Crore |
| Equity shares outstanding at the beginning of the year                                                     | 8,78,76,750                  | 17.58      | 2,34,17,000                | 11.71      |
| Add: Equity shares allotted during the year against option's exercised under ESOP                          | 44,500                       | 0.01       | 16,800                     | 0.01       |
| Add: Equity shares allotted during the year as Bonus (Cr. Yr. on ESOP ₹ 44,500 / Pr. Yr. all shareholders) | 22,250                       |            | 1,17,16,900                | 5.86       |
| Less: Equity shares bought back during the year                                                            | -                            | -          | -                          | -          |
| Equity Shares outstanding at the end of the year                                                           | 8,79,43,500                  | 17.59      | 3,51,50,700                | 17.58      |

### 3.2 Terms/Rights attached to equity shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 2 (Pr. Yr. ₹ 5) per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2015, amount of per share dividend recommended as distributions to equity shareholders is ₹ 6/- on FV of ₹ 2/- each (Pr.Yr. ₹ 10 on FV of ₹ 5/- each).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by shareholders.

### 3.3 Details of Equity Shares held by each shareholders holding more than 5%

| Name of Shareholders             | 31 March 2015                |           | 31 March 2014              |           |
|----------------------------------|------------------------------|-----------|----------------------------|-----------|
|                                  | No. of Shares<br>of FV ₹ 2 * | % holding | No. of Shares<br>of FV ₹ 5 | % holding |
| Mannalal B. Agrawal              | 54,06,720                    | 6.15      | 21,62,688                  | 6.15      |
| Purushottam B. Agrawal           | 53,89,425                    | 6.13      | 21,55,770                  | 6.13      |
| Madhusudan B. Agrawal            | 53,88,750                    | 6.13      | 21,55,500                  | 6.13      |
| Vimal Agrawal & Mamta Agrawal    | 51,37,500                    | 5.84      | 20,55,000                  | 5.85      |
| Yogesh M. Agrawal                | 63,83,560                    | 7.26      | 25,28,424                  | 7.19      |
| Rajesh M. Agrawal                | 64,11,102                    | 7.29      | 25,39,441                  | 7.22      |
| Gabs Investments Private Limited | 83,92,262                    | 9.54      | 33,56,905                  | 9.55      |

|                                                                                                                                              | 31 March 2015                | 31 March 2014              |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|
|                                                                                                                                              | No. of Shares<br>of FV ₹ 2 * | No. of Shares<br>of FV ₹ 5 |
| <b>3.4 Equity Shares reserved for issuance under Employees Stock Options Scheme 2011 of the Company</b>                                      |                              |                            |
| Equity Shares                                                                                                                                | 12,20,250                    | 5,14,800                   |
| <b>3.5 Aggregate number of Equity shares issued during last five years pursuant to Employees Stock Options Scheme 2011</b>                   |                              |                            |
| Equity Shares                                                                                                                                | 1,08,750                     | 16,800                     |
| <b>3.6 Equity Shares allotted as fully paid up Bonus Shares during the period of five years immediately preceding the Balance Sheet date</b> |                              |                            |
| Bonus Shares issued in 2013-2014                                                                                                             | 2,92,92,250                  | 1,17,16,900                |
| <b>3.7 The Company is not a subsidiary company.</b>                                                                                          |                              |                            |

\* Number of equity shares are adjusted consequent to sub-division of equity share of face value ₹ 5/- each into equity shares of face value ₹ 2/- each as approved by the shareholders on 11<sup>th</sup> March 2015.

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 4 RESERVES & SURPLUS

|                                                                                                                                     | ₹ in Crore    |               |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                     | 31 March 2015 | 31 March 2014 |
| <b>Capital Reserve</b>                                                                                                              |               |               |
| Balance at the beginning of the year                                                                                                | -             | 0.47          |
| Less : Utilised for Issue of Bonus Shares                                                                                           | -             | 0.47          |
|                                                                                                                                     | -             | -             |
| <b>Capital Redemption Reserve</b>                                                                                                   |               |               |
| Balance at the beginning of the year                                                                                                | 2.11          | 7.50          |
| Less : Utilised for allotment of Bonus Shares under ESOP (C.Y. ₹ 44,500)                                                            |               | 5.39          |
|                                                                                                                                     | <b>2.11</b>   | <b>2.11</b>   |
| <b>Securities Premium Account</b>                                                                                                   |               |               |
| Balance at the beginning of the year                                                                                                | 75.39         | 75.14         |
| Add : Addition during the year                                                                                                      | 0.32          | 0.25          |
|                                                                                                                                     | <b>75.71</b>  | <b>75.39</b>  |
| <b>General Reserve</b>                                                                                                              |               |               |
| Balance at the beginning of the year                                                                                                | 411.00        | 251.00        |
| Add: Transferred from statement of Profit & Loss                                                                                    | 160.00        | 160.00        |
|                                                                                                                                     | <b>571.00</b> | <b>411.00</b> |
| <b>Employee Stock Option Outstanding (Refer note 39)</b>                                                                            |               |               |
| <b>Employee Stock Option Outstanding</b>                                                                                            |               |               |
| Balance at the beginning of the year                                                                                                | 0.78          | 0.82          |
| Add : Options granted during the year                                                                                               | -             | 0.22          |
| Less : Exercised during the year                                                                                                    | 0.32          | 0.26          |
| <b>Balance as at the year end (A)</b>                                                                                               | <b>0.46</b>   | <b>0.78</b>   |
| <b>Deferred Employee Stock Option Cost</b>                                                                                          |               |               |
| Balance at the beginning of the year                                                                                                | 0.21          | 0.33          |
| Add : Options granted during the year                                                                                               | -             | 0.22          |
| Less : Amortisation during the year                                                                                                 | 0.18          | 0.34          |
| <b>Balance as at the year end (B)</b>                                                                                               | <b>0.03</b>   | <b>0.21</b>   |
|                                                                                                                                     | (A) - (B)     | <b>0.57</b>   |
| <b>Surplus in the Statement of Profit and Loss</b>                                                                                  |               |               |
| Balance at the beginning of the year                                                                                                | 29.58         | 9.88          |
| Profit for the year                                                                                                                 | 306.37        | 220.86        |
| Less: Appropriations                                                                                                                |               |               |
| Proposed Dividend on Equity Shares                                                                                                  | 52.82         | 35.18         |
| Corporate Tax on Proposed Dividend                                                                                                  | 5.69          | 5.98          |
| Depreciation on Assets whose useful life has expired as on 1 <sup>st</sup> April 2014 (Refer Note 55)                               | 1.11          | -             |
| Transfer to General Reserve                                                                                                         | 160.00        | 160.00        |
| Add : Reversal of Corporate Tax on Final Dividend for previous year (in terms of Section 115-O /115BBD of the Income-tax Act, 1961) | 3.07          | -             |
| <b>Net Surplus in the Statement of Profit and Loss</b>                                                                              | <b>119.40</b> | <b>29.58</b>  |
| <b>TOTAL RESERVE &amp; SURPLUS</b>                                                                                                  | <b>768.65</b> | <b>518.65</b> |

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 5 LONG TERM BORROWINGS

|                                                         | ₹ in Crore    |               |
|---------------------------------------------------------|---------------|---------------|
|                                                         | 31 March 2015 | 31 March 2014 |
| <b>Term Loans (Secured)</b>                             |               |               |
| From Bank (Rupee)                                       | –             | 2.00          |
| From Bank (Foreign Currency)                            | 22.32         | 38.51         |
| <b>Other Loans (Unsecured)</b>                          |               |               |
| Deferred Sales Tax Loans from Government of Maharashtra | 9.95          | 10.77         |
|                                                         | <b>32.27</b>  | <b>51.28</b>  |

- 5.1** Term loans are secured by first charge on all fixed assets of the Company and second charge on entire current assets of the Company, present & future, on pari passu basis in addition to personal guarantee of some of the directors.
- 5.2** Term Loans from banks are repayable in 9 equal quarterly installments up to 28<sup>th</sup> June 2017 and the rate of interest vary between 4% p.a. to 11.50% p.a. (Pr.Yr. 4% p.a. to 11.50% p.a.).
- 5.3** Deferred Sales Tax Loan is interest free and payable in 5 equal installments after expiry of initial 10 years moratorium period from each such year of deferral period from 2000-01 to 2012-13.

## 6 DEFERRED TAX LIABILITIES (NET)

|                                       |           | 31 March 2015 | 31 March 2014 |
|---------------------------------------|-----------|---------------|---------------|
| <b>Deferred Tax Liabilities</b>       |           |               |               |
| Depreciation (A)                      |           | 16.84         | 23.11         |
| <b>Deferred Tax Assets</b>            |           |               |               |
| Others (B)                            |           | 1.68          | 0.13          |
| <b>Deferred Tax Liabilities (Net)</b> | (A) - (B) | <b>15.16</b>  | <b>22.98</b>  |

## 7 OTHER LONG TERM LIABILITIES

|                                    | 31 March 2015 | 31 March 2014 |
|------------------------------------|---------------|---------------|
| Trade / Security Deposits received | 2.50          | 2.50          |
|                                    | <b>2.50</b>   | <b>2.50</b>   |

## 8 LONG TERM PROVISIONS

|                                              | 31 March 2015 | 31 March 2014 |
|----------------------------------------------|---------------|---------------|
| <b>Provision for employee benefits (Net)</b> |               |               |
| For Gratuity                                 | 0.66          | –             |
| For Leave Benefits                           | 4.10          | 2.83          |
|                                              | <b>4.76</b>   | <b>2.83</b>   |

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 9 SHORT TERM BORROWINGS

|                                                                       | ₹ in Crore    |               |
|-----------------------------------------------------------------------|---------------|---------------|
|                                                                       | 31 March 2015 | 31 March 2014 |
| <b>Working Capital Loans repayable on demand from banks (Secured)</b> |               |               |
| Rupee Loan                                                            | 17.90         | 11.41         |
| Foreign Currency Loan                                                 | –             | 49.13         |
|                                                                       | <b>17.90</b>  | <b>60.54</b>  |

**9.1** Working capital loans are secured by first charge on all current assets and second charge on all fixed assets of the Company on pari passu basis in additions to the personal guarantee of some of the directors.

## 10 TRADE PAYABLES

|                                                                  | 31 March 2015 | 31 March 2014 |
|------------------------------------------------------------------|---------------|---------------|
| Trade Payables                                                   | 108.12        | 110.90        |
| (Refer Note 35 for Micro, Small & Medium Enterprises disclosure) |               |               |
|                                                                  | <b>108.12</b> | <b>110.90</b> |

## 11 OTHER CURRENT LIABILITIES

|                                                  | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------|---------------|---------------|
| <b>Current Maturities of long-term borrowing</b> |               |               |
| Secured (Refer note 5.1 & 5.2)                   |               |               |
| Foreign Currency Term Loan from Banks            | 17.86         | 17.12         |
| Rupee Term Loan from Banks                       | 2.00          | –             |
| Unsecured (Refer note 5.3)                       |               |               |
| Deferred Sales Tax Loans                         | 0.83          | –             |
| Unpaid Dividend*                                 | 0.30          | 0.21          |
| Unpaid Sale proceeds of Fractional Shares*       | 0.38          | –             |
| Interest Accrued but not due on borrowings       | 0.02          | 0.12          |
| Other Payables                                   |               |               |
| Payables for Fixed Assets                        | 20.77         | 12.67         |
| Advances received from Customers                 | 8.65          | 14.64         |
| Statutory Dues payable                           | 3.53          | 4.72          |
| Others                                           | 0.17          | 0.33          |
|                                                  | <b>54.51</b>  | <b>49.81</b>  |

\* There are no amounts due & outstanding to be credited to Investor Education & Protection Fund as on 31<sup>st</sup> March 2015.

## 12 SHORT - TERM PROVISIONS

|                                              | 31 March 2015 | 31 March 2014 |
|----------------------------------------------|---------------|---------------|
| <b>Provision for employee benefits (Net)</b> |               |               |
| For Gratuity                                 | 2.47          | 1.23          |
| For Leave Benefits                           | 0.76          | 0.32          |
| <b>Other Provisions</b>                      |               |               |
| Proposed Dividend on Equity Shares           | 52.82         | 35.18         |
| Corporate Tax on Proposed Dividend           | 5.69          | 5.98          |
| Provision for Tax ( Net of Payment)          | 2.56          | –             |
|                                              | <b>64.30</b>  | <b>42.71</b>  |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 13 FIXED ASSETS

#### 13.1 Current Year

| Particulars                                                                                             | GROSS BLOCK       |                |                           | DEPRECIATION/AMORTISATION |                   |                |                           | NET BLOCK          |                    |
|---------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------------------|---------------------------|-------------------|----------------|---------------------------|--------------------|--------------------|
|                                                                                                         | As at<br>1.4.2014 | Additions      | Deductions/<br>Adjustment | As at<br>31.3.2015        | As at<br>1.4.2014 | Additions      | Deductions/<br>Adjustment | As at<br>31.3.2015 | As at<br>31.3.2015 |
| <b>(A) Tangible Assets</b>                                                                              |                   |                |                           |                           |                   |                |                           |                    |                    |
| Freehold Land                                                                                           | 8.21              | 6.63           | 0.07                      | 14.77                     | –                 | –              | –                         | –                  | 14.77              |
| Lease hold Land                                                                                         | 14.01             | 17.21          | 0.01                      | 31.21                     | 1.32              | 0.46           | ^                         | 1.77               | 29.44              |
| Buildings                                                                                               | 130.15            | 6.85           | –                         | 137.00                    | 45.84             | 7.20           | –                         | 53.04              | 83.96              |
| Plant & Equipments                                                                                      | 199.83            | 15.46          | 0.25                      | 215.04                    | 77.33             | 29.88          | 0.19                      | 107.02             | 108.02             |
| Furniture & fixtures                                                                                    | 39.86             | 7.18           | –                         | 47.04                     | 19.18             | 6.98           | –                         | 26.16              | 20.88              |
| Vehicles                                                                                                | 8.49              | 1.27           | 1.00                      | 8.76                      | 5.18              | 1.24           | 0.94                      | 5.48               | 3.28               |
| Office Equipments                                                                                       | 9.82              | 3.76           | !                         | 13.58                     | 4.54              | 3.98           | @                         | 8.51               | 5.07               |
| Computers                                                                                               | 21.56             | 2.10           | 0.25                      | 23.41                     | 18.52             | 2.38           | 0.23                      | 20.67              | 2.74               |
| <b>TOTAL</b>                                                                                            | <b>431.93</b>     | <b>60.46</b>   | <b>1.58</b>               | <b>490.81</b>             | <b>171.91</b>     | <b>52.12</b>   | <b>1.38</b>               | <b>222.65</b>      | <b>268.16</b>      |
| @ ₹ 13,854/- ^ ₹ 15,361/- ! ₹ 36,000/-                                                                  |                   |                |                           |                           |                   |                |                           |                    |                    |
| <b>(B) Intangible Assets</b>                                                                            |                   |                |                           |                           |                   |                |                           |                    |                    |
| ANDA Development Cost                                                                                   | 15.93             | –              | –                         | 15.93                     | 15.93             | –              | –                         | 15.93              | –                  |
| Computer Software                                                                                       | 1.71              | 2.47           | –                         | 4.18                      | 0.33              | 0.69           | –                         | 1.03               | 3.16               |
| <b>TOTAL INTANGIBLE ASSETS</b>                                                                          | <b>17.64</b>      | <b>2.47</b>    | <b>–</b>                  | <b>20.11</b>              | <b>16.26</b>      | <b>0.69</b>    | <b>–</b>                  | <b>16.95</b>       | <b>3.16</b>        |
| <b>TOTAL (A) + (B)</b>                                                                                  | <b>449.57</b>     | <b>* 62.93</b> | <b>1.58</b>               | <b>510.92</b>             | <b>188.17</b>     | <b># 52.81</b> | <b>1.38</b>               | <b>239.60</b>      | <b>271.32</b>      |
| <b>(C) Capital Work in Progress</b> (Including Pre Operative expenses of ₹ 15.66 Crore - Refer note 37) |                   |                |                           |                           |                   |                |                           |                    | <b>170.20</b>      |
| <b>TOTAL FIXED ASSETS (A) +(B) + (C)</b>                                                                |                   |                |                           |                           |                   |                |                           |                    | <b>441.52</b>      |

\* Addition includes ₹ 7.73 Crore used for Research & Development.

# includes

(i) Depreciation of ₹ 1.69 Crore considered as Pre-operative expenditure - Refer note 37.

(ii) Depreciation of ₹ 1.70 Crore on Assets whose useful life has expired as on 1<sup>st</sup> April 2014 - Refer note 55.

#### 13.2 Previous Year

| Particulars                                                                                            | GROSS BLOCK       |                |                           | DEPRECIATION/AMORTISATION |                   |                |                           | NET BLOCK          |                    |
|--------------------------------------------------------------------------------------------------------|-------------------|----------------|---------------------------|---------------------------|-------------------|----------------|---------------------------|--------------------|--------------------|
|                                                                                                        | As at<br>1.4.2013 | Additions      | Deductions/<br>Adjustment | As at<br>31.3.2014        | As at<br>1.4.2013 | Additions      | Deductions/<br>Adjustment | As at<br>31.3.2014 | As at<br>31.3.2014 |
| <b>(A) Tangible Assets</b>                                                                             |                   |                |                           |                           |                   |                |                           |                    |                    |
| Freehold Land                                                                                          | 8.21              | –              | –                         | 8.21                      | –                 | –              | –                         | –                  | 8.21               |
| Lease hold Land                                                                                        | 14.01             | –              | –                         | 14.01                     | 0.93              | 0.39           | –                         | 1.32               | 12.69              |
| Buildings                                                                                              | 129.34            | 4.41           | 3.60                      | 130.15                    | 38.78             | 7.86           | 0.80                      | 45.84              | 84.31              |
| Plant & Equipments                                                                                     | 165.68            | 35.04          | 0.89                      | 199.83                    | 61.00             | 16.83          | 0.50                      | 77.33              | 122.50             |
| Furniture & fixtures                                                                                   | 38.17             | 1.90           | 0.21                      | 39.86                     | 14.97             | 4.34           | 0.13                      | 19.18              | 20.68              |
| Vehicles                                                                                               | 8.34              | 0.26           | 0.11                      | 8.49                      | 4.13              | 1.15           | 0.10                      | 5.18               | 3.31               |
| Office Equipments                                                                                      | 9.35              | 0.49           | 0.02                      | 9.82                      | 3.72              | 0.82           | @                         | 4.54               | 5.28               |
| Computers                                                                                              | 20.36             | 1.20           | –                         | 21.56                     | 16.85             | 1.67           | –                         | 18.52              | 3.04               |
| <b>TOTAL (A)</b>                                                                                       | <b>393.46</b>     | <b>43.30</b>   | <b>4.83</b>               | <b>431.93</b>             | <b>140.38</b>     | <b>33.06</b>   | <b>1.53</b>               | <b>171.91</b>      | <b>260.02</b>      |
| @ ₹ 33,224/-                                                                                           |                   |                |                           |                           |                   |                |                           |                    |                    |
| <b>(B) Intangible Assets</b>                                                                           |                   |                |                           |                           |                   |                |                           |                    |                    |
| ANDA Development Cost                                                                                  | 15.93             | –              | –                         | 15.93                     | 6.82              | ## 9.11        | –                         | 15.93              | –                  |
| Computer Software                                                                                      | 0.63              | 1.08           | –                         | 1.71                      | 0.10              | 0.23           | –                         | 0.33               | 1.38               |
| <b>TOTAL INTANGIBLE ASSETS (B)</b>                                                                     | <b>16.56</b>      | <b>1.08</b>    | <b>–</b>                  | <b>17.64</b>              | <b>6.92</b>       | <b>9.34</b>    | <b>–</b>                  | <b>16.26</b>       | <b>1.38</b>        |
| <b>TOTAL (A) + (B)</b>                                                                                 | <b>410.02</b>     | <b>* 44.38</b> | <b>4.83</b>               | <b>449.57</b>             | <b>147.30</b>     | <b># 42.40</b> | <b>1.53</b>               | <b>188.17</b>      | <b>261.40</b>      |
| <b>(C) Capital Work in Progress</b> (Including Pre Operative expenses of ₹ 5.59 Crore - Refer note 37) |                   |                |                           |                           |                   |                |                           |                    | <b>93.55</b>       |
| <b>TOTAL FIXED ASSETS (A) +(B) + (C)</b>                                                               |                   |                |                           |                           |                   |                |                           |                    | <b>354.95</b>      |

\* Addition includes ₹ 8.80 Crore used for Research & Development.

# Depreciation of ₹ 0.43 Crore considered as Pre-operative expenditure - Refer note 37.

## Includes impairment of ₹ 5.13 Crore.

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 14. NON - CURRENT INVESTMENTS

|                                                                               | 31 March 2015 | 31 March 2014 |
|-------------------------------------------------------------------------------|---------------|---------------|
| <b>A. Trade Investments - Unquoted</b>                                        |               |               |
| In Subsidiary Companies:                                                      |               |               |
| <b>Ajanta Pharma (Mauritius) Ltd.</b>                                         |               |               |
| 6,13,791 Ordinary Shares of Mauritian Rupees 100 each fully paid up           | 9.44          | 9.44          |
| <b>Ajanta Pharma USA Inc</b>                                                  |               |               |
| 10,000 Common Stock of US \$ 100 each fully paid up                           | 6.07          | 6.07          |
| <b>Ajanta Pharma Nigeria Ltd</b>                                              |               |               |
| 58,75,000 Ordinary Shares of Nigerian Naira 1 each (Pr.Yr. Nil) fully paid up | 0.23          | -             |
| <b>Ajanta Pharma Philippines Inc.</b>                                         |               |               |
| 81,995 Shares of Philippines Peso 100 each fully paid up                      | 1.38          | 1.38          |
| In Associates Companies :                                                     |               |               |
| <b>Turkmenderman Ajanta Pharma Ltd.</b>                                       |               |               |
| 2,00,000 Shares of US \$ 10 each fully paid-up                                | 6.95          | 6.95          |
| Less: Diminution in the value of investments (Refer note 56)                  | 6.95          | -             |
|                                                                               | -             | 6.95          |
| <b>(A)</b>                                                                    | <b>17.12</b>  | <b>23.84</b>  |

|                                                                        | Face Value | No. of Units *   | 31 March 2015 | 31 March 2014 |
|------------------------------------------------------------------------|------------|------------------|---------------|---------------|
| ₹ in Crore                                                             |            |                  |               |               |
| <b>B. In Mutual Funds (Quoted)</b>                                     |            |                  |               |               |
| ICICI Prudential FMP Series 70-367 days Plan N Regular Plan Cumulative | 10.00      | 50,00,000        | 5.00          | -             |
|                                                                        |            | (-)              |               |               |
| ICICI Prudential FMP Series 71-369 days Plan E Regular Plan Cumulative | 10.00      | 50,00,000        | 5.00          | -             |
|                                                                        |            | (-)              |               |               |
| Kotak FMP Series 124 - Growth                                          | 10.00      | 50,38,705        | 5.04          | -             |
|                                                                        |            | (-)              |               |               |
| HDFC FMP 372D October 2013 (1) Series 28 - Regular Growth              | 10.00      | 1,00,00,000      | 10.00         | -             |
|                                                                        |            | (-)              |               |               |
| Birla Sun Life Fixed Term Plan - Series JA (366 days)                  | 10.00      | 1,00,00,000      | 10.00         | -             |
|                                                                        |            | (-)              |               |               |
| IDFC Fixed Term Plan Series 49 Regular Plan-Growth                     | 10.00      | 50,00,000        | 5.00          | -             |
|                                                                        |            | (-)              |               |               |
|                                                                        |            | <b>(B)</b>       | <b>40.04</b>  | <b>-</b>      |
|                                                                        |            | <b>(A) + (B)</b> | <b>57.16</b>  | <b>23.84</b>  |
| Aggregate amount of quoted investments - Gross                         |            |                  |               |               |
| Cost                                                                   |            |                  | 40.04         | -             |
| Market Value                                                           |            |                  | 45.35         | -             |
| Aggregate amount of unquoted investments (Cost/Book Value) Gross       |            |                  | 24.07         | 23.84         |
| Aggregate provision for diminution in value of investments             |            |                  | 6.95          | -             |

\* Figures in Brackets are for Previous Year

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 15 LONG - TERM LOANS AND ADVANCES

|                              | 31 March 2015 | 31 March 2014 |
|------------------------------|---------------|---------------|
| (Unsecured, Considered Good) |               |               |
| Capital Advances             | 5.38          | 37.21         |
| Security Deposits            | 3.49          | 1.47          |
|                              | <b>8.87</b>   | <b>38.68</b>  |

### 16 OTHER NON CURRENT ASSETS

|                                                                                | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------------------------------------|---------------|---------------|
| In Deposit Accounts with Banks (with original maturity of more than 12 months) |               |               |
| Under Lien                                                                     | 4.30          | 7.92          |
| Others                                                                         | 0.10          | -             |
| Interest Accrued on fixed deposits with Banks                                  | 0.87          | 0.83          |
|                                                                                | <b>5.27</b>   | <b>8.75</b>   |

### 17 CURRENT INVESTMENTS

|                                                          | Face Value | No. of Units * | 31 March 2015 | 31 March 2014 |
|----------------------------------------------------------|------------|----------------|---------------|---------------|
| <b>In Mutual Funds ( Quoted)</b>                         |            |                |               |               |
| UTI-Treasury Advantage Fund-Institutional Plan           | 1,000.00   | 1,60,730       | 16.11         | -             |
|                                                          |            | (-)            |               |               |
| <b>Current Portion of Long Term Investments</b>          |            |                |               |               |
| <b>In Mutual Funds ( Quoted)</b>                         |            |                |               |               |
| ICICI Prudential FMP Series 70-367 days Plan N Regular   | 10.00      | -              | -             | 5.00          |
| Plan Cumulative                                          |            | (50,00,000)    |               |               |
| ICICI Prudential Interval Annual Plan III Regular Growth | 10.00      | 25,84,343      | 3.35          | 5.00          |
|                                                          |            | (38,59,781)    |               |               |
| ICICI Prudential FMP Series 71-368 days Plan A Regular   | 10.00      | -              | -             | 5.00          |
| Plan Cumulative                                          |            | (50,00,000)    |               |               |
| ICICI Prudential FMP Series 71-369 days Plan E Regular   | 10.00      | -              | -             | 5.00          |
| Plan Cumulative                                          |            | (50,00,000)    |               |               |
| Kotak FMP Series 124 - Growth                            | 10.00      | -              | -             | 10.00         |
|                                                          |            | (1,00,00,000)  |               |               |
| HDFC FMP 372D October 2013 (1) Series 28 - Regular       | 10.00      | -              | -             | 10.00         |
| Growth                                                   |            | (1,00,00,000)  |               |               |
| Birla Sun Life Fixed Term Plan - Series JA (366 days)    | 10.00      | -              | -             | 10.00         |
|                                                          |            | (1,00,00,000)  |               |               |
| IDFC Fixed Term Plan Series 49 Regular Plan-Growth       | 10.00      | -              | -             | 5.00          |
|                                                          |            | (50,00,000)    |               |               |
|                                                          |            |                | <b>19.46</b>  | <b>55.00</b>  |
| Aggregate amount of quoted investments - Gross           |            |                |               |               |
| Cost                                                     |            |                | 19.46         | 55.00         |
| Market Value                                             |            |                | 19.89         | 56.98         |

\* Figures in Brackets are for Previous year

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 18 INVENTORIES

|                                | 31 March 2015 | 31 March 2014 |
|--------------------------------|---------------|---------------|
| Raw Materials                  | 57.68         | 44.11         |
| Packing Materials              | 22.14         | 22.21         |
| Work-in-Process                | 11.26         | 14.13         |
| Finished Goods (Refer note 54) | 51.35         | 58.89         |
| Stock-in-trade (Refer note 54) | 10.62         | 9.43          |
|                                | <b>153.05</b> | <b>148.77</b> |

## 19 TRADE RECEIVABLES

|                                                        | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------------|---------------|---------------|
| (Unsecured, Considered Good)                           |               |               |
| Over Six Months from the date they are due for payment | 19.61         | 10.28         |
| Others from the date they are due for payment *        | 221.24        | 166.81        |
|                                                        | <b>240.85</b> | <b>177.09</b> |

\* Includes receivable from subsidiaries [Refer note 48(C)(1)].

## 20 CASH AND BANK BALANCES

|                                                                                       | 31 March 2015 | 31 March 2014 |
|---------------------------------------------------------------------------------------|---------------|---------------|
| <b>20.1 Cash and cash equivalents (As per AS-3)</b>                                   |               |               |
| Balance with Banks - In Current Accounts                                              | 14.15         | 7.22          |
| In Deposit Accounts (with original maturity of 3 months or less)                      | 9.15          | -             |
| Cash on Hand                                                                          | 0.11          | 0.08          |
| (A)                                                                                   | <b>23.41</b>  | <b>7.30</b>   |
| <b>20.2 Other bank balances</b>                                                       |               |               |
| Earmarked balances with banks                                                         |               |               |
| Unpaid Dividend                                                                       | 0.30          | 0.21          |
| Unpaid Sale Proceeds of Fractional Shares                                             | 0.38          | -             |
| In Deposit Accounts (with original maturity of more than 3 months and upto 12 months) | 40.00         | 21.50         |
| In Deposit Accounts (With original maturity of more than 12 months)                   |               |               |
| Under Lien                                                                            | 0.60          | -             |
| Others                                                                                | 41.00         | 0.07          |
| (B)                                                                                   | <b>82.28</b>  | <b>21.78</b>  |
| (A) + (B)                                                                             | <b>105.69</b> | <b>29.08</b>  |

## 21 SHORT - TERM LOANS AND ADVANCES

|                                          | 31 March 2015 | 31 March 2014 |
|------------------------------------------|---------------|---------------|
| (Unsecured, Considered Good)             |               |               |
| Income Tax Paid ( Net of Provision)      | -             | 5.31          |
| Balance with Statutory/Govt. Authorities |               |               |
| Excise Authorities                       | 30.12         | 27.22         |
| Vat Receivable                           | 2.33          | 1.54          |
| Octroi Refund Receivable                 | 0.52          | 0.52          |
| Prepaid Expenses                         | 0.18          | 0.70          |
| Advances to Creditors                    | 7.66          | 4.67          |
| Advances Recoverable in Cash or Kind     | 4.23          | 3.13          |
|                                          | <b>45.04</b>  | <b>43.09</b>  |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 22 OTHER CURRENT ASSETS

|                                               | ₹ in Crore    |               |
|-----------------------------------------------|---------------|---------------|
|                                               | 31 March 2015 | 31 March 2014 |
| Interest Accrued on fixed deposits with banks | 5.19          | 0.62          |
| Forward Contract Receivable                   | 3.75          | –             |
|                                               | <b>8.94</b>   | <b>0.62</b>   |

### 23 REVENUE FROM OPERATIONS

|                                         | 31 March 2015   | 31 March 2014   |
|-----------------------------------------|-----------------|-----------------|
| <b>Sale of Products (Refer note 53)</b> |                 |                 |
| Finished Goods                          | 1,209.37        | 1,002.10        |
| Stock-in-Trade                          | 130.90          | 85.42           |
| <b>Other Operating Revenues</b>         |                 |                 |
| Export Incentives                       | 25.48           | 27.25           |
| Royalty and Fees                        | 1.19            | 2.02            |
| Others                                  | 0.91            | 0.78            |
|                                         | <b>1,367.85</b> | <b>1,117.57</b> |

### 24 OTHER INCOME

|                                             | 31 March 2015 | 31 March 2014 |
|---------------------------------------------|---------------|---------------|
| Profit on Sale of Fixed Assets (Net)        | –             | 0.66          |
| Dividend from Subsidiary Companies          | 18.08         | 6.25          |
| Gain on redemption of Long Term Investments | 1.06          | –             |
| Dividend from Current Investments           | 0.17          | 0.42          |
| Interest on Fixed Deposits with Banks       | 9.69          | 9.30          |
| Interest From Others                        | 0.19          | 0.20          |
| Exchange Rate Difference (Net)              | 4.44          | –             |
| Miscellaneous Income                        | 0.07          | 0.89          |
|                                             | <b>33.70</b>  | <b>17.72</b>  |

### 25 COST OF MATERIALS CONSUMED

|                                            | 31 March 2015 | 31 March 2014 |
|--------------------------------------------|---------------|---------------|
| Raw Material Consumed ( Refer note 51)     | 247.12        | 237.69        |
| Packing Material Consumed ( Refer note 51) | 74.06         | 62.18         |
|                                            | <b>321.18</b> | <b>299.87</b> |

### 26 PURCHASE OF STOCK-IN-TRADE (REFER NOTE 52)

|                                            | 31 March 2015 | 31 March 2014 |
|--------------------------------------------|---------------|---------------|
| Purchase of Stock-in-trade (Refer note 52) | <b>50.21</b>  | 40.67         |

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 27 CHANGES IN INVENTORIES OF FINISHED GOODS/WORK-IN-PROGRESS/STOCK-IN-TRADE

|                                                   | ₹ in Crore            |               |
|---------------------------------------------------|-----------------------|---------------|
|                                                   | 31 March 2015         | 31 March 2014 |
| <b>Inventories at the beginning of the year :</b> |                       |               |
| Finished Goods ( Refer note 54)                   | 58.89                 | 71.25         |
| Work-in-Process                                   | 14.13                 | 11.93         |
| Stock-in-trade ( Refer note 54)                   | 9.43                  | 6.41          |
| (A)                                               | <b>82.45</b>          | <b>89.59</b>  |
| <b>Inventories at the end of the year :</b>       |                       |               |
| Finished Goods ( Refer note 54)                   | 51.35                 | 58.89         |
| Work-in-Process                                   | 11.26                 | 14.13         |
| Stock-in-trade ( Refer note 54)                   | 10.62                 | 9.43          |
| (B)                                               | <b>73.23</b>          | <b>82.45</b>  |
| <b>(Increase) Decrease</b>                        | <b>(A) - (B) 9.22</b> | <b>7.14</b>   |

## 28 EMPLOYEE BENEFITS EXPENSE

|                                           | 31 March 2015 | 31 March 2014 |
|-------------------------------------------|---------------|---------------|
| Salaries, Wages, Bonus and Allowances     | 170.99        | 135.94        |
| Expense on Employee Stock Option Scheme   | 0.10          | 0.21          |
| Contribution to Provident and Other Funds | 13.46         | 9.54          |
| Staff Welfare Expenses                    | 1.79          | 1.56          |
|                                           | <b>186.34</b> | <b>147.25</b> |

## 29 FINANCE COSTS

|                                               | 31 March 2015 | 31 March 2014 |
|-----------------------------------------------|---------------|---------------|
| Interest expenses                             | 3.69          | 6.51          |
| Other Borrowing Cost (Including Bank Charges) | 1.32          | 1.71          |
|                                               | <b>5.01</b>   | <b>8.22</b>   |

## 30 OTHER EXPENSES

|                                     | 31 March 2015 | 31 March 2014 |
|-------------------------------------|---------------|---------------|
| Selling Expenses                    | 107.40        | 99.46         |
| Clearing and Forwarding             | 37.29         | 33.13         |
| Travelling Expenses                 | 25.49         | 25.03         |
| Processing Charges                  | 16.61         | 12.55         |
| Power and Fuel                      | 12.58         | 10.86         |
| Advertisement and Publicity         | 9.75          | 7.60          |
| Consumption of Stores & Spare Parts | 21.10         | 14.43         |
| Rent                                | 5.45          | 3.75          |
| Rates & Taxes                       | 0.31          | 0.94          |
| Legal and Professional Fees         | 6.40          | 4.64          |
| Postage and Telephone Expenses      | 5.46          | 5.30          |
| Repairs & Maintenance               |               |               |
| Buildings                           | 3.77          | 0.70          |
| Machineries                         | 7.21          | 3.51          |
| Computers & Others                  | 6.83          | 3.43          |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 30. OTHER EXPENSES (CONTD.)

|                                          | ₹ in Crore    |               |
|------------------------------------------|---------------|---------------|
|                                          | 31 March 2015 | 31 March 2014 |
| Insurance                                | 3.63          | 2.99          |
| Donation                                 | 0.04          | 0.29          |
| Exchange Rate Difference (Net)           | –             | 0.51          |
| Loss on Sale of Fixed Assets (Net)       | 0.05          | –             |
| Corporate Social Responsibility Expenses | 3.89          | 1.35          |
| Miscellaneous Expenses                   | 43.43         | 38.99         |
|                                          | <b>316.69</b> | <b>269.46</b> |

### 31. EARNINGS PER SHARE (EPS)

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

|                                                                                           | 31 March 2015 | 31 March 2014 |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Basic and Diluted Earnings Per Share:</b>                                              |               |               |
| Profit attributable to Equity shareholders-considered for Basic EPS (₹ in Crore) (A)      | 306.37        | 220.86        |
| Add: Dilutive effect on profit (₹ in Crore) (B)*                                          | Nil           | Nil           |
| Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Crore) (C=A+B) | 306.37        | 220.86        |
| Number of Equity Shares outstanding - considered for Basic EPS (D)                        | 87,937,938    | 87,873,250    |
| Add: Dilutive effect of option outstanding-Number of Equity Shares (E)*                   | 89,585        | 154,908       |
| Number of Equity Shares considered for computing Diluted EPS (F=D+E)                      | 88,027,523    | 88,028,158    |
| Face Value per Equity Share (₹)                                                           | 2             | 2             |
| Basic Earnings Per Share (₹) (A/D)                                                        | 34.84         | 25.13         |
| Diluted Earnings Per Share (₹) (C/F)                                                      | 34.80         | 25.09         |

\* Dilutive effect on number of equity shares and profit attributable is on account of Employee Stock Option Scheme (ESOS)- (Refer note 39).

Pursuant to the approval accorded at the Annual General Meeting of the members of the Company held on 11<sup>th</sup> March 2015 and upon completion of other regulatory formalities, equity share are adjusted consequent to sub-division of equity share of face value ₹ 5 each into equity shares of face value ₹ 2/- each. Accordingly, the Basic and Diluted Earnings Per Share (EPS) has been restated for the previous year to give effect of the sub-division of shares in accordance with Accounting Standard 20 "Earning Per Share".

### 32. COMMITMENTS

- Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances ₹ 9.69 Crore ( Pr.Yr. ₹ 48.06 Crore).
- Other Commitments – Non-cancellable operating leases (Refer note 40).

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 33. CONTINGENT LIABILITIES

| Particulars                                                                                                                        | ₹ in Crore    |               |
|------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                    | 31 March 2015 | 31 March 2014 |
| i. Claims against the Company not acknowledged as debt*                                                                            | 0.70          | 0.70          |
| ii. Sales tax demands disputed by Company pending in appeal*                                                                       | 0.22          | 0.22          |
| iii. Custom Duty on import under Advance License Scheme, pending fulfilment of Exports obligation.                                 | 4.46          | 1.39          |
| iv. Disputed Octroi. Amount paid under protest ₹ 0.52 Crore (Pr. Yr. ₹ 0.52 Crore)*                                                | 0.52          | 0.52          |
| v. Excise duty disputed by the Company Amount paid under protest ₹ 0.25 Crore (Pr. Yr. ₹ 0.25 Crore)*                              | 0.34          | 0.34          |
| vi. Unpaid allotment money in respect of                                                                                           |               |               |
| (a) Shares of Ajanta Pharma UK Ltd, wholly owned subsidiary, equivalent to UK Pound 10,000 (Pr.Yr. UK Pound 10,000).               | 0.09          | 0.10          |
| (b) Ordinary Shares of Ajanta Pharma Nigeria Ltd., wholly owned subsidiary, equivalent to 0.41 Crore Nigerian Naira (Pr. Yr. Nil). | 0.13          | Nil           |

\* The management has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

Future cash outflows in respect of liability under clause (i) is dependent on terms agreed upon with the parties, in respect of clauses (ii) to (v) is dependent on decisions by relevant authorities of respective disputes and in respect of clause (vi) it is dependent on call made by investee companies.

34. The Board of Directors have recommended dividend of ₹ 6/- per equity share of FV ₹ 2/-(Pr.Yr. ₹ 10 per equity share of FV ₹ 5/-), which is subject to approval of shareholders.
35. Disclosure of trade payables to Micro, Small & Medium Enterprises under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on 31<sup>st</sup> March 2015 to Micro, Small and Medium Enterprises on account of principal amount aggregate to ₹ 1.20 Crore (Pr.Yr. ₹ 1.62 Crore) [including overdue amount of ₹ 0.43 Crore (Pr.Yr. ₹ 0.88 Crore)] and interest due thereon is ₹ 0.16 Crore (Pr.Yr. ₹ 0.20 Crore) and interest paid during the year ₹ Nil (Pr.Yr. ₹ Nil). As per the terms/ understanding with the parties, no interest is payable and hence no provision has been made for the same.
36. The Company has one segment of activity namely "Pharmaceuticals".
37. Pre-operative expenses pending capitalisation included in Capital Work-In-Progress (Refer note 13) represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of projects and commencement of commercial operations. The details of pre-operative expenses are:

|                                               | 31 March 2015 | 31 March 2014 |
|-----------------------------------------------|---------------|---------------|
| Opening Balance                               | 5.59          | 1.55          |
| Add: Incurred during the year -Other Expenses |               |               |
| Salary, allowances and contribution to funds  | 4.33          | 2.00          |
| Professional fees                             | 0.34          | 0.16          |
| Travelling expenses                           | 0.88          | 0.22          |
| Depreciation                                  | 1.69          | 0.43          |
| Others                                        | 4.30          | 1.23          |
| <b>TOTAL</b>                                  | <b>17.13</b>  | <b>5.59</b>   |
| Less: Capitalised to Fixed Assets             | 1.47          | Nil           |
| Closing Balance                               | 15.66         | 5.59          |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 38. EMPLOYEE BENEFITS

As required by Accounting Standard-15 'Employee Benefits' the disclosures are as under:

#### 38.1. Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain employees. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. During the year, the Company has recognised the following amounts in the Account:

| ₹ in Crore                                   |               |               |
|----------------------------------------------|---------------|---------------|
| Particulars                                  | 31 March 2015 | 31 March 2014 |
| Provident Fund and Employee's Pension Scheme | 8.76          | 6.97          |
| Employees State Insurance                    | 1.77          | 1.50          |
| <b>TOTAL</b>                                 | <b>10.53</b>  | <b>8.47</b>   |

#### 38.2. Defined Benefit Plans

Gratuity: The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

##### 38.2.1. On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

##### 38.2.2. On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

**Death Benefit:** The Company provides for death benefit, a defined benefit plan (death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non funded.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan), based on actuarial reports as on 31<sup>st</sup> March 2015 are as under:

| Particulars                                     | 31 March 2015 | 31 March 2014 |
|-------------------------------------------------|---------------|---------------|
| <b>i) Changes in Defined Benefit Obligation</b> |               |               |
| Opening defined benefit obligation              | 7.99          | 6.68          |
| Current service cost                            | 1.36          | 1.25          |
| Interest cost                                   | 0.66          | 0.53          |
| Actuarial loss / (gain)                         | 1.78          | (0.24)        |
| Benefit (paid)                                  | (0.42)        | (0.24)        |
| <b>Closing defined benefit obligation</b>       | <b>11.37</b>  | <b>7.98</b>   |
| <b>ii) Changes in Fair Value of Assets</b>      |               |               |
| Opening fair value of plan assets               | 6.76          | 4.82          |
| Adjustment to the fund                          | (0.03)        | Nil           |
| Transfers out of fund                           | Nil           | (0.11)        |
| Expected return on plan assets                  | 0.58          | 0.47          |
| Actuarial gain / (loss)                         | 0.03          | (0.05)        |
| Contributions of employer                       | 1.32          | 1.87          |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

₹ in Crore

| Particulars                                                        | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------------------------|---------------|---------------|
| Benefits (paid)                                                    | (0.42)        | (0.24)        |
| <b>Closing fair value of plan assets</b>                           | <b>8.24</b>   | <b>6.76</b>   |
| <b>iii) Amount recognised in the Balance Sheet</b>                 |               |               |
| Present value of the obligations as at year end                    | 11.37         | 7.98          |
| Fair value of the plan assets as at year end                       | 8.24          | 6.76          |
| <b>Net (asset) / liability recognised as at the year end</b>       | <b>3.13</b>   | <b>1.22</b>   |
| <b>iv) Expenses recognised in the Statement of Profit and Loss</b> |               |               |
| Current service cost                                               | 1.36          | 1.25          |
| Interest on defined benefit obligation                             | 0.66          | 0.53          |
| Expected return on plan assets                                     | (0.58)        | (0.47)        |
| Net actuarial loss/(gain) recognised in the current year           | 1.74          | (0.19)        |
| Adjustment to the opening fund                                     | 0.03          | Nil           |
| <b>TOTAL EXPENSE</b>                                               | <b>3.21</b>   | <b>1.12</b>   |
| <b>v) Asset information</b>                                        |               |               |
| Others – Policy of Insurance                                       | 100%          | 100%          |
| <b>vi) Principal actuarial assumptions used</b>                    |               |               |
| Discount rate (p.a.)                                               | 7.70%         | 9.10%         |
| Expected rate of return on plan assets (p.a.)                      | 8.50%         | 8.50%         |
| Annual increase in salary cost (p.a.)                              | 6.00%         | 6.00%         |

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2014- 15.

### 38.3. Leave Encashment:

The Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method".

Accordingly ₹ 4.86 Crore (Pr.Yr. ₹ 3.15 Crore) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

### 39. EMPLOYEES STOCK OPTIONS SCHEME ('ESOS')

The Company has implemented "Employees Stock Options Scheme 2011" ('ESOS - 2011') as approved in earlier year by the shareholders of the Company and the Compensation committee of Board of Directors.

The options are granted at an exercise price which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each.

The particulars of the options under ESOS 2011 are as below:

| Particulars                                                         | 31 March 2015<br>Nos. (FV ₹2)* | 31 March 2014<br>Nos. (FV ₹5) |
|---------------------------------------------------------------------|--------------------------------|-------------------------------|
| Options outstanding as at the beginning of the Year                 | 1,58,250                       | 56,000                        |
| Add: Options granted during the Year                                | Nil                            | 3,000                         |
| Less: Options lapsed during the Year                                | Nil                            | Nil                           |
| Less: Options Exercised during the Year                             | 66,750                         | 16,800                        |
| Add: Options increased due to effect of bonus issue (Refer Note 31) | Nil                            | 21,100                        |
| Options outstanding as at the Year End                              | 91,500                         | 63,300                        |

\*Following the stock split from ₹ 5/- to ₹ 2/- per share (Refer note 31) as approved by the shareholders on 11<sup>th</sup> March 2015, the number of options granted and outstanding have been revised to 1,58,250 (FV ₹ 2/-) as on 11<sup>th</sup> March 2015 and consequently each option entitles an employee to subscribe to one equity share of the Company at revised exercise price of ₹ 2/- per share.

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

Expenditure for the year relating to options granted during the previous year aggregating to ₹ 0.07 Crore (Pr. Yr. ₹ 0.12 Crore) have been recovered by debiting to the wholly owned subsidiary.

### 40. DISCLOSURE FOR OPERATING LEASES UNDER ACCOUNTING STANDARD 19-“LEASES”

The Company has taken various residential / godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally cancellable and range between 11 months and 5 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments of ₹ 5.45 Crore (Pr.Yr. ₹ 3.75 Crore) are recognised in the Statement of Profit and Loss under “Rent” under Note 30.

The future lease payments and payment profile of non cancellable operating leases are as under:

| Particulars                                       | ₹ in Crore    |               |
|---------------------------------------------------|---------------|---------------|
|                                                   | 31 March 2015 | 31 March 2014 |
| Not later than one year                           | 5.93          | 3.51          |
| Later than one year but not later than five years | 15.87         | 12.90         |
| Later than five years                             | 3.18          | 6.35          |

41. Excise duty related to difference between closing and opening stock and other adjustments are stated under miscellaneous expenses. Excise duty related to turnover is reduced from the Gross Revenue from Operations.

42. In terms of the requirements of the Accounting Standard-28 on “Impairment of Assets” issued by

the Institute of Chartered Accountants of India, the amount recoverable against fixed assets has been estimated for the period by the management based on the present value of estimated future cash flows expected to arrive from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary by the management except in case of intangible assets where the provision for impairment amounting to ₹ Nil (Pr. Yr. ₹ 5.13) has been considered necessary during the year, as recoverable amount of such assets is less than carrying amount as stated in the books.

43. As per the best estimate of the management, no provision is required to be made as per Accounting Standard-29 “Provision, Contingent Liabilities and Contingent Assets” as notified by the Companies (Accounting Standards) Rules 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

### 44. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenses on research and development incurred during the year except depreciation are as under:

| Particulars                          | ₹ in Crore    |               |
|--------------------------------------|---------------|---------------|
|                                      | 31 March 2015 | 31 March 2014 |
| Cost of Material/ Consumables/Spares | 21.59         | 13.96         |
| Employee benefits expense            | 20.59         | 17.12         |
| Utilities                            | 1.82          | 1.40          |
| Other Expenses                       | 26.07         | 17.45         |
| <b>TOTAL</b>                         | <b>70.07</b>  | <b>49.93</b>  |

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 45. FOREIGN CURRENCY OUTFLOW

| ₹ in Crore                                                     |               |               |
|----------------------------------------------------------------|---------------|---------------|
| Particulars                                                    | 31 March 2015 | 31 March 2014 |
| <b>C.I.F. Value of Imports:</b>                                |               |               |
| Raw & Packing Materials                                        | 49.65         | 30.00         |
| Capital Goods                                                  | 14.96         | 29.88         |
| Others                                                         | 0.67          | 0.30          |
| <b>Expenditure in Foreign Currency:</b>                        |               |               |
| Travelling                                                     | 0.99          | 1.69          |
| Interest                                                       | 2.41          | 3.30          |
| Legal & Professional Expenses                                  | 0.46          | 1.20          |
| Marketing & Other Expenses                                     | 55.57         | 50.42         |
| <b>Remittance in foreign currency on account of dividend*:</b> |               |               |
| Number of non-resident shareholders                            | 262           | 105           |
| Number of shares held by them                                  | 1,01,966      | 5,98,478      |
| Amount of dividend (₹ in Crore)                                | 0.10          | 0.37          |
| Year to which the dividend relates                             | 2013-14       | 2012-13       |

\* The Company has paid dividend in respect of shares held by Non-Resident Shareholders, on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c. The exact amount of dividend remitted in foreign currency cannot be ascertained.

## 46. EARNING IN FOREIGN CURRENCY

| Particulars                | 31 March 2015 | 31 March 2014 |
|----------------------------|---------------|---------------|
| FOB value of Exports       | 806.20        | 660.56        |
| Freight & Insurance        | 23.32         | 15.74         |
| Dividend from Subsidiary   | 18.08         | 6.25          |
| Expenses Reimbursements    | 0.64          | 4.56          |
| Royalty Income             | 1.19          | 1.84          |
| Other Miscellaneous Income | Nil           | 0.62          |

## 47. REMUNERATION TO AUDITORS ( EXCLUDING SERVICE TAX)

| Particulars                         | 31 March 2015 | 31 March 2014 |
|-------------------------------------|---------------|---------------|
| Audit Fees                          | 0.15          | 0.11          |
| Tax Audit Fees                      | 0.02          | 0.02          |
| For Certification and Other Matters | 0.07          | 0.06          |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 48. RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD 18 ARE GIVEN BELOW

#### A) Relationships:

##### Category I- Subsidiaries:

|                                           |         |
|-------------------------------------------|---------|
| Ajanta Pharma (Mauritius) Ltd             | (APML)  |
| Ajanta Pharma Mauritius International Ltd | (APMIL) |
| Ajanta Pharma Nigeria Limited             | (APNL)  |
| Ajanta Pharma USA Inc                     | (APUI)  |
| Ajanta Pharma Philippines Inc.            | (APPI)  |
| Ajanta Pharma UK Ltd                      | (AP UK) |

##### Category II- Associate Company:

|                                  |         |
|----------------------------------|---------|
| Turkmenderman Ajanta Pharma Ltd. | (TDAPL) |
|----------------------------------|---------|

##### Category III- Directors, Key Management Personnel & their Relatives:

|                        |                         |
|------------------------|-------------------------|
| Mannalal B. Agrawal    | Chairman                |
| Purushottam B. Agrawal | Executive Vice Chairman |
| Madhusudan B. Agrawal  | Executive Vice-Chairman |
| Yogesh M. Agrawal      | Managing Director       |
| Rajesh M. Agrawal      | Joint Managing Director |
| Arvind Agrawal         | Chief Financial Officer |
| Gaurang Shah           | Company Secretary       |

& Relatives of Key Management Personnel

##### Category IV-Enterprise over which persons covered under Category III above are able to exercise significant control:

|                                          |
|------------------------------------------|
| Gabs Investment Private Limited          |
| Louroux Bio Energies Limited             |
| Inspira Projects Limited                 |
| Inspira Infra (Aurangabad) Limited       |
| Inspira Infrastructure Limited           |
| Inspira Leisure And Hospitality Limited  |
| Sunder Ajanta Infrastructure Limited     |
| Seth Bhagwandas Agarwal Charitable Trust |
| Ganga Exports                            |

#### B) The following transactions were carried out with related parties:

| ₹ in Crore                         |          |               |               |
|------------------------------------|----------|---------------|---------------|
| Particulars                        | Category | 31 March 2015 | 31 March 2014 |
| Sale of Goods:                     |          |               |               |
| APML                               | I        | 50.22         | 27.68         |
| APPI                               | I        | 34.00         | 35.52         |
| APMIL                              | I        | 62.05         | 49.73         |
| APUI                               | I        | 3.55          | Nil           |
| APNL                               | I        | 1.25          | Nil           |
| Dividend from Subsidiary Companies |          |               |               |
| APML                               | I        | 15.03         | 6.25          |
| APPI                               | I        | 3.05          | Nil           |

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## B) The following transactions were carried out with related parties: (Contd.)

| ₹ in Crore                                                     |          |               |               |
|----------------------------------------------------------------|----------|---------------|---------------|
| Particulars                                                    | Category | 31 March 2015 | 31 March 2014 |
| <b>Expenses Reimbursement to:</b>                              |          |               |               |
| APUI                                                           | I        | 10.45         | 12.64         |
| <b>Remuneration to Executive Directors :</b>                   |          |               |               |
| Purushottam B. Agrawal                                         | III      | 1.71          | 1.46          |
| Madhusudan B. Agrawal                                          | III      | 1.71          | 1.46          |
| Yogesh M. Agrawal                                              | III      | 1.71          | 1.46          |
| Rajesh M. Agrawal                                              | III      | 1.31          | 1.00          |
| <b>Commission and Sitting Fees to Non-Executive Director :</b> |          |               |               |
| Mannalal B. Agrawal                                            | III      | 1.52          | 1.51          |
| <b>Rent to :</b>                                               |          |               |               |
| Manisha Y. Agrawal                                             | III      | 0.79          | 0.79          |
| Smriti R. Agrawal                                              | III      | 0.79          | 0.79          |
| Aayush M. Agrawal                                              | III      | 0.79          | 0.79          |
| <b>Remuneration to :</b>                                       |          |               |               |
| Rajesh M. Agrawal                                              | III      | N.A           | 0.08          |
| Arvind Agrawal                                                 | III      | 0.88          | N.A           |
| Gaurang Shah                                                   | III      | 0.27          | N.A           |
| <b>Dividend Paid</b>                                           | III      | 21.85         | 9.11          |
|                                                                | IV       | 3.36          | 1.38          |
| <b>Investment in subsidiary:</b>                               |          |               |               |
| APUI                                                           | I        | Nil           | 4.98          |
| APNL                                                           | I        | 0.23          | Nil           |
| <b>Sale of Assets</b>                                          |          |               |               |
| APUI                                                           | I        | Nil           | 3.78          |
| <b>Expenses Reimbursement from</b>                             |          |               |               |
| APPI                                                           | I        | 0.71          | 4.68          |
| <b>Royalty Income received from</b>                            |          |               |               |
| TDAPL                                                          | II       | 1.10          | 1.84          |
| <b>Purchase of Assets</b>                                      |          |               |               |
| Louroux Bio Energies Limited                                   | IV       | 0.03          | Nil           |
| <b>Corporate Social Responsibility Expense</b>                 |          |               |               |
| Seth Bhagwandas Agarwal Charitable Trust                       | IV       | 0.25          | 0.05          |
| <b>Provision for diminution in value of investment</b>         |          |               |               |
| TDAPL                                                          | II       | 6.95          | Nil           |

## C) Amount Outstanding as on 31<sup>st</sup> March 2015

| ₹ in Crore                 |          |               |               |
|----------------------------|----------|---------------|---------------|
| Particulars                | Category | 31 March 2015 | 31 March 2014 |
| <b>Trade Receivables :</b> |          |               |               |
| APML                       | I        | Nil           | 0.52          |
| APPI                       | I        | 11.74         | 14.93         |
| APUI                       | I        | 0.98          | Nil           |
| APNL                       | I        | 1.27          | Nil           |
| <b>Other Receivable :</b>  |          |               |               |
| APPI                       | I        | 0.83          | 2.52          |

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

| ₹ in Crore                                              |          |               |               |
|---------------------------------------------------------|----------|---------------|---------------|
| Particulars                                             | Category | 31 March 2015 | 31 March 2014 |
| <b>Investments in :</b>                                 |          |               |               |
| APML                                                    | I        | 9.44          | 9.44          |
| APPI                                                    | I        | 1.38          | 1.38          |
| APUI                                                    | I        | 6.07          | 6.07          |
| APNL                                                    | I        | 0.23          | Nil           |
| TDAPL                                                   | II       | 6.95          | 6.95          |
| Provision for diminution in value of investment – TDAPL | II       | 6.95          | Nil           |
| <b>Trade Payables :</b>                                 |          |               |               |
| APUI                                                    | I        | 0.44          | 2.74          |
| <b>Advance Received :</b>                               |          |               |               |
| APML                                                    | I        | 3.89          | Nil           |
| APMIL                                                   | I        | Nil           | 7.79          |
| <b>Commission payable to Non-Executive Director:</b>    |          |               |               |
| Mannalal B. Agrawal                                     | III      | 1.51          | 1.51          |

#### 49. NOTE ON HEDGE AND UNHEDGED FOREIGN CURRENCY ASSETS AND LIABILITIES

During the year, the Company has entered into forward exchange contract, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding foreign currency forward contracts entered into by the Company:

| Particulars | 31 March 2015                    | 31 March 2014                    | Buy or Sell | Cross Currency |
|-------------|----------------------------------|----------------------------------|-------------|----------------|
|             | Foreign Currency<br>Amt in Crore | Foreign Currency<br>Amt in Crore |             |                |
| EURO        | 0.88                             | Nil                              | SELL        | INR            |

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

| Particulars       | ₹ in Crore    | ₹ in Crore    | Foreign Currency<br>Amt in Crore | Foreign Currency<br>Amt in Crore | Foreign Currency |
|-------------------|---------------|---------------|----------------------------------|----------------------------------|------------------|
|                   | 31 March 2015 | 31 March 2014 | 31 March 2015                    | 31 March 2014                    |                  |
| Amount Receivable | 182.45        | 136.00        | 2.92                             | 2.27                             | USD              |
|                   | 7.95          | 9.34          | 0.12                             | 0.11                             | EURO             |
|                   | 0.07          | 0.15          | @                                | @                                | GBP              |
|                   | 0.06          | 0.11          | #                                | #                                | CHF              |
| Amount Payable    | 52.05         | 116.46        | 0.83                             | 1.94                             | USD              |
|                   | 4.71          | 8.52          | 0.07                             | 0.10                             | EURO             |
|                   | 0.02          | Nil           | *                                | Nil                              | GBP              |

@GBP 7,884, # CHF 10,416 \* GBP 2,513 (P.Y. @ GBP 15,178 and # CHF 21,300)

50. The Company has not granted any loan/advances in the nature of loans, as stipulated in the clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy, security deposits paid towards premises taken on leave and license basis have not been considered. Hence, there are no investments by loans in the shares of the Holding Company and/or subsidiary companies.

# Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

## 51. MATERIALS CONSUMED

₹ in Crore

| Particulars                            | 31 March 2015 | 31 March 2014 |
|----------------------------------------|---------------|---------------|
| Active Pharma Ingredients & Excipients | 239.11        | 231.39        |
| Others                                 | 8.01          | 6.30          |
| <b>Raw Material Consumed</b>           | <b>247.12</b> | <b>237.69</b> |
| Packing Material Consumed              | 74.06         | 62.18         |
| <b>TOTAL</b>                           | <b>321.18</b> | <b>299.87</b> |

| Particulars  | 31 March 2015 |               | 31 March 2014 |               |
|--------------|---------------|---------------|---------------|---------------|
|              | %             | ₹ in Crore    | %             | ₹ in Crore    |
| Indigenous   | 84%           | 270.80        | 89%           | 266.06        |
| Imported     | 16%           | 50.38         | 11%           | 33.81         |
| <b>TOTAL</b> | <b>100%</b>   | <b>321.18</b> | <b>100%</b>   | <b>299.87</b> |

No single raw or packing material accounts for more than 10% of total consumption.

## 52. PURCHASE OF TRADED GOODS

| Category     | 31 March 2015 | 31 March 2014 |
|--------------|---------------|---------------|
| Tablets      | 18.92         | 8.74          |
| Capsules     | 16.39         | 14.40         |
| Liquids      | 1.21          | 4.49          |
| Injectibles  | 3.93          | 2.18          |
| Powder       | 1.38          | 0.89          |
| Ointment     | 3.64          | 3.54          |
| Others       | 4.74          | 6.43          |
| <b>TOTAL</b> | <b>50.21</b>  | <b>40.67</b>  |

## 53. SALE OF PRODUCTS COMPRISES

| Category     | Manufactured Goods * |                 | Traded Goods  |               |
|--------------|----------------------|-----------------|---------------|---------------|
|              | 31 March 2015        | 31 March 2014   | 31 March 2015 | 31 March 2014 |
| Tablets      | 716.52               | 633.66          | 43.90         | 18.29         |
| Capsules     | 98.66                | 65.30           | 55.25         | 37.29         |
| Liquids      | 201.69               | 138.91          | 5.38          | 9.14          |
| Injectibles  | 20.50                | 17.81           | 8.92          | 3.85          |
| Powder       | 36.85                | 35.64           | 2.50          | 1.66          |
| Ointment     | 130.73               | 108.62          | 6.04          | 4.23          |
| Others       | 4.42                 | 2.16            | 8.91          | 10.96         |
| <b>TOTAL</b> | <b>1,209.37</b>      | <b>1,002.10</b> | <b>130.90</b> | <b>85.42</b>  |

\* including manufactured by others on job work basis

## Notes

forming part of the financial statements for the year ended 31<sup>st</sup> March 2015

### 54. DETAILS OF CLOSING STOCK AS ON 31<sup>ST</sup> MARCH

| Category     | Manufactured Goods* |              |              | Traded Goods |             |             |
|--------------|---------------------|--------------|--------------|--------------|-------------|-------------|
|              | 2015                | 2014         | 2013         | 2015         | 2014        | 2013        |
| Tablets      | 31.37               | 37.47        | 49.04        | 4.97         | 2.95        | 1.70        |
| Capsules     | 4.71                | 7.89         | 7.16         | 3.10         | 2.64        | 1.72        |
| Liquids      | 6.42                | 6.63         | 5.09         | 0.48         | 1.55        | 1.23        |
| Injectibles  | 0.31                | 0.75         | 1.74         | 0.57         | 0.73        | 0.51        |
| Powder       | 0.60                | 0.61         | 0.40         | 0.45         | 0.41        | 0.41        |
| Ointment     | 5.64                | 4.30         | 4.62         | 0.67         | 0.99        | 0.58        |
| API          | 2.08                | 0.81         | 3.03         | Nil          | Nil         | Nil         |
| Others       | 0.22                | 0.43         | 0.17         | 0.38         | 0.16        | 0.26        |
| <b>TOTAL</b> | <b>51.35</b>        | <b>58.89</b> | <b>71.25</b> | <b>10.62</b> | <b>9.43</b> | <b>6.41</b> |

\*including manufactured by others on job work basis

- 55.** Depreciation for the year has been aligned to meet the requirements of Schedule II of the Companies Act, 2013 and accordingly an amount of ₹ 1.12 Crore (net of deferred tax of ₹ 0.58 Crore) in relation to assets where useful life has already expired as on 1<sup>st</sup> April 2014, has been charged to Retained Earnings.
- 56.** Turkmenderman Ajanta Pharma Ltd, an associate company, operates under severe restriction that significantly impairs its ability to transfer the funds. Company has been making efforts to divest this investment since last few years without any success. Hence, during the year, Company has fully provided ₹ 6.95 Crore, being permanent diminution in value of said investment and is shown under exceptional item.
- 57.** Consumption of consumable stores is wholly indigenous in the current and previous year.
- 58.** Previous year's figures are regrouped and recasted wherever required. Amount less than ₹ 50,000/- are shown at actual.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Independent Auditors' Report

To  
The Members of  
**AJANTA PHARMA LIMITED**

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AJANTA PHARMA LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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 and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 there under.

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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 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 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, 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 as at 31<sup>st</sup> March 2015, and the consolidated profit of the Group and the consolidated cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements / financial information of Four subsidiaries whose financial statements / financial information reflect total assets of ₹ 147.14 Crore as at 31 March 2015, total revenues of ₹ 277.81 Crore and net cash outflows amounting to ₹ 0.24 Crore for the year ended on that date, as considered in the consolidated financial statements.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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 report of the other auditors.

### 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, based on the comments in the auditors' reports of the Holding company, we

give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, 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.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company is disqualified as on 31<sup>st</sup> 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact, if any, of pending litigations as at 31<sup>st</sup> March 2015, on its financial position in its consolidated financial statements – Refer Note 33 to the financial statements;
  - ii. The Group has not entered into any on long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards, for 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 Holding Company.

**For Kapoor & Parekh Associates**  
*Chartered Accountants*  
ICAI FRN 104803W

**S. S. Kapoor**  
*Partner*  
M.No. 5399

Mumbai, 8<sup>th</sup> May 2015

## Annexure to the Independent Auditors' Report

(The Annexure referred to in para 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of **AJANTA PHARMA LIMITED** on the consolidated financial statements for the year ended 31<sup>st</sup> March 2015.)

- 1) In respect of its fixed assets:
  - a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of additions made during the year which are in the process of updation.
  - b) As informed to us by the management the Holding Company has a policy of physically verifying fixed assets in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Holding Company and the nature of its assets. We are informed that there was no material discrepancies noticed on such verification which were accounted in the financial statements.
- 2) In respect of its inventories:
  - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year except for stocks with third parties for which most of the confirmation certificates have been obtained by the Holding Company.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
- 3) According to the information and explanations given to us, the Holding Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence, clause 3 (iii) of the Order is not applicable to the Holding Company.
- 4) In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the Holding Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) The Holding Company has not accepted any deposit from public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 6) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under 148(1) of the Companies Act, 2013 in relation to products manufactured, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- 7) According to the information and explanations given to us:
  - a) The Holding Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues with the appropriate authorities during the year. There are no undisputed amounts payable in respect of aforesaid material statutory dues as at 31<sup>st</sup> March 2015, which were in arrears for a period of more than six months from the date they became payable.
  - b) On the basis of our examination of the documents and records of the Holding Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of a

dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

| Name of the statute            | Nature of the Dues           | Amount*<br>(₹ in Crore) | Period to which<br>amounts relate | Forum where dispute is Pending                            |
|--------------------------------|------------------------------|-------------------------|-----------------------------------|-----------------------------------------------------------|
| The Bombay Sales Tax Act, 1959 | Sales Tax/ Interest/ Penalty | 0.07                    | FY 2004-05                        | Maharashtra Sales Tax Tribunal- Mumbai                    |
| The A. P. VAT Act, 2005        | VAT/ Interest/ Penalty       | 0.15                    | FY 2009-10                        | Appellate Dy. Commissioner (Commercial Tax)- Secunderabad |
| Central Excise Act, 1944       | Excise                       | 0.06                    | FY 2007-08 to FY 2008-09          | Commissioner of Central Excise, Thane-II                  |
| Central Excise Act, 1944       | Excise                       | 0.04                    | FY 2006-07 to FY 2010-11          | Assistant Commissioner of Central Excise, Thane-II        |

\*Net of amounts paid under protest or otherwise. Amount as per demand order including interest and penalty wherever quantified.

- c) The amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time by the Holding Company.
- 8) The Holding Company does not have any accumulated losses as at the end of the financial year. The Holding Company has not incurred cash losses during the current and the immediately preceding financial year.
- 9) Based on our audit procedures, information and explanations given to us, in our opinion the Holding Company has not defaulted in repayment of dues to financial institutions and banks. The Holding Company does not have any outstanding debentures during the year.
- 10) According to the information and explanations given to us, the Holding Company has not given any
- guarantee for loans taken by others from banks or financial institutions.
- 11) According to the information and explanations given to us, the Holding Company has not taken any term loan during the year.
- 12) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Holding Company has been noticed or reported during the course of our audit.

**For Kapoor & Parekh Associates**  
Chartered Accountants  
ICAI FRN 104803W

**S. S. Kapoor**  
Partner  
M.No. 5399

Mumbai, 8<sup>th</sup> May 2015

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2015

|                                | Note No | 31 March 2015   | 31 March 2014 |
|--------------------------------|---------|-----------------|---------------|
| ₹ in Crore                     |         |                 |               |
| <b>EQUITY AND LIABILITIES</b>  |         |                 |               |
| <b>Shareholders' Funds</b>     |         |                 |               |
| Share Capital                  | 3       | 17.68           | 17.67         |
| Reserves and Surplus           | 4       | 823.41          | 575.64        |
| <b>Non-Current Liabilities</b> |         |                 |               |
| Long-Term Borrowings           | 5       | 33.25           | 52.30         |
| Deferred Tax Liabilities (Net) | 6       | 15.16           | 22.99         |
| Other Long Term Liabilities    | 7       | 2.50            | 2.50          |
| Long-Term Provisions           | 8       | 4.76            | 2.83          |
|                                |         | <b>55.67</b>    | <b>80.62</b>  |
| <b>Current Liabilities</b>     |         |                 |               |
| Short-Term Borrowings          | 9       | 17.90           | 60.55         |
| Trade Payables                 | 10      | 109.06          | 124.54        |
| Other Current Liabilities      | 11      | 58.33           | 47.63         |
| Short-Term Provisions          | 12      | 64.30           | 42.70         |
|                                |         | <b>249.59</b>   | <b>275.42</b> |
| <b>TOTAL</b>                   |         | <b>1,146.35</b> | <b>949.35</b> |
| <b>ASSETS</b>                  |         |                 |               |
| <b>Non-Current Assets</b>      |         |                 |               |
| <b>Fixed Assets</b>            | 13      |                 |               |
| Tangible Assets                |         | 283.78          | 276.82        |
| Intangible Assets              |         | 4.31            | 2.57          |
| Capital Work-in-Progress       |         | 170.20          | 93.55         |
|                                |         | <b>458.29</b>   | <b>372.94</b> |
| Non-Current Investments        | 14      | 40.04           | 8.46          |
| Long-Term Loans and Advances   | 15      | 9.34            | 39.15         |
| Other Non Current Assets       | 16      | 5.27            | 8.75          |
|                                |         | <b>512.94</b>   | <b>429.30</b> |
| <b>Current Assets</b>          |         |                 |               |
| Current Investments            | 17      | 19.46           | 55.00         |
| Inventories                    | 18      | 159.03          | 155.40        |
| Trade Receivables              | 19      | 258.76          | 202.22        |
| Cash and Bank Balances         | 20      | 136.76          | 60.39         |
| Short-Term Loans and Advances  | 21      | 50.46           | 46.42         |
| Other Current Assets           | 22      | 8.94            | 0.62          |
|                                |         | <b>633.41</b>   | <b>520.05</b> |
| <b>TOTAL</b>                   |         | <b>1,146.35</b> | <b>949.35</b> |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Statement of Consolidated Profit and Loss

for the year ended 31<sup>st</sup> March 2015

|                                                                              |         | ₹ in Crore      |                 |
|------------------------------------------------------------------------------|---------|-----------------|-----------------|
|                                                                              | Note No | 31 March 2015   | 31 March 2014   |
| <b>REVENUE:</b>                                                              |         |                 |                 |
| Revenue from operations (Gross)                                              | 23      | 1,492.21        | 1,215.99        |
| Less: Excise Duty                                                            |         | 11.65           | 7.65            |
| Revenue from operations (Net)                                                |         | 1,480.56        | 1,208.34        |
| Other Income                                                                 | 24      | 16.80           | 13.71           |
| <b>TOTAL REVENUE</b>                                                         |         | <b>1,497.36</b> | <b>1,222.05</b> |
| <b>EXPENSES:</b>                                                             |         |                 |                 |
| Cost of Materials Consumed                                                   | 25      | 324.97          | 299.03          |
| Purchase of Stock-in-Trade                                                   | 26      | 33.11           | 40.47           |
| Changes in Inventories of Finished Goods/<br>Work-in-progress/Stock-in-Trade | 27      | 7.34            | 6.02            |
| Employee Benefits Expense                                                    | 28      | 200.58          | 156.97          |
| Finance Costs                                                                | 29      | 5.92            | 8.73            |
| Depreciation & Amortisation Expenses                                         | 13      | 51.64           | 43.88           |
| Other Expenses                                                               | 30      | 409.33          | 337.10          |
| <b>TOTAL EXPENSES</b>                                                        |         | <b>1,032.89</b> | <b>892.20</b>   |
| <b>Profit Before Exceptional Item and Tax</b>                                |         | <b>464.47</b>   | <b>329.85</b>   |
| <b>Exceptional Item</b>                                                      |         |                 |                 |
| Diminution in the value of investments                                       |         | 8.46            | -               |
| <b>Profit Before Tax</b>                                                     |         | <b>456.01</b>   | <b>329.85</b>   |
| <b>Tax Expense:</b>                                                          |         |                 |                 |
| Current Tax                                                                  |         | 152.85          | 87.35           |
| MAT Credit Entitlement                                                       |         |                 |                 |
| For Current Year                                                             |         | -               | 9.84            |
| Deferred Tax Charge (Credit)                                                 |         | (7.24)          | (0.67)          |
| Income Tax of Earlier Years Written Off (Back)                               |         | 0.54            | (0.55)          |
| <b>Profit For The Year</b>                                                   |         | <b>309.86</b>   | <b>233.88</b>   |
| There are no Extra Ordinary Items and Discontinuing Operations               |         |                 |                 |
| <b>Earning Per Equity Share (Face Value ₹ 2/-)</b>                           | 31      |                 |                 |
| Basic (₹)                                                                    |         | 35.24           | 26.62           |
| Diluted (₹)                                                                  |         | 35.20           | 26.57           |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Statement of Consolidated Cash Flow

for the year ended 31<sup>st</sup> March 2015

₹ in Crore

|                                                                 | Year Ended<br>31 March 2015 | Year Ended<br>31 March 2014 |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                             |                             |
| Profit before Tax                                               | 456.01                      | 329.85                      |
| Adjustment to reconcile profit before tax to net cash flows:    |                             |                             |
| Depreciation & Amortisation Expense                             | 51.64                       | 43.88                       |
| Diminution in the value of Investments                          | 8.46                        | -                           |
| (Profit) Loss on Fixed Asset Sold                               | 0.05                        | 0.20                        |
| Interest Expense                                                | 5.92                        | 8.73                        |
| Income on Investments & Deposits                                | (10.92)                     | (9.72)                      |
| Employee Stock Option Expenses                                  | 0.10                        | 0.21                        |
| Receivable Written Off                                          | 1.64                        | 0.72                        |
| Exchange Fluctuation                                            | (5.68)                      | 6.80                        |
| <b>Operating Profit before Working Capital Changes</b>          | <b>507.22</b>               | <b>380.67</b>               |
| Changes in Working Capital:                                     |                             |                             |
| Decrease(Increase) in Trade Receivable                          | (58.19)                     | (52.46)                     |
| Decrease(Increase) in Long-Term Loans and Advances              | (2.02)                      | (0.67)                      |
| Decrease(Increase) in Short-Term Loans and Advances             | (9.36)                      | (17.06)                     |
| Decrease (Increase) in Other Current Assets                     | (3.75)                      | 0.01                        |
| Decrease(Increase) in Inventories                               | (3.63)                      | (7.81)                      |
| Increase(Decrease) in Other Current Liabilities                 | 7.12                        | 10.73                       |
| Increase(Decrease) in Other Long Term Provisions                | 1.93                        | (0.15)                      |
| Increase(Decrease) in Short Term Provisions                     | 1.69                        | 0.06                        |
| Increase(Decrease) in Trade Payables                            | (15.48)                     | (7.17)                      |
| <b>Cash generated from Operations</b>                           | <b>425.53</b>               | <b>306.16</b>               |
| Direct Taxes Paid (Net of Refunds)                              | (146.11)                    | (93.73)                     |
| <b>Net Cash Generated from Operating Activities</b>             | <b>279.42</b>               | <b>212.42</b>               |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                             |                             |
| Capital Expenditure on Fixed Assets including Capital Advances  | (102.73)                    | (134.39)                    |
| Proceeds from Sale of Fixed Assets                              | (0.84)                      | 3.15                        |
| Bank Balances not considered as Cash and Cash Equivalents (Net) | (56.59)                     | (10.84)                     |
| Current Investments                                             | 35.54                       | (55.00)                     |
| Income on Investments & Deposits                                | 6.30                        | 9.29                        |
| Proceeds of Non Current Investments                             | (40.04)                     | -                           |
| <b>Net Cash Generated from (Used in) Investing Activities</b>   | <b>(158.36)</b>             | <b>(187.80)</b>             |

|                                                                       | ₹ in Crore                  |                             |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                       | Year Ended<br>31 March 2015 | Year Ended<br>31 March 2014 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                             |                             |
| Proceeds from Long Term Borrowings                                    | –                           | –                           |
| Repayment of Long Term Borrowings                                     | (15.46)                     | (3.63)                      |
| Proceeds (Repayment) of Short Term Borrowings                         | (42.65)                     | 9.29                        |
| Proceeds from Issue of Equity Shares (ESOPs)                          | 0.01                        | 0.01                        |
| Interest Paid                                                         | (6.02)                      | (8.70)                      |
| Dividend Paid                                                         | (35.09)                     | (14.61)                     |
| Dividend Distribution Tax Paid                                        | (5.98)                      | (2.49)                      |
| <b>Net Cash Generated from (Used in) Financing Activities</b>         | <b>(105.19)</b>             | <b>(20.13)</b>              |
| <b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>         | <b>15.87</b>                | <b>4.49</b>                 |
| Cash and Cash Equivalents as at the Beginning of the Year             | 38.62                       | 34.13                       |
| Cash and Cash Equivalents as at the End of the Year (Refer Note 20.1) | <b>54.49</b>                | <b>38.62</b>                |
| <b>Components of Cash and Cash Equivalents</b>                        |                             |                             |
| Balance with Banks - In Current Accounts                              | 45.23                       | 38.53                       |
| In Deposit Accounts                                                   | 9.15                        | –                           |
| Cash on Hand                                                          | 0.11                        | 0.09                        |
| <b>TOTAL CASH AND CASH EQUIVALENTS</b>                                | <b>54.49</b>                | <b>38.62</b>                |
| Figures in brackets indicates outflow.                                |                             |                             |

See accompanying notes forming part of the financial statements.

As per our report of even date attached

For **Kapoor & Parekh Associates**

Chartered Accountants

**S. S. Kapoor**

Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**

Chairman

**Purushottam B. Agrawal**

Vice Chairman

**Yogesh M. Agrawal**

Managing Director

**Arvind Agrawal**

Chief Financial Officer

**Madhusudan B. Agrawal**

Vice Chairman

**Rajesh M. Agrawal**

Joint Managing Director

**Gaurang Shah**

Company Secretary

Mumbai, 8<sup>th</sup> May 2015

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 1. GENERAL INFORMATION

Ajanta Pharma Limited ("the Holding Company") is a public company domiciled in India. The Holding Company is speciality focused Pharmaceutical Company developing, producing and marketing a wide range of branded and generic formulations.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Accounting

**2.1.1** The Consolidated Financial Statement ("CFS") comprises the financial statements of the Holding Company and its subsidiaries (hereinafter referred to as "the Group"). The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Holding Company.

**2.1.2** The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to apply as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other recognised accounting practices and policies generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise specified. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

### 2.2 Principles of Consolidation:

**2.2.1** The Financial statements of the Holding and its subsidiaries have been consolidated in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements", on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after

fully eliminating intra- group transactions and unrealised profits/losses.

**2.2.2** The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

### 2.3 Use of Estimates

Preparation of financial statements in conformity with Indian GAAP requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognised in the period in which results are known/ materialised.

### 2.4 Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value, cost of which includes duties and taxes (net off CENVAT and VAT, wherever applicable) and is arrived at on FIFO basis. Cost of imported raw materials and packing materials lying in bonded warehouse includes customs duty. However, materials and other items held for use in production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived at on FIFO basis.

Cost of finished products and work-in-progress includes material cost, standard overheads and excise duty, where applicable.

### 2.5 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of the non-cash nature, any deferrals or accruals of past

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company is segregated.

## 2.6 Cash And Cash Equivalent

Cash and Cash Equivalents for the purpose of cash flow statement comprise of cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.

## 2.7 Fixed Assets

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses incurred to bring the assets to its working condition for its intended use, less accumulated depreciation/amortisation/impairment losses, if any.

Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment loss, if any. Intangible assets are recognised only if it is probable that the expected future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

## 2.8 Expenditure During Construction Period

All identifiable revenue expenses including interest incurred in respect of various projects/expansions are allocated to capital cost of respective assets on their completion/installation.

## 2.9 Depreciation/Amortisation

### 2.9.1 In case of Holding Company:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets is provided on Written Down Value method based on useful lives of the assets specified in Schedule II of the Companies Act, 2013. Premium on leasehold land is being written off over the period of lease. Computer software are amortised over estimated useful life.

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

### 2.9.2 In case of Subsidiary Company at Mauritius:

Depreciation is calculated on the straight line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

| Particulars                   | Annual rate |
|-------------------------------|-------------|
| Leasehold Improvement         | 5%          |
| Motor Vehicles                | 20%         |
| Furniture, Fixture & Fittings | 15% - 50%   |
| Office Equipments             | 25% - 50%   |
| Plant and Machinery           | 5% - 20%    |

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

In case of Intangible Assets

#### I. Registration Costs:

Costs incurred on product registration are deferred and released to the income statement over the period of registration which is normally 5 years.

#### II. Development Costs:

Development costs represent fees for acquisition of technical know-how and are amortised over a period of 10 years.

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 2.9.3 In case of Subsidiary Company at Philippines:

Depreciation is calculated on the straight line basis over the estimated useful lives of the assets as follows:

| Particulars                 | Useful life |
|-----------------------------|-------------|
| Transportation Equipment    | 5 years     |
| Office Equipments           | 2 years     |
| Offices Furniture & Fixture | 2 years     |
| Communication Equipment     | 2 years     |

Leasehold improvements are amortised over the life of the assets or the lease term, whichever is shorter.

The residual values, estimated useful lives and depreciation & amortisation method are reviewed periodically to ensure that the residual values of the assets, periods and method of depreciation and amortisation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortisation and any impairment in value are removed from the accounts and any resulting gain or loss is recognised in the statement of comprehensive income.

### 2.9.4 In case of Subsidiary Company at USA:

Depreciation is calculated on the straight line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

| Particulars                   | Annual rate |
|-------------------------------|-------------|
| Building                      | 5%          |
| Furniture, Fixture & Fittings | 15% - 50%   |

### 2.10 Revenue Recognition

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. The amount recognised as revenue is exclusive of sales tax, value added tax ("VAT"), and is net off returns, applicable trade discounts and allowances. Excise duty collected on sales is shown by way of deduction from sales. Revenue from sale of technology / know how (rights, licenses and other intangibles) are recognised when performance obligation is completed as per the terms of the agreement. Incomes from services are recognised when services are rendered. Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Export benefits available under prevalent schemes are accounted to the extent considered receivable. Revenue is recognised when there is reasonable certainty of its realisation.

### 2.11 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.

### 2.12 Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

Research and development expenditure of a revenue nature is charged to the revenue in the period in which it is incurred and expenditure of a capital nature is added to respective fixed assets.

## 2.13 Excise and Custom Duty

Excise and custom duty is accounted on the basis of payment made in respect of goods cleared and provision is made for goods lying in bonded warehouse and included in the valuation of inventory.

## 2.14 Cenvat, Service Tax and Vat Credit

Cenvat, service tax and Vat credit receivable/availed are treated as an asset when there is reasonable certainty in availing/utilising the credits and relevant expenses being accounted net of such credit. Further the said assets are reduced to the extent of their utilisation.

## 2.15 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions and / or restatement are dealt with in the statement of profit and loss as income or expenses of the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the statement of profit and loss.

In respect of the Forward Exchange contracts with underlying transaction, the premium or discount arising at the inception of such contracts are recognised as expenses or income over the life of the contract. In cases where forward contracts are entered, the relevant foreign currency assets / liabilities are translated at the forward rate. The resulting exchange difference, if any, is charged to the statement of profit and loss.

The financial statements of foreign subsidiaries have been translated to Indian Rupees on the following basis:

**2.15.1** All income and expenses are translated at the average rate of exchange prevailing during the period.

**2.15.2** Monetary and Non-monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

**2.15.3** The resulting exchange difference is accounted in 'Exchange Fluctuation Reserve' where operations of subsidiaries are considered as "non-integral" and the same is charged to the revenue where operations of subsidiaries are considered as "integral".

## 2.16 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

Long term Investments are carried individually at cost, less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually at lower of cost and realisable value.

Cost of investments includes expenses directly incurred on acquisition of investments.

Investments in foreign currency are stated at cost by converting at exchange rate prevailing, at the time of acquisition/remittance.

## 2.17 Employee Benefits

### Short Term Employee Benefits:

These are recognised as an expense at the undiscounted amount in the Statement of

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

Profit and Loss of the period in which the related services are rendered. Short term compensated absences are provided for based on actuarial valuation in accordance with company's policies.

### Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to statement of profit and loss. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's policies.

### Stock Based Compensation:

Employee stock options are accounted as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, as amended till date, issued by Securities and Exchange Board of India. The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

### 2.18 Borrowing Cost

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

### 2.19 Accounting for Leases

In case of the Holding Company, Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

In case of the Subsidiary Company, Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are debited to the income statement unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

### 2.20 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.21 Accounting for Tax

Tax expense comprises of Current and Deferred tax.

Current tax is accounted on the basis of tax provisions of the respective countries.

Deferred tax resulting from timing differences between the book and tax profits for the period is accounted for using the tax rates and laws that have been enacted or substantively

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

enacted as of the Balance Sheet date. The carrying amount of deferred tax assets/liabilities are reviewed at each Balance Sheet date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

In case of the Holding Company, MAT Credit Entitlement as per the provisions of the Income Tax Act, 1961 is treated as an asset by credit to the Statement of Profit & Loss.

### 2.22 Impairment of Assets

The fixed assets are reviewed for impairment at each balance sheet date. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

### 2.23 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

Contingent liabilities are disclosed for (i) Possible obligations which will be confirmed only by 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 amount of the obligation cannot be made.

Contingent Liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 3. SHARE CAPITAL

|                                                  | 31 March 2015                |              | 31 March 2014              |              |
|--------------------------------------------------|------------------------------|--------------|----------------------------|--------------|
|                                                  | No. of Shares<br>of FV ₹ 2 * | ₹ in Crore   | No. of Shares<br>of FV ₹ 5 | ₹ in Crore   |
| <b>Authorised:</b>                               |                              |              |                            |              |
| Equity Shares                                    | 15,00,00,000                 | 30.00        | 6,00,00,000                | 30.00        |
| <b>Issued:</b>                                   |                              |              |                            |              |
| Equity Shares                                    | 8,87,10,000                  | 17.74        | 3,54,57,300                | 17.73        |
| <b>Subscribed &amp; Paid up:</b>                 |                              |              |                            |              |
| Equity Shares fully paid up                      | 8,79,43,500                  | 17.59        | 3,51,50,700                | 17.58        |
| Add: Share Forfeited - Amount originally paid up | 7,66,500                     | 0.09         | 3,06,600                   | 0.09         |
|                                                  |                              | <b>17.68</b> |                            | <b>17.67</b> |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 3.1 Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

|                                                                                                          | 31 March 2015                |            | 31 March 2014              |            |
|----------------------------------------------------------------------------------------------------------|------------------------------|------------|----------------------------|------------|
|                                                                                                          | No. of Shares<br>of FV ₹ 2 * | ₹ in Crore | No. of Shares<br>of FV ₹ 5 | ₹ in Crore |
| Equity shares outstanding as at the beginning of the year                                                | 8,78,76,750                  | 17.58      | 2,34,17,000                | 11.71      |
| Add: Equity shares allotted during the year against option's exercised under ESOP                        | 44,500                       | 0.01       | 16,800                     | 0.01       |
| Add: Equity shares allotted during the year as Bonus (Cr.Yr. on ESOP ₹ 44,500 / Pr.Yr. all shareholders) | 22,250                       |            | 1,17,16,900                | 5.86       |
| Less: Equity shares bought back during the year                                                          | –                            | –          | –                          | –          |
| Equity shares outstanding as at the end of the year                                                      | 8,79,43,500                  | 17.59      | 3,51,50,700                | 17.58      |

### 3.2 Terms/Rights attached to equity shares

The company has issued only one class of equity shares with voting rights having a par value of ₹ 2 (Pr. Yr. ₹ 5) per share. The company declares & pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2015, amount of per share dividend recommended as distributions to equity shareholders is ₹ 6/- on FV of ₹ 2/- each (Pr.Yr. ₹ 10 on FV of ₹ 5/- each).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by shareholders.

### 3.3 Details of Equity Shares held by each shareholders holding more than 5%

| Name of Shareholders             | 31 March 2015                |           | 31 March 2014              |           |
|----------------------------------|------------------------------|-----------|----------------------------|-----------|
|                                  | No. of Shares<br>of FV ₹ 2 * | % holding | No. of Shares<br>of FV ₹ 5 | % holding |
| Mannalal B. Agrawal              | 54,06,720                    | 6.15      | 21,62,688                  | 6.15      |
| Purushottam B. Agrawal           | 53,89,425                    | 6.13      | 21,55,770                  | 6.13      |
| Madhusudan B. Agrawal            | 53,88,750                    | 6.13      | 21,55,500                  | 6.13      |
| Vimal Agrawal & Mamta Agrawal    | 51,37,500                    | 5.84      | 20,55,000                  | 5.85      |
| Yogesh M. Agrawal                | 63,85,560                    | 7.26      | 25,28,424                  | 7.19      |
| Rajesh M. Agrawal                | 64,11,102                    | 7.29      | 25,39,441                  | 7.22      |
| Gabs Investments Private Limited | 83,92,262                    | 9.54      | 33,56,905                  | 9.55      |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

|                                                                                                                                           | 31 March 2015                | 31 March 2014              |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|
|                                                                                                                                           | No. of Shares<br>of FV ₹ 2 * | No. of Shares<br>of FV ₹ 5 |
| <b>3.4 Equity Shares reserved for issuance under Employees Stock Options Scheme 2011 of the Company</b>                                   |                              |                            |
| Equity Shares                                                                                                                             | 12,20,250                    | 5,14,800                   |
| <b>3.5 Aggregate number of equity shares issued during last five years pursuant to Employees Stock Options Scheme 2011</b>                |                              |                            |
| Equity Shares                                                                                                                             | 1,08,750                     | 16,800                     |
| <b>3.6 Equity Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding the Balance Sheet date</b> |                              |                            |
| Bonus Shares issued in 2013-2014                                                                                                          | 2,92,92,250                  | 1,17,16,900                |
| <b>3.7 The Company is not a subsidiary company.</b>                                                                                       |                              |                            |

\* Number of equity shares are adjusted consequent to sub-division of equity share of face value ₹ 5/- each into equity shares of face value ₹ 2/- each as approved by the shareholders on 11<sup>th</sup> March 2015.

## 4 RESERVES & SURPLUS

|                                                                         | ₹ in Crore    |               |
|-------------------------------------------------------------------------|---------------|---------------|
|                                                                         | 31 March 2015 | 31 March 2014 |
| <b>Capital Reserve</b>                                                  |               |               |
| Balance at the beginning of the year                                    | -             | 0.47          |
| Less: Utilised for Issue of Bonus Shares                                | -             | 0.47          |
|                                                                         | -             | -             |
| <b>Capital Redemption Reserve</b>                                       |               |               |
| Balance at the beginning of the year                                    | 2.11          | 7.50          |
| Less: Utilised for allotment of Bonus Shares under ESOP (C.Y. ₹ 44,500) | -             | 5.39          |
|                                                                         | <b>2.11</b>   | <b>2.11</b>   |
| <b>Share Premium</b>                                                    |               |               |
| Balance at the beginning of the year                                    | 65.70         | 65.45         |
| Add: Addition during the year                                           | 0.32          | 0.25          |
|                                                                         | <b>66.02</b>  | <b>65.70</b>  |
| <b>Exchange Fluctuation Reserve</b>                                     | 4.35          | 10.04         |
| <b>General Reserve</b>                                                  |               |               |
| Balance at the beginning of the year                                    | 468.60        | 279.42        |
| Add: Transferred from statement of Profit & Loss                        | 182.13        | 189.18        |
|                                                                         | <b>650.73</b> | <b>468.60</b> |
| <b>Employee Stock Option Outstanding (Refer note 38)</b>                |               |               |
| Employee Stock Option Outstanding                                       |               |               |
| Balance at the beginning of the year                                    | 0.78          | 0.82          |
| Add: Options granted during the year                                    | -             | 0.22          |
| Less: Exercised during the year                                         | 0.32          | 0.26          |
| <b>Balance as at the year end (A)</b>                                   | <b>0.46</b>   | <b>0.78</b>   |
| <b>Deferred Employee Stock Option Cost</b>                              |               |               |
| Balance at the beginning of the year                                    | 0.20          | 0.33          |
| Add: Options granted during the year                                    | -             | 0.22          |
| Less: Amortisation during the year                                      | 0.17          | 0.35          |
| <b>Balance as at the year end (B)</b>                                   | <b>0.03</b>   | <b>0.20</b>   |
| <b>(A) - (B)</b>                                                        | <b>0.43</b>   | <b>0.58</b>   |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 4 RESERVES & SURPLUS (CONTD.)

|                                                                                                                                    | ₹ in Crore    |               |
|------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                    | 31 March 2015 | 31 March 2014 |
| <b>Surplus in the Statement of Profit and Loss</b>                                                                                 |               |               |
| Balance at the beginning of the year                                                                                               | 28.61         | 25.05         |
| Profit for the year                                                                                                                | 309.84        | 233.90        |
| Less: Appropriations                                                                                                               |               |               |
| Proposed Dividend on Equity Shares                                                                                                 | 52.82         | 35.18         |
| Dividend Distribution Tax                                                                                                          | 5.69          | 5.98          |
| Depreciation on Assets whose useful life has expired as on 1 <sup>st</sup> April 2014 (Refer Note 49)                              | 1.11          | -             |
| Transfer to General Reserve                                                                                                        | 182.13        | 189.18        |
| Add: Reversal of Corporate Tax on Final Dividend for previous year (in terms of Section 115-O /115BBD of the Income-tax Act, 1961) | 3.07          | -             |
| <b>Net Surplus in the Statement of Profit and Loss</b>                                                                             | <b>99.77</b>  | <b>28.61</b>  |
| <b>TOTAL RESERVES &amp; SURPLUS</b>                                                                                                | <b>823.41</b> | <b>575.64</b> |

### 5 LONG TERM BORROWINGS

|                                                         | 31 March 2015 | 31 March 2014 |
|---------------------------------------------------------|---------------|---------------|
| <b>Term Loan (Secured)</b>                              |               |               |
| From Bank (Rupee)                                       | -             | 2.00          |
| From Bank (Foreign Currency)                            | 22.32         | 38.51         |
| <b>Vehicle Loans (Secured)</b>                          |               |               |
| From Banks (Foreign Currency)                           | 0.99          | 1.02          |
| <b>Other Loans (Unsecured)</b>                          |               |               |
| Deferred Sales Tax Loans from Government of Maharashtra | 9.94          | 10.77         |
|                                                         | <b>33.25</b>  | <b>52.30</b>  |

**5.1** Term loans are secured by first charge on all fixed assets of the company and second charge on entire current assets of the company, present & future, on pari passu basis in addition to personal guarantee of some of the directors.

**5.2** Term Loans from banks are repayable in 9 equal quarterly installments up to 28<sup>th</sup> June 2017 and the rate of interest vary between 4% p.a. to 11.50% p.a. (Pr.Yr. 4% p.a. to 11.50% p.a.).

**5.3** Vehicle loans are secured against vehicles acquired under the scheme & are repayable in equal monthly installments upto 31<sup>st</sup> December 2017 & rate of interest is 7% p.a. (Pr.Yr. 2% p.a. to 11% p.a.).

**5.4** Deferred Sales Tax Loan is interest free and payable in 5 equal installments after expiry of initial 10 years moratorium period from each such year of deferral period from 2000-01 to 2012-13.

### 6 DEFERRED TAX LIABILITIES (NET)

|                                       |           | 31 March 2015 | 31 March 2014 |
|---------------------------------------|-----------|---------------|---------------|
| <b>Deferred Tax Liabilities</b>       |           |               |               |
| Depreciation (A)                      |           | 16.84         | 23.11         |
| <b>Deferred Tax Assets</b>            |           |               |               |
| Others (B)                            |           | 1.68          | 0.13          |
| <b>Deferred Tax Liabilities (Net)</b> | (A) - (B) | <b>15.16</b>  | <b>22.98</b>  |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 7 OTHER LONG TERM LIABILITIES

|                                    | ₹ in Crore    |               |
|------------------------------------|---------------|---------------|
|                                    | 31 March 2015 | 31 March 2014 |
| Trade / Security Deposits received | 2.50          | 2.50          |
|                                    | <b>2.50</b>   | <b>2.50</b>   |

## 8 LONG TERM PROVISIONS

|                                              | 31 March 2015 | 31 March 2014 |
|----------------------------------------------|---------------|---------------|
| <b>Provision for employee benefits (Net)</b> |               |               |
| For Gratuity                                 | 0.66          | -             |
| For Leave Benefits                           | 4.10          | 2.83          |
|                                              | <b>4.76</b>   | <b>2.83</b>   |

## 9 SHORT TERM BORROWINGS

|                                                                       | 31 March 2015 | 31 March 2014 |
|-----------------------------------------------------------------------|---------------|---------------|
| <b>Working Capital Loans repayable on demand from banks (Secured)</b> |               |               |
| Rupee Loan                                                            | 17.90         | 11.42         |
| Foreign Currency Loan                                                 | -             | 49.13         |
|                                                                       | <b>17.90</b>  | <b>60.55</b>  |

**9.1** Working capital loans are secured by first charge on all current assets and second charge on all fixed assets of the company on pari passu basis in additions to the personal guarantee of some of the directors.

## 10 TRADE PAYABLES

|                | 31 March 2015 | 31 March 2014 |
|----------------|---------------|---------------|
| Trade Payables | 109.06        | 124.54        |
|                | <b>109.06</b> | <b>124.54</b> |

## 11 OTHER CURRENT LIABILITIES

|                                                  | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------|---------------|---------------|
| <b>Current Maturities of long-term borrowing</b> |               |               |
| <b>Secured (Refer note 5.1 &amp; 5.2)</b>        |               |               |
| Foreign Currency Term Loan from Banks            | 17.86         | 17.12         |
| Rupee Term Loan from Banks                       | 2.00          | -             |
| <b>Unsecured (Refer note 5.3)</b>                |               |               |
| Deferred Sales Tax Loans                         | 0.83          | -             |
| Vehicle Loans                                    | 0.54          | 0.52          |
| Unpaid Dividend*                                 | 0.29          | 0.21          |
| Unpaid Sale proceeds of Fractional Shares*       | 0.38          | -             |
| Interest Accrued but not due on borrowings       | 0.02          | 0.12          |
| <b>Other Payables</b>                            |               |               |
| Payables for Fixed Assets                        | 20.77         | 12.67         |
| Advances received from Customers                 | 4.32          | 7.37          |
| Statutory Dues payable                           | 3.52          | 4.73          |
| Others                                           | 7.80          | 4.89          |
|                                                  | <b>58.33</b>  | <b>47.63</b>  |

\* There are no amounts due & outstanding to be credited to Investor Education & Protection Fund as on 31<sup>st</sup> March 2015.

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 12 SHORT - TERM PROVISIONS

|                                              | ₹ in Crore    |               |
|----------------------------------------------|---------------|---------------|
|                                              | 31 March 2015 | 31 March 2014 |
| <b>Provision for employee benefits (Net)</b> |               |               |
| For Gratuity                                 | 2.47          | 1.22          |
| For Leave Benefits                           | 0.76          | 0.32          |
| <b>Other Provisions</b>                      |               |               |
| Proposed Dividend on Equity Shares           | 52.82         | 35.18         |
| Tax on Proposed Dividend                     | 5.69          | 5.98          |
| Provision for Tax (Net of Payment)           | 2.56          | –             |
|                                              | <b>64.30</b>  | <b>42.70</b>  |

### 13 FIXED ASSETS

#### 13.1 Current Year

| ₹ in Crore                             |                                                                     |                              |           |            |                             |                     |                              |           |            |                     |                     |
|----------------------------------------|---------------------------------------------------------------------|------------------------------|-----------|------------|-----------------------------|---------------------|------------------------------|-----------|------------|---------------------|---------------------|
| GROSS BLOCK                            |                                                                     |                              |           |            | DEPRECIATION / AMORTISATION |                     |                              |           |            | NET BLOCK           |                     |
| Particulars                            | As at<br>01.04.2014                                                 | Consolidation<br>Adjustments | Additions | Deductions | As at<br>31.03.2015         | As at<br>01.04.2014 | Consolidation<br>Adjustments | Additions | Deductions | As at<br>31.03.2015 | As at<br>31.03.2015 |
| (A) Tangible Assets                    |                                                                     |                              |           |            |                             |                     |                              |           |            |                     |                     |
| Freehold Land                          | 9.74                                                                | 0.08                         | 6.63      | 0.07       | 16.38                       | -                   | -                            | -         | -          | -                   | 16.38               |
| Leasehold Land                         | 14.01                                                               | -                            | 17.21     | 0.01       | 31.21                       | 1.31                | -                            | 0.46      | ^          | 1.77                | 29.44               |
| Leasehold Improvement                  | 1.27                                                                | (0.17)                       | -         | -          | 1.10                        | 0.73                | (0.10)                       | 0.03      | -          | 0.66                | 0.44                |
| Buildings                              | 134.84                                                              | 0.24                         | 6.90      | -          | 141.98                      | 46.02               | 0.01                         | 7.40      | -          | 53.43               | 88.55               |
| Plant & Equipments                     | 215.74                                                              | (2.10)                       | 15.60     | 0.25       | 228.99                      | 86.37               | (1.21)                       | 30.20     | 0.18       | 115.18              | 113.81              |
| Furniture & Fixtures                   | 41.23                                                               | (0.11)                       | 7.42      | -          | 48.54                       | 20.26               | (0.09)                       | 6.94      | -          | 27.11               | 21.43               |
| Vehicles                               | 12.52                                                               | 0.01                         | 2.15      | 1.24       | 13.44                       | 7.10                | 0.01                         | 2.02      | 1.08       | 8.05                | 5.39                |
| Office Equipments                      | 13.59                                                               | (0.44)                       | 3.88      | !          | 17.03                       | 8.34                | (0.36)                       | 3.43      | @          | 11.41               | 5.62                |
| Computers                              | 21.55                                                               | 0.00                         | 2.10      | 0.25       | 23.40                       | 19.25               | 0.00                         | 1.66      | 0.23       | 20.68               | 2.72                |
| TOTAL (A)                              | 464.49                                                              | (2.50)                       | 61.89     | 1.82       | 522.07                      | 189.38              | (1.74)                       | 52.14     | 1.49       | 238.29              | 283.78              |
| @ ₹ 13,854/- ^ ₹ 15,361/- ! ₹ 36,000/- |                                                                     |                              |           |            |                             |                     |                              |           |            |                     |                     |
| (B) Intangible Assets                  |                                                                     |                              |           |            |                             |                     |                              |           |            |                     |                     |
| Computer Software                      | 1.80                                                                | 0.00                         | 2.53      | -          | 4.33                        | 0.34                | 0.00                         | 0.76      | -          | 1.10                | 3.23                |
| ANDA Development Cost                  | 15.93                                                               | -                            | -         | -          | 15.93                       | 15.93               | -                            | -         | -          | 15.93               | -                   |
| Knowhow                                | 8.07                                                                | (1.09)                       | 0.54      | -          | 7.52                        | 6.96                | (0.95)                       | 0.43      | -          | 6.44                | 1.08                |
| TOTAL (B)                              | 25.80                                                               | (1.09)                       | 3.07      | -          | 27.78                       | 23.23               | (0.95)                       | 1.19      | -          | 23.47               | 4.31                |
| TOTAL (A + B)                          | 490.29                                                              | (3.59)                       | * 64.96   | 1.82       | 549.85                      | 212.61              | (2.69)                       | # 53.33   | 1.49       | 261.76              | 288.09              |
| (C) Capital Work in Progress           | (Including Pre Operative expenses of ₹ 15.66 Crore - Refer note 37) |                              |           |            |                             |                     |                              |           |            |                     | 170.20              |
| TOTAL FIXED ASSETS (A) + (B) + (C)     |                                                                     |                              |           |            |                             |                     |                              |           |            |                     | 458.29              |

\* Addition includes ₹ 7.73 Crore used for Research & Development.

# includes

(i) Depreciation of ₹ 1.69 Crore considered as Pre-operative expenditure - Refer note 37.

(ii) Depreciation of ₹ 1.70 Crore on Assets whose useful life has expired as on 1<sup>st</sup> April 2014 - Refer note 49.

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 13 FIXED ASSETS (CONTD.)

### 13.2 Previous Year

| ₹ in Crore                                                                                             |                     |                              |                |             |                     |                             |                              |                |             |                     |                     |
|--------------------------------------------------------------------------------------------------------|---------------------|------------------------------|----------------|-------------|---------------------|-----------------------------|------------------------------|----------------|-------------|---------------------|---------------------|
| Particulars                                                                                            | GROSS BLOCK         |                              |                |             | As at<br>31.03.2014 | DEPRECIATION / AMORTISATION |                              |                |             | NET BLOCK           |                     |
|                                                                                                        | As at<br>01.04.2013 | Consolidation<br>Adjustments | Additions      | Deductions  |                     | As at<br>01.04.2013         | Consolidation<br>Adjustments | Additions      | Deductions  | As at<br>31.03.2014 | As at<br>31.03.2014 |
| <b>(A) Tangible Assets</b>                                                                             |                     |                              |                |             |                     |                             |                              |                |             |                     |                     |
| Freehold Land                                                                                          | 8.21                | -                            | -              | -           | 8.21                | -                           | -                            | -              | -           | -                   | 8.21                |
| Leasehold Land                                                                                         | 14.01               | -                            | -              | -           | 14.01               | 0.92                        | -                            | 0.39           | -           | 1.31                | 12.70               |
| Leasehold Improvement                                                                                  | 1.09                | 0.15                         | 0.03           | -           | 1.27                | 0.62                        | 0.08                         | 0.03           | -           | 0.73                | 0.54                |
| Buildings                                                                                              | 129.34              | 0.18                         | 10.45          | 3.60        | 136.37              | 38.78                       | 0.00                         | 8.03           | 0.79        | 46.02               | 90.35               |
| Plant & Equipments                                                                                     | 179.33              | 1.82                         | 35.47          | 0.89        | 215.74              | 68.67                       | 1.03                         | 17.17          | 0.50        | 86.37               | 129.37              |
| Furniture & Fixtures                                                                                   | 39.17               | 0.12                         | 2.15           | 0.21        | 41.23               | 15.65                       | 0.08                         | 4.46           | 0.13        | 20.06               | 21.17               |
| Vehicles                                                                                               | 11.39               | 0.12                         | 1.35           | 0.34        | 12.52               | 5.51                        | 0.06                         | 1.81           | 0.28        | 7.10                | 5.42                |
| Office Equipments                                                                                      | 12.51               | 0.39                         | 0.71           | 0.02        | 13.59               | 6.14                        | 0.31                         | 1.10           | @           | 7.55                | 6.04                |
| Computers                                                                                              | 20.35               | -                            | 1.20           | -           | 21.55               | 16.86                       | 0.00                         | 1.67           | -           | 18.53               | 3.02                |
| <b>TOTAL (A)</b>                                                                                       | <b>415.41</b>       | <b>2.78</b>                  | <b>51.36</b>   | <b>5.06</b> | <b>464.49</b>       | <b>153.15</b>               | <b>1.56</b>                  | <b>34.66</b>   | <b>1.70</b> | <b>187.67</b>       | <b>276.82</b>       |
| @ ₹ 33,224/-                                                                                           |                     |                              |                |             |                     |                             |                              |                |             |                     |                     |
| <b>(B) Intangible Assets</b>                                                                           |                     |                              |                |             |                     |                             |                              |                |             |                     |                     |
| Computer Software                                                                                      | 0.63                | 0.00                         | 1.17           | -           | 1.80                | 0.10                        | 0.00                         | 0.24           | -           | 0.34                | 1.46                |
| ANDA Development Cost                                                                                  | 15.93               | -                            | -              | -           | 15.93               | 6.82                        | -                            | ##9.11         | -           | 15.93               | -                   |
| Knowhow                                                                                                | 6.52                | 0.90                         | 0.65           | -           | 8.07                | 5.86                        | 0.79                         | 0.30           | -           | 6.96                | 1.11                |
| <b>TOTAL (B)</b>                                                                                       | <b>23.08</b>        | <b>0.90</b>                  | <b>1.82</b>    | <b>-</b>    | <b>25.80</b>        | <b>12.78</b>                | <b>0.80</b>                  | <b>9.65</b>    | <b>-</b>    | <b>23.23</b>        | <b>2.57</b>         |
| <b>TOTAL (A + B)</b>                                                                                   | <b>438.49</b>       | <b>3.68</b>                  | <b>* 53.18</b> | <b>5.06</b> | <b>490.29</b>       | <b>165.93</b>               | <b>2.36</b>                  | <b># 44.31</b> | <b>1.70</b> | <b>210.90</b>       | <b>279.39</b>       |
| <b>(C) Capital Work in Progress</b> (Including Pre Operative expenses of ₹ 5.59 Crore - Refer note 37) |                     |                              |                |             |                     |                             |                              |                |             |                     | 93.55               |
| <b>TOTAL FIXED ASSETS (A) + (B) + (C)</b>                                                              |                     |                              |                |             |                     |                             |                              |                |             |                     | <b>372.94</b>       |

\* Addition includes ₹ 8.80 Crore used for Research & Development.

# Depreciation of ₹ 0.43 Crore considered as Pre-operative expenditure - Refer note 37.

## Includes impairment of ₹ 5.13 Crore.

## 14 NON CURRENT INVESTMENTS

| ₹ in Crore                                                             |            |                |               |               |
|------------------------------------------------------------------------|------------|----------------|---------------|---------------|
|                                                                        |            |                | 31 March 2015 | 31 March 2014 |
| <b>Trade Investments - Unquoted</b>                                    |            |                |               |               |
| <b>In Associates Companies:</b>                                        |            |                |               |               |
| <b>Turkmenderman Ajanta Pharma Ltd.</b>                                |            |                |               |               |
| 2,00,000 Shares of US \$ 10 each fully paid-up                         |            |                | 8.46          | 8.46          |
| Less: Diminution in the value of investments (Refer note 50)           |            |                | (8.46)        | -             |
|                                                                        | (A)        |                | -             | 8.46          |
| <b>In Mutual Funds (Quoted)</b>                                        |            |                |               |               |
|                                                                        | Face Value | No. of Units * |               |               |
| ICICI Prudential FMP Series 70-367 days Plan N Regular Plan Cumulative | 10.00      | 50,00,000      | 5.00          | -             |
|                                                                        |            | (-)            |               |               |
| ICICI Prudential FMP Series 71-369 days Plan E Regular Plan Cumulative | 10.00      | 50,00,000      | 5.00          | -             |
|                                                                        |            | (-)            |               |               |
| Kotak FMP Series 124 - Growth                                          | 10.00      | 50,38,705      | 5.04          | -             |
|                                                                        |            | (-)            |               |               |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 14 NON CURRENT INVESTMENTS (CONTD.)

|                                                                      |       |             |     | ₹ in Crore    |               |
|----------------------------------------------------------------------|-------|-------------|-----|---------------|---------------|
|                                                                      |       |             |     | 31 March 2015 | 31 March 2014 |
| HDFC FMP 372D October 2013 (1) Series 28 - Regular Growth            | 10.00 | 1,00,00,000 | (-) | 10.00         | -             |
| Birla Sun Life Fixed Term Plan - Series JA (366 days)                | 10.00 | 1,00,00,000 | (-) | 10.00         | -             |
| IDFC Fixed Term Plan Series 49 Regular Plan-Growth                   | 10.00 | 50,00,000   | (-) | 5.00          | -             |
|                                                                      |       | (B)         |     | 40.04         | -             |
|                                                                      |       | (A) + (B)   |     | 40.04         | 8.46          |
| Aggregate amount of quoted investments - Gross                       |       |             |     |               |               |
| Cost                                                                 |       |             |     | 40.04         | -             |
| Market Value                                                         |       |             |     | 45.35         | -             |
| Aggregate amount of unquoted investments (Cost / Book value) - Gross |       |             |     | -             | 8.46          |
| Aggregate provision for diminution in value of investments           |       |             |     | 8.46          | -             |

\* Figures in Brackets are for Previous Year

### 15 LONG TERM LOANS AND ADVANCES

|                              | 31 March 2015 | 31 March 2014 |
|------------------------------|---------------|---------------|
| (Unsecured, Considered Good) |               |               |
| Capital Advances             | 5.38          | 37.21         |
| Security Deposits            | 3.96          | 1.94          |
|                              | 9.34          | 39.15         |

### 16 OTHER NON CURRENT ASSETS

|                                                                                 | 31 March 2015 | 31 March 2014 |
|---------------------------------------------------------------------------------|---------------|---------------|
| In Deposit Accounts with Banks (with original maturity for more than 12 months) |               |               |
| Under Lien                                                                      | 4.30          | 7.92          |
| Others                                                                          | 0.10          | -             |
| Interest Accrued on fixed deposits with Banks                                   | 0.87          | 0.83          |
|                                                                                 | 5.27          | 8.75          |

### 17 CURRENT INVESTMENTS

|                                                                        |            |                |               | ₹ in Crore    |  |
|------------------------------------------------------------------------|------------|----------------|---------------|---------------|--|
|                                                                        | Face Value | No. of Units * | 31 March 2015 | 31 March 2014 |  |
| <b>In Mutual Funds (Quoted)</b>                                        |            |                |               |               |  |
| UTI-Treasury Advantage Fund-Institutional Plan                         | 1,000.00   | 1,60,730       | 16.11         | -             |  |
|                                                                        |            | (-)            |               |               |  |
| <b>Current Portion of Long Term Investments</b>                        |            |                |               |               |  |
| <b>In Mutual Funds (Quoted)</b>                                        |            |                |               |               |  |
| ICICI Prudential FMP Series 70-367 days Plan N Regular Plan Cumulative | 10.00      | -              | -             | 5.00          |  |
|                                                                        |            | (50,00,000)    |               |               |  |
| ICICI Prudential Interval Annual Plan III Regular Growth               | 10.00      | 25,84,343      | 3.35          | 5.00          |  |
|                                                                        |            | (38,59,781)    |               |               |  |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 17 CURRENT INVESTMENTS (CONTD.)

|                                                             | Face Value | No. of Units * | ₹ in Crore    |               |
|-------------------------------------------------------------|------------|----------------|---------------|---------------|
|                                                             |            |                | 31 March 2015 | 31 March 2014 |
| ICICI Prudential FMP Series 71-368 days Plan A Regular Plan | 10.00      | –              | –             | 5.00          |
| Cumulative                                                  |            | (50,00,000)    |               |               |
| ICICI Prudential FMP Series 71-369 days Plan E Regular Plan | 10.00      | –              | –             | 5.00          |
| Cumulative                                                  |            | (50,00,000)    |               |               |
| Kotak FMP Series 124 - Growth                               | 10.00      | –              | –             | 10.00         |
|                                                             |            | (1,00,00,000)  |               |               |
| HDFC FMP 372D October 2013 (1) Series 28 - Regular Growth   | 10.00      | –              | –             | 10.00         |
|                                                             |            | (1,00,00,000)  |               |               |
| Birla Sun Life Fixed Term Plan - Series JA (366 days)       | 10.00      | –              | –             | 10.00         |
|                                                             |            | (1,00,00,000)  |               |               |
| IDFC Fixed Term Plan Series 49 Regular Plan-Growth          | 10.00      | –              | –             | 5.00          |
|                                                             |            | (50,00,000)    |               |               |
|                                                             |            |                | <b>19.46</b>  | <b>55.00</b>  |
| Aggregate amount of quoted investments - Gross              |            |                |               |               |
| Cost                                                        |            |                | 19.46         | 55.00         |
| Market Value                                                |            |                | 19.89         | 56.98         |

\* Figures in Brackets are for Previous year

### 18 INVENTORIES

|                   | 31 March 2015 | 31 March 2014 |
|-------------------|---------------|---------------|
| Raw Materials     | 59.24         | 47.06         |
| Packing Materials | 23.40         | 24.61         |
| Work-in-Process   | 12.35         | 14.97         |
| Finished Goods    | 53.80         | 61.75         |
| Stock-in-trade    | 10.24         | 7.01          |
|                   | <b>159.03</b> | <b>155.40</b> |

### 19 TRADE RECEIVABLES

|                                                        | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------------|---------------|---------------|
| (Unsecured, Considered Good)                           |               |               |
| Over Six Months from the date they are due for payment | 19.77         | 10.77         |
| Others from the date they are due for payment          | 238.99        | 191.45        |
|                                                        | <b>258.76</b> | <b>202.21</b> |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 20 CASH AND BANK BALANCES

|                                                                                       | ₹ in Crore    |               |
|---------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                       | 31 March 2015 | 31 March 2014 |
| <b>20.1 Cash and cash equivalents (As per AS-3)</b>                                   |               |               |
| Balance with Banks - In Current Accounts                                              | 45.23         | 38.53         |
| Cash on Hand                                                                          | 0.11          | 0.09          |
| In Deposit Accounts (with original maturity of 3 months or less)                      | 9.15          | -             |
| (A)                                                                                   | <b>54.49</b>  | <b>38.62</b>  |
| <b>20.2 Other bank balances</b>                                                       |               |               |
| Earmarked balances with banks                                                         |               |               |
| Unpaid Dividend                                                                       | 0.29          | 0.21          |
| Unpaid sale proceeds of Fractional Shares                                             | 0.38          | -             |
| In Deposit Accounts (with original maturity of more than 3 months and upto 12 months) | 40.00         | 21.50         |
| In Deposit Accounts (With original maturity of more than 12 months)                   |               |               |
| Under Lien                                                                            | 0.60          | -             |
| Others                                                                                | 41.00         | 0.07          |
| (B)                                                                                   | <b>82.27</b>  | <b>21.77</b>  |
| (A) + (B)                                                                             | <b>136.76</b> | <b>60.39</b>  |

## 21 SHORT - TERM LOANS AND ADVANCES

|                                          | 31 March 2015 | 31 March 2014 |
|------------------------------------------|---------------|---------------|
| (Unsecured, Considered Good)             |               |               |
| Income Tax Paid (Net of Provision)       | -             | 5.31          |
| Balance with Statutory/Govt. Authorities |               |               |
| Excise Authorities                       | 30.12         | 27.22         |
| Vat Receivable                           | 2.33          | 1.54          |
| Octroi Refund Receivable                 | 0.52          | 0.52          |
| Prepaid Expenses                         | 0.18          | 0.70          |
| Advances to Creditors                    | 7.66          | 4.67          |
| Advances Recoverable in Cash or Kind     | 9.65          | 6.45          |
|                                          | <b>50.46</b>  | <b>46.42</b>  |

## 22 OTHER CURRENT ASSETS

|                                               | 31 March 2015 | 31 March 2014 |
|-----------------------------------------------|---------------|---------------|
| Interest Accrued on fixed deposits with banks | 5.19          | 0.62          |
| Forward Contract Receivable                   | 3.75          | -             |
|                                               | <b>8.94</b>   | <b>0.62</b>   |

## 23 REVENUE FROM OPERATIONS

|                         | 31 March 2015 | 31 March 2014 |
|-------------------------|---------------|---------------|
| <b>Sale of Products</b> |               |               |
| Finished Goods          | 1,087.20      | 931.35        |
| Stock-in-Trade          | 377.43        | 254.59        |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 23 REVENUE FROM OPERATIONS (CONTD.)

|                                 | ₹ in Crore      |                 |
|---------------------------------|-----------------|-----------------|
|                                 | 31 March 2015   | 31 March 2014   |
| <b>Other Operating Revenues</b> |                 |                 |
| Export Incentives               | 25.48           | 27.25           |
| Royalty and Fees                | 1.19            | 2.02            |
| Others                          | 0.91            | 0.78            |
|                                 | <b>1,492.21</b> | <b>1,215.99</b> |

## 24 OTHER INCOME

|                                             | 31 March 2015 | 31 March 2014 |
|---------------------------------------------|---------------|---------------|
| Exchange Rate Difference (Net)              | 4.14          | 2.90          |
| Gain on redemption of Long Term Investments | 1.06          | -             |
| Dividend from Current Investments           | 0.17          | 0.42          |
| Interest on Fixed Deposits with Banks       | 9.69          | 9.30          |
| Interest from Others                        | 1.45          | 0.19          |
| Miscellaneous Income                        | 0.29          | 0.90          |
|                                             | <b>16.80</b>  | <b>13.71</b>  |

## 25 COST OF MATERIALS CONSUMED

|                           | 31 March 2015 | 31 March 2014 |
|---------------------------|---------------|---------------|
| Raw Material Consumed     | 249.88        | 237.49        |
| Packing Material Consumed | 75.09         | 61.54         |
|                           | <b>324.97</b> | <b>299.03</b> |

## 26 PURCHASES OF STOCK-IN-TRADE

|                             | 31 March 2015 | 31 March 2014 |
|-----------------------------|---------------|---------------|
| Purchases of Stock-in-trade | <b>33.11</b>  | 40.47         |

## 27 CHANGES IN INVENTORIES OF FINISHED GOODS/WORK-IN-PROGRESS/STOCK-IN-TRADE

|                                                  | 31 March 2015 | 31 March 2014 |
|--------------------------------------------------|---------------|---------------|
| <b>Inventories at the beginning of the year:</b> |               |               |
| Work-in-Process                                  | 14.97         | 12.51         |
| Finished Goods                                   | 61.75         | 74.65         |
| Stock-in-Trade                                   | 7.01          | 2.59          |
| (A)                                              | <b>83.73</b>  | <b>89.75</b>  |
| <b>Inventories at the end of the year:</b>       |               |               |
| Work-in-Process                                  | 12.35         | 14.97         |
| Finished Goods                                   | 53.80         | 61.75         |
| Stock-in-Trade                                   | 10.24         | 7.01          |
| (B)                                              | <b>76.39</b>  | <b>83.73</b>  |
| (A) - (B)                                        | <b>7.34</b>   | <b>6.02</b>   |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 28 EMPLOYEE BENEFITS EXPENSE

|                                           | ₹ in Crore    |               |
|-------------------------------------------|---------------|---------------|
|                                           | 31 March 2015 | 31 March 2014 |
| Salaries, Wages, Bonus and Allowances     | 185.03        | 145.44        |
| Expense on Employee Stock Option Scheme   | 0.10          | 0.21          |
| Contribution to Provident and Other Funds | 13.56         | 9.63          |
| Staff Welfare Expenses                    | 1.89          | 1.69          |
|                                           | <b>200.58</b> | <b>156.97</b> |

## 29 FINANCE COST

|                                               | 31 March 2015 | 31 March 2014 |
|-----------------------------------------------|---------------|---------------|
| Interest Expenses                             | 3.69          | 6.51          |
| Other Borrowing Cost (Including Bank Charges) | 2.23          | 2.22          |
|                                               | <b>5.92</b>   | <b>8.73</b>   |

## 30 OTHER EXPENSES

|                                          | 31 March 2015 | 31 March 2014 |
|------------------------------------------|---------------|---------------|
| Selling Expenses                         | 182.98        | 153.32        |
| Clearing and Forwarding                  | 47.83         | 40.64         |
| Travelling Expenses                      | 28.42         | 28.64         |
| Processing Charges                       | 16.61         | 12.55         |
| Power and Fuel                           | 12.91         | 11.20         |
| Advertisement and Publicity              | 10.15         | 7.61          |
| Consumption of Stores & Spare Parts      | 21.10         | 14.43         |
| Rent                                     | 5.99          | 4.27          |
| Rates and Taxes                          | 0.31          | 0.94          |
| Legal and Professional Fees              | 6.40          | 4.64          |
| Postage and Telephone Expenses           | 5.76          | 5.66          |
| Repairs & Maintenance                    |               |               |
| Buildings                                | 3.87          | 0.74          |
| Machineries                              | 7.31          | 3.60          |
| Computers & Others                       | 6.83          | 3.43          |
| Insurance                                | 3.77          | 3.06          |
| Donation                                 | 0.04          | 0.29          |
| Loss on sale of Fixed Assets (Net)       | 0.05          | -             |
| Corporate Social Responsibility Expenses | 3.89          | 1.35          |
| Miscellaneous Expenses                   | 45.11         | 40.73         |
|                                          | <b>409.33</b> | <b>337.10</b> |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 31. EARNINGS PER SHARE (EPS)

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

| Particulars                                                                               | 31 March 2015 | 31 March 2014 |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Basic and Diluted Earnings Per Share:</b>                                              |               |               |
| Profit attributable to Equity shareholders- considered for Basic EPS (₹ in Crore) (A)     | 309.86        | 233.88        |
| Add: Dilutive effect on profit (₹ in Crore) (B)*                                          | Nil           | Nil           |
| Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Crore) (C=A+B) | 309.86        | 233.88        |
| Number of Equity Shares outstanding - considered for Basic EPS (D)                        | 8,79,37,938   | 8,78,73,250   |
| Add: Dilutive effect of option outstanding- Number of Equity Shares (E)*                  | 89,585        | 1,54,908      |
| Number of Equity Shares considered for computing Diluted EPS (F=D+E)                      | 8,80,27,523   | 8,80,28,158   |
| Face Value per Equity Share (₹)                                                           | 2             | 2             |
| Basic Earnings Per Share (₹) (A/D)                                                        | 35.24         | 26.62         |
| Diluted Earnings Per Shares (₹) (C/F)                                                     | 35.20         | 26.57         |

\* Dilutive effect on number of equity shares and profit attributable is on account of Employee Stock Option Scheme (ESOS) - (Refer note 39).

Pursuant to the approval accorded at the Annual General Meeting of the members of the Holding Company held on 11<sup>th</sup> March 2015 and upon completion of other regulatory formalities, equity share are adjusted consequent to sub-division of equity share of face value ₹ 5 each into equity shares of face value ₹ 2/- each. Accordingly, the Basic and Diluted Earnings Per Share (EPS) has been restated for the previous year to give effect of the sub-division of shares in accordance with Accounting Standard 20 "Earnings Per Share".

- 32.** Consolidated Financial Statements present the consolidated accounts of the Holding Company and following subsidiary companies.

#### 32.1 Details of subsidiaries of the Group are as under:

| Name of the Company                                                                 | Country of Incorporation | % voting power held as at 31 March 2015 |
|-------------------------------------------------------------------------------------|--------------------------|-----------------------------------------|
| Ajanta Pharma (Mauritius) Ltd. ("APML")                                             | Mauritius                | 100%                                    |
| Ajanta Pharma (Mauritius) Intl. Ltd. ("APMIL")<br>(Wholly owned Subsidiary of APML) | Mauritius                | 100%                                    |
| Ajanta Pharma USA Inc. ("AP USA Inc.")                                              | U.S.A.                   | 100%                                    |
| Ajanta Pharma Philippines Inc. ("APPI")                                             | Philippines              | 100%                                    |
| Ajanta Pharma UK Ltd. ("AP UK")                                                     | England & Wales          | 100%                                    |
| Ajanta Pharma Nigeria Ltd. ("APNL")                                                 | Nigeria                  | 100%                                    |

**32.2** The financial statements of the subsidiaries used in consolidation are for the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

**32.3** Financial statements and other informations of subsidiaries have been audited by other auditors.

**32.4** Ajanta Pharma UK Ltd., a wholly owned subsidiary has been incorporated as on 30<sup>th</sup> November 2010. However there are no transactions up to 31<sup>st</sup> March 2015.

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

**32.5** Investment in Turkmenderman Ajanta Pharma Ltd, an associate company, was being considered for divestment after the Holding Company had ceased to have significant influence in the said associate company. Further, associate company operates under severe restriction that significantly impairs its ability to transfer the funds to the Holding Company. Considering the above, "Equity Method" of accounting has been discontinued from financial year 2007-08 and said investment is being accounted in accordance with Accounting Standard-13 'Accounting for Investments'. Accordingly, carrying amount of investments of ₹ 8.46 Crores as on 31 March 2007 has been regarded as cost in compliance with the Accounting Standard- 23 'Accounting for Investments in Associates'.

### 33. COMMITMENTS

- a) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances ₹ 9.69 Crore (Pr. Yr. ₹ 48.06 Crore).
- b) Other Commitments – Non-cancellable operating leases (Refer note 40).

### 34. CONTINGENT LIABILITIES

| Particulars                                                                                        | ₹ in Crore    |               |
|----------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                    | 31 March 2015 | 31 March 2014 |
| i. Claims against the Company not acknowledged as debt*                                            | 0.70          | 0.70          |
| ii. Sales tax demands disputed by Company pending in appeal*                                       | 0.22          | 0.22          |
| iii. Custom Duty on import under Advance License Scheme, pending fulfilment of Exports obligation. | 4.46          | 1.39          |
| iv. Disputed Octroi Amount paid under protest ₹ 0.52 Crore (Pr. Yr. ₹ 0.52 Crore)*                 | 0.52          | 0.52          |
| v. Disputed excise duty *                                                                          | 0.34          | 0.34          |
| Amount paid under protest ₹ 0.25 Crore (Pr. Yr. ₹ 0.25 Crore)                                      |               |               |

\* The management has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

Future cash outflows in respect of liability under clause (i) is dependent on terms agreed upon with the parties, in respect of clauses (ii) to (v) is dependent on decisions by relevant authorities of respective disputes.

- 35.** The Board of Directors of the Holding Company have recommended dividend of ₹ 6/- per equity share of FV ₹ 2/- (Pr. Yr. ₹ 10 per equity share of FV ₹ 5/-), which is subject to approval of shareholders.
- 36.** The Group has one segment of activity namely "Pharmaceuticals".

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

- 37.** In case of the Holding Company, Pre-operative expenses pending capitalisation included in Capital Work-in-Progress (Refer note 13) represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of projects and commencement of commercial operations. The details of pre-operative expenses are:

| ₹ in Crore                                        |               |               |
|---------------------------------------------------|---------------|---------------|
| Particulars                                       | 31 March 2015 | 31 March 2014 |
| Opening Balance                                   | 5.59          | 1.55          |
| <b>Add:</b> Incurred during year – Other Expenses |               |               |
| Salary, allowances and contribution to funds      | 4.33          | 2.00          |
| Professional fees                                 | 0.34          | 0.16          |
| Travelling expenses                               | 0.88          | 0.22          |
| Depreciation                                      | 1.69          | 0.43          |
| Others                                            | 4.30          | 1.23          |
| <b>TOTAL</b>                                      | <b>17.13</b>  | <b>5.59</b>   |
| <b>Less:</b> Capitalised to Fixed Assets          | 1.47          | Nil           |
| <b>Closing Balance</b>                            | <b>15.66</b>  | <b>5.59</b>   |

### 38. EMPLOYEE BENEFITS IN RESPECT OF THE HOLDING COMPANY

As required by Accounting Standard-15 'Employee Benefits' the disclosures are as under:

#### 38.1. Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain employees. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. During the year, the Company has recognised the following amounts in the Account:

| ₹ in Crore                                   |               |               |
|----------------------------------------------|---------------|---------------|
| Particulars                                  | 31 March 2015 | 31 March 2014 |
| Provident Fund and Employee's Pension Scheme | 8.76          | 6.97          |
| Employees State Insurance                    | 1.77          | 1.50          |
| <b>TOTAL</b>                                 | <b>10.53</b>  | <b>8.47</b>   |

#### 38.2. Defined Benefit Plans:

**Gratuity:** The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

##### 38.2.1. On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

##### 38.2.2. On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

**Death Benefit:** The Company provides for death benefit, a defined benefit plan (death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non funded.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan), based on actuarial reports as on 31st March 2015 are as under:

| Particulars                                                        | ₹ in Crore    |               |
|--------------------------------------------------------------------|---------------|---------------|
|                                                                    | 31 March 2015 | 31 March 2014 |
| <b>i) Changes in Defined Benefit Obligation</b>                    |               |               |
| Opening defined benefit obligation                                 | 7.99          | 6.68          |
| Current Service Cost                                               | 1.36          | 1.25          |
| Interest Cost                                                      | 0.66          | 0.53          |
| Actuarial loss / (gain)                                            | 1.78          | (0.24)        |
| Benefit (paid)                                                     | (0.42)        | (0.24)        |
| <b>Closing defined benefit obligation</b>                          | <b>11.37</b>  | <b>7.98</b>   |
| <b>ii) Changes in Fair Value of Assets</b>                         |               |               |
| Opening fair value of plan assets                                  | 6.76          | 4.82          |
| Adjustment to the fund                                             | (0.03)        | Nil           |
| Transfers out of fund                                              | Nil           | (0.11)        |
| Expected return on plan assets                                     | 0.58          | 0.47          |
| Actuarial gain/(loss)                                              | 0.03          | (0.05)        |
| Contributions of employer                                          | 1.32          | 1.87          |
| Benefits (paid)                                                    | (0.42)        | (0.24)        |
| <b>Closing fair value of plan assets</b>                           | <b>8.24</b>   | <b>6.76</b>   |
| <b>iii) Amount recognised in the Balance Sheet</b>                 |               |               |
| Present value of obligations as at year end                        | 11.37         | 7.98          |
| Fair value of the plan assets as at year end                       | 8.24          | 6.76          |
| <b>Net (asset) / liability recognised as at the year end</b>       | <b>3.13</b>   | <b>1.22</b>   |
| <b>iv) Expenses recognised in the Statement of Profit and Loss</b> |               |               |
| Current Service Cost                                               | 1.36          | 1.25          |
| Interest on defined benefit obligation                             | 0.66          | 0.53          |
| Expected return on plan assets                                     | (0.58)        | (0.47)        |
| Net actuarial loss / (gain) recognised in the current year         | 1.74          | (0.19)        |
| Adjustment to the opening fund                                     | 0.03          | Nil           |
| <b>TOTAL EXPENSE</b>                                               | <b>3.21</b>   | <b>1.12</b>   |
| <b>v) Asset information</b>                                        |               |               |
| Others – Policy of Insurance                                       | 100%          | 100%          |
| <b>vi) Principal actuarial assumptions used</b>                    |               |               |
| Discount rate (p.a.)                                               | 7.70%         | 9.10%         |
| Expected rate of return on plan assets (p.a.)                      | 8.50%         | 8.50%         |
| Annual increase in salary cost (p.a.)                              | 6.00%         | 6.00%         |

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2014- 15.

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### 38.3 Leave Encashment:

The Holding Company's employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method".

Accordingly ₹ 4.86 Crore (Pr.Yr. ₹ 3.15 Crore) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

### 38.4 Employee Retirement And Other Benefit Obligations in respect of the Subsidiary Company at Mauritius:

No provision has been made in respect of employee retirement and other benefit obligations. The company holds an Export Enterprise Certificate under the Consolidated Industrial Expansion Act 1993 (amended). As provided in the Act, section VI of the Labour Act in respect of severance allowance (except in cases of unjustified dismissal) does not apply. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

No provision has been made in respect of employee retirement and other benefit obligations. The company holds an Export Enterprise Certificate under the Consolidated Industrial Expansion Act 1993 (amended). As provided in the Act, section VI of the Labour Act in respect of severance allowance (except in cases of unjustified dismissal) does not apply. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

### 39. EMPLOYEES STOCK OPTIONS SCHEME ('ESOS')

The Holding Company has implemented "Employees Stock Options Scheme 2011" ('ESOS - 2011') as approved in earlier year by the shareholders of the Holding Company and the Compensation committee of Board of Directors.

The options are granted at an exercise price which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each.

The particulars of the options under ESOS 2011 are as under:

| Particulars                                                         | 31 March 2015<br>Nos. (FV ₹2)* | 31 March 2014<br>Nos. (FV ₹5)* |
|---------------------------------------------------------------------|--------------------------------|--------------------------------|
| Options outstanding as at the beginning of the Year                 | 1,58,250                       | 56,000                         |
| Add: Options granted during the Year                                | Nil                            | 3,000                          |
| Less: Options lapsed during the Year                                | Nil                            | Nil                            |
| Less: Options Exercised during the Year                             | 66,750                         | 16,800                         |
| Add: Options increased due to effect of bonus issue (Refer note 31) | Nil                            | 21,100                         |
| Options outstanding as at the Year End                              | 91,500                         | 63,300                         |

\*Following the stock split from ₹ 5/- to ₹ 2/- per share (Refer note 31) as approved by the shareholders on 11<sup>th</sup> March 2015, the number of options granted and outstanding have been revised to 1,58,250 (FV ₹ 2/-) as on 11<sup>th</sup> March 2015 and consequently each option entitles an employee to subscribe to one equity share of the Company at revised exercise price of ₹ 2/- per share.

Expenditure for the year relating to options granted during the previous year aggregating to ₹ 0.07 Crore (Pr. Yr. ₹ 0.12 Crore) have been recovered by debiting to the wholly owned subsidiary.

### 40. DISCLOSURE FOR OPERATING LEASES UNDER ACCOUNTING STANDARD 19 - "LEASES"

The Holding Company and Subsidiary Companies have taken various residential / godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally cancellable and range between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Holding Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments of ₹ 5.99 Crore (Pr. Yr. ₹ 4.27 Crore) are recognised in the Statement of Profit and Loss under "Rent" under Note 30.

#### Operating Lease

| ₹ in Crore                                        |               |               |
|---------------------------------------------------|---------------|---------------|
| Particulars                                       | 31 March 2015 | 31 March 2014 |
| Not later than one year                           | 6.26          | 3.87          |
| Later than one year but not later than five years | 17.36         | 14.54         |
| Later than five years                             | 3.18          | 6.35          |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### Finance Lease\*

| Particulars                                       | ₹ in Crore                               |                                |                                         |
|---------------------------------------------------|------------------------------------------|--------------------------------|-----------------------------------------|
|                                                   | Total Minimum Lease Payments Outstanding | Future Interest on Outstanding | Present Value of Minimum Lease Payments |
| Within one year                                   | 0.54<br>(0.52)                           | Nil<br>(Nil)                   | 0.54<br>(0.52)                          |
| Later than one year and not later than five years | 0.99<br>(1.02)                           | Nil<br>(Nil)                   | 0.99<br>(1.02)                          |
| <b>TOTAL</b>                                      | <b>1.53<br/>(1.54)</b>                   | <b>Nil<br/>(Nil)</b>           | <b>1.53<br/>(1.54)</b>                  |

\*Figures in brackets indicate Previous year figures.

Future obligations towards lease rentals under the lease agreements as on 31<sup>st</sup> March 2015 amounts to ₹ 28.33 Crore (Pr. Yr. ₹ 26.30 Crore)

**41.** The consolidated financial statements have been prepared in compliance of clause 32 of the listing agreement with the stock exchange.

**42.** In case of the Holding Company, excise duty related to difference between closing and opening stock and other adjustments are stated under other expenses. Excise duty related to turnover is reduced from Gross Revenue from Operations.

**43.** In terms of the requirements of the Accounting Standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against fixed assets has been estimated for the period by the management based on the present value of estimated future cash flows expected to arrive from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary by the management except in case of intangible assets where the provision for impairment amounting to ₹ Nil (Pr. Yr. ₹ 5.13 Crore) has been considered necessary during the year, as recoverable amount of such assets is less than carrying amount as stated in the books.

**44.** As per the best estimate of the management, no provision is required to be made as per Accounting Standard-29 "Provision, Contingent Liabilities and Contingent Assets" as notified by the Companies

(Accounting Standards) Rules 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

### 45. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenses on research and development incurred during the year except depreciation are as under:

| Particulars                         | ₹ in Crore    |               |
|-------------------------------------|---------------|---------------|
|                                     | 31 March 2015 | 31 March 2014 |
| Cost of Material/ Consumables/Spare | 21.59         | 13.96         |
| Employee Benefits Expense           | 20.59         | 17.12         |
| Utilities                           | 1.82          | 1.40          |
| Other Expenses                      | 26.07         | 17.45         |
| <b>TOTAL</b>                        | <b>70.07</b>  | <b>49.93</b>  |

### 46. REMUNERATION TO AUDITORS (EXCLUDING SERVICE TAX)

| Particulars                         | ₹ in Crore    |               |
|-------------------------------------|---------------|---------------|
|                                     | 31 March 2015 | 31 March 2014 |
| Audit Fees                          | 0.24          | 0.20          |
| Tax Audit Fees                      | 0.02          | 0.02          |
| For Certification and Other matters | 0.08          | 0.07          |

# Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

## 47. RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD 18 ARE GIVEN BELOW

### A) Relationships:

#### Category I - Associate Company:

Turkmenderman Ajanta Pharma Ltd

(TDAPL)

#### Category II - Directors, Key Management Personnel & their Relatives:

|                        |                         |
|------------------------|-------------------------|
| Mannalal B. Agrawal    | Chairman                |
| Purushottam B. Agrawal | Executive Vice Chairman |
| Madhusudan B. Agrawal  | Executive Vice Chairman |
| Yogesh M. Agrawal      | Managing Director       |
| Rajesh M. Agrawal      | Joint Managing Director |
| Dr. Ramesh Jhawar      | Director (AP Inc. USA)  |
| Arvind Agrawal         | Chief Financial Officer |
| Gaurang Shah           | Company Secretary       |

& Relatives of Key Management Personnel

#### Category III - Enterprise over which persons covered under category II above are able to exercise significant control:

Gabs Investment Private Limited  
 Louroux Bio Energies Limited  
 Inspira Projects Limited  
 Inspira Infra (Aurangabad) Limited  
 Inspira Infrastructure Limited  
 Inspira Leisure And Hospitality Limited  
 Sunder Ajanta Infrastructure Limited  
 Seth Bhagwandas Agarwal Charitable Trust  
 Ganga Exports

### B) Following transactions were carried out with related parties:

| ₹ in Crore                                                    |          |               |               |
|---------------------------------------------------------------|----------|---------------|---------------|
| Particulars                                                   | Category | 31 March 2015 | 31 March 2014 |
| Royalty Income received from TDAPL                            | I        | 1.10          | 1.84          |
| <b>Remuneration to Executive Directors:</b>                   |          |               |               |
| Yogesh M. Agrawal                                             | II       | 1.71          | 1.46          |
| Madhusudan B. Agrawal                                         | II       | 1.71          | 1.46          |
| Purushottam B. Agrawal                                        | II       | 1.71          | 1.46          |
| Rajesh M. Agrawal                                             | II       | 1.31          | 1.00          |
| Dr. Ramesh Jhawar                                             | II       | 1.22          | 0.10          |
| <b>Commission and Sitting Fees to Non-Executive Director:</b> |          |               |               |
| Mannalal B. Agrawal                                           | II       | 1.52          | 1.51          |
| <b>Rent to:</b>                                               |          |               |               |
| Manisha Y. Agrawal                                            | II       | 0.79          | 0.79          |
| Smriti R. Agrawal                                             | II       | 0.79          | 0.79          |
| Aayush M. Agrawal                                             | II       | 0.79          | 0.79          |

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

### B) Following transactions were carried out with related parties: (Contd.)

| ₹ in Crore                                             |          |               |               |
|--------------------------------------------------------|----------|---------------|---------------|
| Particulars                                            | Category | 31 March 2015 | 31 March 2014 |
| <b>Remuneration to:</b>                                |          |               |               |
| Rajesh M. Agrawal                                      | II       | N.A           | 0.08          |
| Arvind Agrawal                                         | II       | 0.88          | N.A           |
| Gaurang Shah                                           | II       | 0.27          | N.A           |
| <b>Dividend Paid</b>                                   | II       | 21.85         | 9.11          |
|                                                        | III      | 3.36          | 1.38          |
| <b>Purchase of Assets</b>                              |          |               |               |
| Louroux Bio Energies Limited                           | III      | 0.03          | Nil           |
| <b>Corporate Social responsibility Expense</b>         |          |               |               |
| Seth Bhagwandas Agarwal Charitable Trust               | III      | 0.25          | 0.05          |
| <b>Provision for diminution in value of investment</b> |          |               |               |
| TDAPL                                                  | I        | 8.46          | Nil           |

### C) Amount Outstanding as on 31<sup>st</sup> March 2015

| ₹ in Crore                                              |          |               |               |
|---------------------------------------------------------|----------|---------------|---------------|
| Particulars                                             | Category | 31 March 2015 | 31 March 2014 |
| Investment in TDAPL                                     | I        | 8.46          | 8.46          |
| Provision for diminution in value of investment - TDAPL | I        | 8.46          | Nil           |
| <b>Commission Payable to Non-Executive Director</b>     |          |               |               |
| Mannalal B. Agrawal                                     | II       | 1.51          | 1.51          |

## 48. NOTE ON HEDGE AND UNHEDGED FOREIGN CURRENCY ASSETS AND LIABILITIES

During the year, the Holding Company has entered into Forward Exchange Contract, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding foreign currency forward contracts entered into by the Holding Company:

| Particulars | 31 March 2015<br>Foreign Currency<br>Amt in Crore | 31 March 2014<br>Foreign Currency<br>Amt in Crore | Buy or Sell | Cross Currency |
|-------------|---------------------------------------------------|---------------------------------------------------|-------------|----------------|
| EURO        | 0.88                                              | Nil                                               | SELL        | INR            |

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

| Particulars       | ₹ in Crore    | ₹ in Crore    | Foreign Currency<br>Amt in Crore | Foreign Currency<br>Amt in Crore | Foreign Currency |
|-------------------|---------------|---------------|----------------------------------|----------------------------------|------------------|
|                   | 31 March 2015 | 31 March 2014 | 31 March 2015                    | 31 March 2014                    |                  |
| Amount Receivable | 200.48        | 142.61        | 3.21                             | 2.38                             | USD              |
|                   | 7.26          | 25.19         | 0.11                             | 0.31                             | EURO             |
|                   | 0.07          | 0.15          | @                                | @                                | GBP              |
|                   | 0.06          | 0.11          | #                                | #                                | CHF              |
| Amount Payable    | 52.05         | 116.46        | 0.83                             | 1.94                             | USD              |
|                   | 4.71          | 21.67         | 0.07                             | 0.26                             | EURO             |
|                   | 0.02          | Nil           | *                                | Nil                              | GBP              |

@ GBP 7,884, # CHF 10,416, \* GBP 2,513 (P.Y. @ GBP 15,178 and # CHF 21,300).

## Notes

forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015

- 49.** Depreciation of Holding company for the year has been aligned to meet the requirements of Schedule II of the Companies Act, 2013 and accordingly an amount of ₹ 1.12 Crore (net of deferred tax of ₹ 0.58 Crore) in relation to assets where useful life has already expired as on 1<sup>st</sup> April 2014 has been charged to Retained Earnings.
- 50.** Turkmenderman Ajanta Pharma Ltd, an associate company, operates under severe restriction that significantly impairs its ability to transfer the funds. Company has been making efforts to divest this investment since last few years without any success. Hence, during the year, Company has fully provided ₹ 8.46 Crore, being permanent diminution in value of said investment and is shown under exceptional item.
- 51.** Additional information, as required under Schedule III of the Companies Act 2013, of enterprises consolidated as Subsidiary/Associates

| Name of enterprise                                                                                                    | Net assets i.e total assets<br>minus total liabilities |                        | Share in profit (loss)                |                        |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------|---------------------------------------|------------------------|
|                                                                                                                       | As % of<br>consolidated<br>net assets                  | Amount<br>(₹ In crore) | As % of<br>consolidated<br>net assets | Amount<br>(₹ In crore) |
| <b>Parent</b>                                                                                                         |                                                        |                        |                                       |                        |
| Ajanta Pharma Limited                                                                                                 | 88.3%                                                  | 742.50                 | 92.6%                                 | 286.78                 |
| <b>Foreign Subsidiaries</b>                                                                                           |                                                        |                        |                                       |                        |
| Ajanta Pharma (Mauritius) Ltd (APML)<br>including its wholly owned subsidiary<br>Ajanta Pharma (Mauritius) Intl. Ltd. | 8.5%                                                   | 71.14                  | 4.2%                                  | 12.91                  |
| Ajanta Pharma Philippines Inc. (APPI)                                                                                 | 3.0%                                                   | 25.58                  | 4.7%                                  | 14.62                  |
| Ajanta Pharma USA Inc. (AP USA Inc)                                                                                   | 0.2%                                                   | 1.91                   | (1.4%)                                | (4.19)                 |
| Ajanta Pharma Nigeria Ltd. (APNL)                                                                                     | 0.0%                                                   | (0.04)                 | (0.1%)                                | (0.26)                 |
| <b>TOTAL</b>                                                                                                          |                                                        | <b>841.09</b>          |                                       | <b>309.86</b>          |

Also refer Note 32.4 and 32.5

For salient features of the financial statements of subsidiaries - Refer Annexure "B" of Director's Report.

- 52.** Previous year's figures are regrouped and recasted wherever required. Amount less than ₹ 50,000/- are shown at actual.

As per our report of even date attached  
For **Kapoor & Parekh Associates**  
Chartered Accountants

**S. S. Kapoor**  
Partner

For and on behalf of Board of Directors

**Mannalal B. Agrawal**  
Chairman

**Purushottam B. Agrawal**  
Vice Chairman

**Yogesh M. Agrawal**  
Managing Director

**Arvind Agrawal**  
Chief Financial Officer

**Madhusudan B. Agrawal**  
Vice Chairman

**Rajesh M. Agrawal**  
Joint Managing Director

**Gaurang Shah**  
Company Secretary

Mumbai, 8<sup>th</sup> May 2015



(CIN No. L24230MH1979PLC022059)

Reg. Office: "Ajanta House", Charkop, Kandivali (West), Mumbai – 400 067

Tel No. 022 66061000; Fax No. 022 66061200

Website: www.ajantapharma.com; email: investorgrievance@ajantapharma.com

## NOTICE

**NOTICE** is hereby given that the **thirty-sixth** Annual General Meeting of the Members of Ajanta Pharma Limited will be held on Saturday, the 4<sup>th</sup> day of July 2015 at 11.00 a.m. at Prabodhankar Thackeray Natyagrah, Sodawala Lane, Borivali (West), Mumbai – 400092 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31<sup>st</sup> March 2015 together with the Report of the Board of Directors and the Auditors thereon and the consolidated audited financial statement of the Company for the financial year ended 31<sup>st</sup> March 2015.
2. To declare Dividend for the year ended 31<sup>st</sup> March 2015.
3. To appoint a Director in place of Mr. Rajesh M. Agrawal (DIN 00302467), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Kapoor & Parekh Associates, Chartered Accountants (Registration No. ICAI FRN 104803W) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as agreed upon by the Board of Directors and the Auditors."

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Articles of Association of the Company, Sections 196, 197 & 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby approves reappointment of Mr. Madhusudan B. Agrawal (DIN 00073872) as the Vice Chairman of the Company for a period of five years effective from 1<sup>st</sup> April 2015 on such remuneration and on terms and conditions as recommended by the Nomination & Remuneration Committee of the Directors and approved by the Board of Directors in their respective meetings held on 8<sup>th</sup> May 2015 and set out in the draft Agreement submitted before the meeting/s, which agreement be and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement and remuneration so as not to exceed the limits specified in Schedule V, as may be agreed to between the Directors and Mr. Madhusudan B. Agrawal or as may be varied by the General Meeting and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company for the purpose of giving effect to this resolution;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration and perquisites set out in the aforesaid agreement be paid to Mr. Madhusudan B. Agrawal, Vice Chairman as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V or such other amount and perquisites as may be provided from time to time."

6. To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to provisions of Section 14 and all other applicable provisions of Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s)

or amendment thereto or re-enactment(s) thereof for the time being in force), 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** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** the Board be and is also hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

7. To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 3 lacs plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31<sup>st</sup> March 2016, as approved by the Board of Directors of the Company, to be paid to M/s. Sevekari Khare & Associates for the cost audit of the Company's manufacturing plants situated at Paithan, Chikalthana, Chitegaon & products manufactured in Active Pharmaceutical Ingredient plant at Waluj, all located in Aurangabad, Maharashtra, be and is hereby ratified and confirmed."

By order of the Board of Directors

**Sd/-**

**Gaurang Shah**

*Sr. General Manager – Legal & Company Secretary*

8<sup>th</sup> May 2015

Registered office:  
"Ajanta House",  
Charkop,  
Kandivali (West),  
Mumbai – 400 067

## NOTES:

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person cannot act as proxy for members not exceeding 50 (Fifty) and holding in aggregate not more than ten percent of the total share capital of the Company.
- The proxy form, in order to be effective, must be duly completed, signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting
- Pursuant to Clause 49 of the Listing Agreement, details of Director seeking appointment/re-appointment at the Annual General Meeting, forms part of the notice.
- The Register of Members and the Transfer Books in respect of the Equity Shares will remain closed from Saturday, 27<sup>th</sup> June 2015 to Saturday, 4<sup>th</sup> July 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the year ended 31<sup>st</sup> March 2015, if approved by the Members.
- Dividend on Equity Shares, if declared at the Meeting, will be paid on or after 4<sup>th</sup> July 2015. In respect of shares held in physical form, the dividend will be paid to those Members whose names shall appear on the Company's Register of Members as on

Saturday, 27<sup>th</sup> June 2015. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on Friday, 26<sup>th</sup> June 2015.

8. In order to prevent fraudulent encashment of dividend warrants, the Company encourages remittance of dividend through ECS/NEFT/NECS. In view thereof, dividend will be remitted through ECS/NEFT/NECS to shareholders who have registered their mandates with the Company or to the bank particulars registered against respective depository accounts, in respect of shares held in demat mode. Shareholders are therefore requested to update their bank account details as under:
  - (i) In respect of shares held in demat mode, by informing the changes, if any to the Depository Participants of the Members.
  - (ii) In respect of shares held in physical mode, to furnish the mandate to the Company or Company's R&T Agents, Link Intime India Private Limited, bank account details to which the dividend shall be remitted through ECS/NEFT/NECS.
9. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. In view thereof, members who have not furnished PAN are requested to furnish the same as under:
  - (i) Members holding shares in electronic form to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.
  - (ii) Members holding shares in physical form to submit their PAN details to the Registrar and Transfer Agents.
10. In terms of Section 124 of the Companies Act, 2013, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly, the unpaid dividend lying in dividend account of the year 2007-2008 will be transferred to Investor Education and Protection Fund at appropriate time in the current financial year after complying with the due procedure. Members who have not encashed their dividend warrants are requested to write to the Registrars & Share Transfer Agents. Shareholders can visit the Company's website [www.ajantapharma.com](http://www.ajantapharma.com) to check the details of their unclaimed dividend under the Investors' section.
11. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days (except Saturdays, Sundays and public Holidays) up to the date of the Annual General Meeting between 11.00 a.m. to 1.00 p.m.
12. Shareholders seeking any information with regard to Annual Report are requested to write to the Company at an early date so that the information can be kept ready.
13. To support the green initiative of the Government, electronic copy of the Annual report for the year ended 31<sup>st</sup> March 2015 is being sent to the members whose mail IDs are available with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copy of the Annual Report 2015 is being sent in the permitted mode. Please note that the annual report and the notice of the 36<sup>th</sup> Annual General Meeting are also posted on the website "[www.ajantapharma.com](http://www.ajantapharma.com)" for download and copy of the Annual Report shall be provided to the shareholder at the Annual General Meeting, if required.
14. Voting through electronic means:
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on the resolutions proposed to be considered at the 36<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. Electronic copy of the Notice of the 36<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting

along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 36<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

- IV. The remote e-voting period commences on Wednesday, 1<sup>st</sup> July 2015 (9:00 a.m.) and ends on Friday, 3<sup>rd</sup> July 2015 (5:00 p.m.). During this period members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 27<sup>th</sup> June 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The instructions for e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
    - (i) Open email and open PDF file viz; "APL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: [www.evoting.nsdl.com/](http://www.evoting.nsdl.com/)
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
    - (vii) Select Electronic Voting Event Number (EVEN) of Ajanta Pharma Limited.
    - (viii) Now you are ready for e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [scrutinizer@ajantapharma.com](mailto:scrutinizer@ajantapharma.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
    - (i) Initial password is provided in the Attendance Slip for the AGM:  
EVEN (E Voting Event Number) USER ID \_\_\_\_\_ PASSWORD/PIN \_\_\_\_\_
    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of "[www.evoting.nsdl.com](http://www.evoting.nsdl.com)" or call on toll free no.: 1800-222-990.
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 27<sup>th</sup> June 2015. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the member of the Company before the cut-off date will not be entitled for remote e-voting or voting at the meeting. Any person, who becomes member of the Company

after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company. However, if you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

- VIII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- IX. Mr. Alwyn D'Souza, a Practicing Company Secretary, Mumbai (Membership No. 5559; Certificate of Practice No. 5137) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- X. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XI. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the

votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company 'www.ajantapharma.com' and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited & NSE, Mumbai.

By order of the Board of Directors

**Sd/-**

**Gaurang Shah**

*Sr. General Manager – Legal &  
Company Secretary*

8<sup>th</sup> May 2015

Registered office:  
"Ajanta House",  
Charkop,  
Kandivali (West),  
Mumbai – 400 067

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS OF THE ACCOMPANYING NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### ITEM NO. 5

Mr. Madhusudan B. Agrawal was appointed as Vice Chairman of the Company for a period of five years with effect from 1<sup>st</sup> April 2010 on the terms and conditions set out in the Agreement dated 6<sup>th</sup> May 2010, as per the approval of the Shareholders at the 31<sup>st</sup> Annual General Meeting held on 9<sup>th</sup> July 2010. His remuneration was thereafter revised in the year 2011 and 2014 as recommended by the Remuneration Committee and approved by the Board.

He is one of the Promoters of the Company and has been playing an important role in the growth of the Company since its inception. He has core competence in marketing and business development. His excellent relationship

management skill set with extensive contacts in the industry, regulatory and business circles, provide impetus to various business development and other initiatives of the Company. He has been a great motivator for the entire executive management team towards achieving higher goals.

Considering his immense contribution in the growth of the Company, the Board of Directors at their Meeting held on 8<sup>th</sup> May 2015 based on the recommendation of Nomination & Remuneration Committee, re-appointed him as Vice Chairman, for a period of five years effective 1<sup>st</sup> April 2015 on the terms and conditions including the terms of remuneration as set out in the draft agreement placed before the meeting and hereunder, subject to approval of members.

The remuneration payable to the Vice Chairman is as set out herein below:

- I. Salary: ₹ 96.77 lacs p.a. with such annual increment as may be decided by Board of Directors.
- II. Special allowance: ₹ 38.71 lacs p.a. with such annual increment as may be decided by Board of Directors.
- III. Commission: Such amount subject to the overall limits pertaining to the managerial remuneration laid down under Section 197 of the Companies Act, 2013, provided that the amount available as above for payment of commission will be divided equally amongst Managing Director, Joint Managing Director and the Vice Chairmen of the Company but each of them shall however receive commission not exceeding 1% of the net profit.
- IV. Perquisites & Allowances: Perquisites are classified into three parts A, B and C as follows subject to the condition that the aggregate amount of Salary, Perquisites and Commission shall not exceed 5% of the net profit for one managerial person and if there is more than one such managerial person, 10% for all of them together in terms of provisions of Section 197 of the Companies Act, 2013.

#### Part A:

- i. Rent free furnished accommodation provided as per policy of the Company and its value to be taken as per the provisions of Income Tax Act, 1961.
- ii. Expenditure incurred by the Company on gas, electricity, water, furnishing, repairs at actual.
- iii. Medical Reimbursement: Expenses incurred for self and family.
- iv. Leave Travel Allowance for self and family once in a year incurred in accordance with the rules of the Company.
- v. Fees of clubs subject to a maximum of two clubs excluding admission and Life Membership Fees.
- vi. Personal Accident Insurance: The amount of the annual premium at actual.
- vii. Servants allowances/expenditure: At actual.

#### Part B:

- i. Provident Fund: Contribution to Provident Fund as per rules of the Company subject to a ceiling of 12% of salary.
- ii. Gratuity: Gratuity payable shall be in accordance with the Company's Scheme as may be applicable or amended from time to time.

#### Part C:

Provision of Car for use of the Company's business and telephone at residence will not be considered as perquisites.

**Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year remuneration will be subject to a maximum ceiling limit per month which shall not exceed the limits specified under section II part II of Schedule V to the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

The draft agreement between the Company and Mr. Madhusudan B. Agrawal is available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays, Saturdays and Sundays, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General meeting.

The Board recommends the Resolution at Item No. 5 of the accompanying Notice for reappointment of Mr. Madhusudan B. Agrawal as Vice Chairman of the Company, for approval of members.

Mr. Madhusudan B. Agrawal is deemed to be interested in the resolution as it pertains to his re-appointment and remuneration payable to him. Mr. Mannalal B. Agrawal, Mr. Purushottam B. Agrawal, Mr. Yogesh M. Agrawal and Mr. Rajesh M. Agrawal, Directors of the Company are deemed to be interested in this resolution as Mr. Madhusudan B. Agrawal is their relative.

No other Director and Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolution at Item No. 5 of the Notice except to the extent of their shareholding and outstanding employee stock options in the Company.

**ITEM NO. 6**

The existing Articles of Association ("AOA") of the Company are based on the Companies Act, 1956. With the coming into force of the Companies Act, 2013 (the "new Act"), several regulations of the existing AOA of the Company are not in conformity with the new Act.

In view thereof, it is proposed to substitute existing AOA with the new Articles to bring it in conformity with the provisions of the new Act.

The draft AOA is uploaded on the Company's website and is also available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays, Saturdays and Sundays, between 11.00 a.m. to 1.00 p.m. Shareholder's attention is invited to certain salient provisions in the new draft of AOA of the Company viz:

1. Provisions relating to the appointment of independent and women directors have been added.
2. Provisions relating to the appointment of Key Managerial Personnel have been added.
3. Provisions relating to giving of special notice by shareholders for moving any resolution at a shareholders' meeting have been amended in accordance with the Act.
4. Provisions relating to disclosures to be made by directors at meetings of the board and vacation of office by directors have been amended in accordance with the new Act.
5. Provisions relating to use of the electronic medium to communicate with the shareholders and directors have been added.
6. Various existing articles have been aligned with the new Act.
7. The statutory provisions of the new Act which permit a company to do some acts "if so authorised by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included.

The Board recommends the Resolution at Item No. 6 of the accompanying Notice for approval of the Members of the Company.

No Director, Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolution

at Item No. 6 of the Notice except to the extent of their shareholding and outstanding employee stock options in the Company.

**ITEM NO. 7**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice for auditing cost records of the Company. Such appointment shall be on the recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On the recommendation of Audit Committee, the Board has at its meeting held on 8<sup>th</sup> May 2015 considered and approved appointment of M/s. Sevekari Khare & Associates, Cost Accountants, for the conduct of the Cost Audit of the Company's manufacturing plants situated at Paithan, Chikalthana, Chitegaon & products manufactured in Active Pharmaceutical Ingredient plant at Waluj, all located in Aurangabad, Maharashtra, at a remuneration of ₹ 3 lacs plus service tax as applicable and reimbursement of actual travel and out of pocket expenses, for the financial year ending 31<sup>st</sup> March 2016, subject to ratification by the members.

The Board recommends the Resolution at Item No. 7 of the accompanying Notice for approval of the Members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

By order of the Board of Directors

Sd/-  
Gaurang Shah  
Sr. General Manager – Legal &  
Company Secretary

8<sup>th</sup> May 2015

Registered office:

"Ajanta House",  
Charkop,  
Kandivali (West),  
Mumbai – 400 067

Details of the Director seeking appointment/re-appointment at thirty-sixth Annual General Meeting (pursuant to Clause 49 VIII (E) of the Listing Agreement)

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of Director</b>                      | Mr. Rajesh M. Agrawal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mr. Madhusudan B. Agrawal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Date of Birth</b>                         | 31.03.1976                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 29.03.1955                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>DIN No.</b>                               | 00302467                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 00073872                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Date of Appointment</b>                   | 30.04.2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 31.12.1979                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Expertise in Specific Functional Area</b> | <p>Strong business acumen with proven record of accomplishment of building and growing business in every segment and market with sustained and improved rankings. Upto date knowledge about latest happening in the Indian Pharma industry as well as global trends.</p> <p>Exceptional abilities in identifying business opportunities in the form of gap in patient needs and availability, getting it developed through R &amp; D, getting timely regulatory approvals and strategically launching the product. Core Competence in putting effective processes and control mechanism.</p> | <p>Core Competence in Marketing and business development, particularly institutional business. Excellent relationship management skills coupled with extensive contacts in the industry, regulatory and business circles.</p> <p>Effective leadership and motivation skills for setting higher goals and standards and driving the team to achieve the same. Providing direction and counsel to the executive management for exceeding business targets.</p> <p>Strongly pursues for adhering and instilling Company's values in the workforce and promoting good governance culture across the organisation.</p> |
| <b>Qualifications:</b>                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>(i) Educational</b>                       | M.B.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | B.Sc                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>(ii) Experience in years</b>              | 18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | More than 40                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>No. of shares held in the company</b>     | 64,11,102                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 53,88,750                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Other Directorships in Companies</b>      | Ajanta Pharma Philippines Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <div>1. Inspira Projects Limited</div> <div>2. Inspira Infra (Aurangabad) Limited</div> <div>3. Louroux Bio Energies Limited</div> <div>4. Inspira Infrastructure Limited</div> <div>5. Inspira Leisure And Hospitality Limited</div> <div>6. Ajanta Pharma USA Inc.</div> <div>7. Sunder Ajanta Infrastructures Limited</div>                                                                                                                                                                                                                                                                                    |
| <b>Membership of committees (M- Member)</b>  | Ajanta Pharma Limited – Executive Committee (M); Stakeholders’ Relationship Committee (M)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <div>Ajanta Pharma Limited – Executive Committee (M)</div> <div>Louroux Bio Energies Limited - Nomination &amp; Remuneration Committee (M)</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## Notes



◆ Capsule filling machine, Dahej



◆ Quality Control Lab, Dahej



◆ "V" blender, Dahej



◆ Fluid bed equipment, Dahej

## Disclaimer

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



(CIN No. L24230MH1979PLC022059)

Redg. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai – 400 067

Tel No. 022 6606 1000; Fax No. 022 6606 1200

Website: [www.ajantapharma.com](http://www.ajantapharma.com); email: [investorgrievance@ajantapharma.com](mailto:investorgrievance@ajantapharma.com)