

10th August, 2023

Following Directors, Key Managerial Personnel & Auditors of the Company attended the meeting through VC / OAVM:

1. Mr. Chiray Amin : Chairman & Member
2. Mrs. Malika Amin : Managing Director & CEO, Chairman of CSR Committee & Member
3. Mr. C. P. Buch : Director, Chairman of Audit Committee and Stakeholder Relationship Committee
4. Mr. Sameer Khera : Director, Chairman of Nomination and Remuneration Committee
5. Mr. Mayank Amin : Director
6. Ms. Rati Desai : Director
7. Mr. Udit Amin : Director
8. Mr. Abhijit Joshi : Director
9. Mr. Drigesh Mittal : Company Secretary
10. Mr. R. K. Baheti : Group CFO
11. Mr. Rasesh Shah : CFO
12. Dr. Girish Hirode : Invitee
13. Mr. Himanshu Kishnadwala : Partner of M/s. CNK & Associates LLP, Statutory Auditors
14. Mr. S. Samdani : Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors and Scrutinizer for this Meeting

Transcript:

Company Secretary:

Good Afternoon Dear Members.

I, Drigesh Mittal, Company Secretary of your Company welcome you all at the 116th Annual General Meeting (“AGM”) of the Company. This meeting is held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) without the physical presence of the members at a common venue in accordance with the applicable provisions of the Companies Act, 2013 (“Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015”) and in compliance with the procedure prescribed vide various circulars, issued from time to time by Ministry

of Corporate Affairs (“MCA”) and Securities and Exchange Board of India (“SEBI”).

Members attending the AGM through VC / OAVM shall be considered for the purposes of quorum under Section 103 of the Act. The requisite quorum being present, the meeting is declared in order and open for business.

Now, I request Mr. Chirayu Amin, Chairman of the Company to take over the proceedings please.

Mr. Chirayu Amin

Good Afternoon Dear Members,

I am Chirayu Amin, Chairman of the Company. I am attending the meeting from Vadodara.

I hope all of you are safe and are in good health.

I now request all other directors to introduce themselves.

Mrs. Malika Amin

Good afternoon members, I am Malika Amin, Managing Director and CEO of the Company and Chairperson of the Corporate Social Responsibility Committee. I am attending the meeting from Vadodara.

Mr. C. P. Buch

Good Afternoon Members, I am C. P. Buch, Independent Director and Chairman of the Audit Committee, Stakeholders’ Relationship Committee and Risk Management Committee. I am attending the meeting from Vadodara.

Mr. Sameer Khera

Good Evening Members, my name is Sameer Khera. I am a member of the Audit Committee and stakeholder committee. I am Chairman of the Nomination & Remuneration Committee. I am attending the meeting from Vadodara.

Mr. Mayank Amin

Good Afternoon Members, I am Mayank Amin Independent Director of the Company. I am attending the meeting from Vadodara.

Mrs. Rati Desai

Good Afternoon Members, I am Rati Desai, Independent Director of the Company. I am attending the meeting from Vadodara.

Mr. Abhijit Joshi

Good Afternoon Members, I am Abhijit Joshi, Director of the Company. I am attending the meeting from Vadodara. Thank you.

(Due to technical reasons, Mr. Udit Amin could not introduce himself.)

Mr. Chirayu Amin

Dr. Girish Hirode, who is proposed to be appointed as an Independent Director of the Company at this meeting has also joined us. Mr. Himanshu Kishnadwala, Partner of M/s. CNK & Associates LLP, Statutory Auditors and Mr. S. Samdani, Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors and Scrutinizer for this meeting and other company executives have also joined this meeting.

I now request Mr. Drigesh Mittal, Company Secretary to continue.

Mr. Drigesh Mittal

Thank you Sir. Now, I would like to take you through certain statutory details pertaining to this meeting.

The facility for joining this meeting is being available for members on first come first served basis.

Once the questions answers session starts, I will announce the name of the shareholders who have registered themselves as speaker shareholder. The speaker shareholder will thereafter be unmuted by the moderator. The Shareholder is requested to click the video-on button. If the shareholder is not able to join through video for any reason, the shareholder may speak through audio mode. While speaking, we request shareholders to use earphones so that their voice is clearly audible.

Members who are interested in raising the questions / queries through chat box option may kindly do the same.

During the meeting, if the member faces any issue, he/she may contact helpline no. mentioned in the Notice of AGM.

The statutory registers as required under the provisions of the Companies Act, 2013 are open for inspection electronically. Members who want to inspect the registers can send their request at alembic.investors@alembic.co.in.

As the AGM is held through VC / OAVM, the facility for appointment of proxies by the members is not applicable and hence the proxy register is not available for inspection.

Since the notice of AGM was already circulated, with the permission of the Chairman, I propose to take the same as read.

The Audit Report for standalone financial statements does not contain any qualification, reservation or adverse remarks. However, the Statutory Auditor in their Audit Report for consolidated financial statements have issued Qualified opinion as mentioned under 'Basis for Qualified Opinion'. This is on account of an audit qualification in the Auditor's Report of the Company's associate entity.

I will read out the Qualified Opinion on Consolidated Financial Statements as under:

Quote:

The Statutory Auditors of Alembic Pharmaceuticals Limited (hereinafter referred to as 'APL'), an Associate of the Holding Company, have mentioned the following Audit Qualification in their Audit Report dated 05th May, 2023:

"We refer to Note No. 3b to the consolidated financial statements/results regarding Draft Scheme of Arrangement that is, Scheme approved by the Board of Directors of the Holding Company in its meeting held on March 2, 2023, involving reorganization / utilisation of General Reserve, between the Holding Company and its shareholders with effect from the appointed date i.e. January 1, 2023 which is pending before regulatory authorities. Further, the Holding Company has withdrawn INR 1,025.66 crores from General Reserve and transferred the same to the Statement of Profit and Loss for the year ended March 31, 2023 under the head "Exceptional Items". We are of the opinion that

the said treatment does not meet the criteria of “Income” under Indian Accounting Standards (“Ind AS”) and therefore, the same should not be recognised in the Statement of Profit and Loss for the year. Had this transfer not been effected, Profit after tax for the year and Retained Earnings as at March 31, 2023 would have been reduced by INR 1,025.66 crores each, General Reserve as at March 31, 2023 would have been increased by INR 1,025.66 crores and Basic and Diluted Earnings per Share for the year ended March 31, 2023 would have been lower by INR 52.18 on consolidated basis.”

End of quote.

The response provided by the management of APL, which is also provided in the Annual Report of the Company is as under:

The Board of the Company has approved Draft Scheme of Arrangement between the Company and its shareholders (“Scheme”), which provides for reorganization / utilization of General Reserve of the Company, pursuant to the provisions of Section 230 and other applicable provisions of the Companies Act, 2013 read with applicable rules made thereunder (‘the Act’), with the Appointed Date of 1st January, 2023.

With reference to Note No. 3b, an amount equivalent to the amount of write-off and impairment of assets / Identified CWIP (net of deferred tax amount) has been transferred from General Reserve to the Statement of Profit and Loss for the financial year ended on 31st March, 2023 in order to maintain the accumulated unconditional distributable profits that existed before giving effect of write-off / impairment of Identified CWIP, in a manner permitted under the Act, and in alignment with intention specified in the Scheme.

It is pertinent to note that the transfer of General Reserve to the Statement of Profit and Loss, as aforesaid, does not have any impact on the networth of Company and it is a mode of utilization of the General Reserve of the Company.

The management has considered it appropriate to give the above accounting treatment together with giving effect to the provisions of the Scheme in the financial results for the financial year ended on 31st March, 2023, pending approval from Hon’ble NCLT, given that appointed date (January 1, 2023) falls within the FY 2022-23 and that there is high probability of effectiveness of the Scheme and to avoid reopening / restating the financial statements post receipt of all requisite approvals.

Said treatment gives an appropriate presentation of financial results given that Identified CWIP was built-up over the years and its debit to P&L in the current year does not reflect true financial result for the current year and as such also, said treatment provides better / true reflection of the financial results of the current financial year.

End of APL's management response.

The Audit Report of the Secretarial Auditors, M/s. Samdani Shah & Kabra, does not contain any qualification, reservation or adverse remarks.

In compliance with requirements of the Companies Act, 2013 read with rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of relevant SEBI circular dated 9th December, 2020 in relation to e-voting facility provided by listed companies, the Company has provided e-voting facility to its shareholders.

The E-voting platform provided by NSDL was open for voting from 9.00 a.m. IST on 7th August, 2023 upto 5.00 p.m. IST on 9th August, 2023.

Members who have not cast their vote through remote e-voting can cast their vote at the meeting.

M/s. Samdani Shah and Kabra, Practising Company Secretaries has been appointed as scrutinizer to scrutinize the votes casted through remote e-voting and during the meeting.

The Company had provided an opportunity to all the shareholders to register themselves as registered speakers. The facility of raising the questions / queries through chat box option is also provided by the Company.

Now we shall invite the shareholder(s) who have registered themselves as speaker shareholder.

Before we proceed, I would like to remind members to follow the instructions given earlier for participation.

Please note that the Management will respond to your questions / queries after taking questions from all the shareholders (including the questions, if any, received through the chat box).

So I would request Mr. Vinod Agarwal who has registered himself as speaker shareholder. I will request moderator to ask him to unmute.

Mr. Vinod Agarwal please mention your full name, Folio No. / DP ID - Client ID and the location from where you are participating and kindly proceed with the question.

Mr. Vinod Agrawal

I am Vinod Agarwal from Mumbai my DPID and Client ID is IN30311610678714. I have noted that the revenue for last year 127 crores against 75 crores in previous year and the PAT was 79 Crores, very good. So the dividend was Rs. 2.20, on a face value it is 110% very good sir. The only 2 queries that I have got is one; how much is the booking done in the year 2022-23 so it gives a little visibility of the revenues that will be generated in the years to come. And sir we are a real estate company, we are now with 78 to 79% of our revenue coming from the real estate, and we are mostly in Vadodara. Any plans to venture into other cities like Ahmedabad, Surat, Vapi, all Gujarat centric cities sir.

In the Annual Report on page no. 30, it mentioned that the bulk drug API venture has become unviable because it is in the heart of the city, and it requires a lot of extra capital to grow and that it is on prime land for development. What will be the status of the bulk drug and the API business in the years to come, and for the land utilization which is there, are you likely to develop the land which is used for the API and bulk drug, as mentioned on page No. 30.

Sir, I wish the company all the best. May the Company have greater revenue. And sir you could have shown a little more projects photos that you're doing, into the annual report. There is only one photo of Townhouse 24. You could have given little more photo so that we know what our company is doing in the real estate business. Signing off, Thank you. Vinod Agarwal from Mumbai.

Mr. Chirayu Amin

Thank you very much Mr. Agarwal. Any other ?

Mr. Drigesh Mittal

Yes, we have received questions through email from one shareholder I will read out all the questions.

So, Question no. 1 is we have mentioned 3 on-going residential projects i.e. VEDA-II, TownHouse24 and the Villas. Please can you tell me what is the total saleable area, expected revenues and revenues already booked upto FY 2023 for each of these projects?

Question no. 2 is, what is the guidance for revenue to be booked in FY 2024 from Real Estate Development and what would be the associated EBIT from the same?

Question no. 3 is, if we adjust for Investment Property Revenues and EBIT (from Note 33(P)), then the total revenue from Real Estate Development for the past 3 years has been Rs. 109 cr and EBIT has shown a loss of Rs. 1 cr. Why are Real Estate Development margins so low? Is this because of the peculiarity of Ind AS 115 accounting where full revenues of under construction properties can only be booked once the project is completed?

Question no. 4 is, what is the total carpet area currently under lease which reflects the rental revenue of Rs. 28 cr for the year?

Question no. 5 is, we have Rs. 49 cr of CWIP under Investment Property. Which property is this for and what is the total area under construction? When will this construction be completed and what is the expected rental from the same when fully leased?

Question no. 6 is, what is the guidance for total area under lease in FY 2024 and expected lease income from the same?

Question no. 7 is, Is there any plan to demerge the Real Estate business at some point in time?

Question no. 8 is, Dividend policy - after a long time of low dividend payouts we have significantly ramped up the dividend payout % in FY 22 and FY 23. Please can management elaborate on what has changed?

Question no. 9 is, Is Alembic City Bangalore project under our Company?

Question no.10 is, Please can management talk about the vision for the Company and what are the triggers for value creation over the next 5 years.

Mr. Drigesh Mittal

No queries have been received through the chat box option.

Mr. Rasesh Shah

Udit sir would you like to respond or Baheti Sir ?

Mr. Chirayu Amin

For Real Estate thing, you can go ahead, and if Udit is online he can join.

Mr. Udit Amin

I think with the specific numbers Rasesh you can address those and the broad vision I or Mr. Baheti can respond.

Mr. Rasesh Shah

So, the first question was on the saleable areas of each of the projects, all these information is there in public domain on the RERA Portal. In Veda II total saleable area is 5.81 lakh square feet. Townhouse 24 is about 1.18 lakh square feet and for the Villas, the saleable area can't be determined because the Villas are largely customized. The revenue side we have booked in these 3 projects till FY 23, VEDA II about 62 Crores, for Townhouse 19 Crores and for Villas again 19 Crores.

On the future potential revenue. The company does not have a policy of providing expected revenue or guidance.

The next question was also on the guidance for FY 2024 from the real estate business and the associated EBITA Again, we really don't have a policy of providing guidance on revenues.

The next question was on if we adjust the investment property revenue and EBITA then, so that was on the adjusted valuation of the investment property which is given in note 33 (P) and why the EBIDTA shows a loss of 1 crore. Actually, it's not like that. The net revenue from investment property is shown in Note 33(P) but it does not include any of the indirect operating expenses which

are pertaining to the investment property, or even the other common expenses for the company. Hence it's incorrect to actually compare the profit from the investment property vis-à-vis the operating profit of the division. Note 33(P) largely restricts only to the direct expenses on the investment property, the rental income and just the property taxes pertaining to that.

On leasing there was a query on the carpet area which is under lease. We really don't have a policy of providing granulated detail on the properties that are on lease or providing area specific information.

The next question was on the Company having CWIP of Rs. 49 Crores under the investment property category. So this is largely put into two office buildings and connected infrastructure to the buildings and some other smaller projects. These buildings are expected to be completed by early FY 2025. Again, we cannot provide the future rental potential of these two buildings.

There are other questions I will just read out them again. Udit Sir or Baheti Sir can respond. Plans to demerge the Real Estate business that is one. The second was on dividend policy and why the dividend is higher for this financial year., The third one was on Alembic City Bangalore project; whether it falls in Alembic Limited. And the last one was on the vision of the Company for the next five years.

Mr. Udit Amin

Mr. Baheti would you like address some of them ?

Mr. R. K. Baheti

No. I think your voice is ok and I think very broadly, you can, because in any case we don't speak of specifics and projections.

Mr. Udit Amin

So, at this point in time there is no plan to demerge the real estate business of Alembic Limited. In terms of division of the Company's property development, I think Mr. Agarwal also had a question about land back in Baroda on how that would affect our future pipeline. Now, in Baroda, Alembic Limited has significant amount of land, which Baroda market has a limited potential to absorb this. So as much as possible, we will roll out supply in the market such /that the pricing that we get from the land is optimal for us.

We are looking at developing the entire Alembic portfolio in Baroda as an integrated development, where we see that India lacks a place for office space and housing where there is enough common space, there is enough parking, it is planned well. So entire vision for Alembic property development is to shift the entire lifestyle on the urban landscape of our campus and that over time adds value as you move forward with time.

We have started working on commercial offices and we are seeing the impact of this. Because of better landscape design, infrastructure, design and city we are getting better leads in commercial office space, and that is why at this point a majority of the commercial space has been rented out. So that broadly is the vision of Alembic Limited. Anything else Mr. Baheti or Rasesh that I can address.

Mr. Chirayu Amin

Dividend, Mr. Baheti If you want to say.

Mr. R. K. Baheti

So dividend distribution is based on the funds, I mean for any standard company depending on the balance between rewarding back to the shareholders and the company's internal requirements. There are no plan to change the dividend policy.

And as of now like we did said, we have enough on our plate in city of Baroda, so we have no plans to diversify into any other cities that's on an immediate basis.

Mr. Rasesh Shah

There was a question on the API business in case if Udit sir, would like to respond on that.

Mr. Udit Amin

So although the API business is in the City Centre, we are currently working on it. We have no plans to stop for exit at this point in time. We are maintaining the business as it stands and making sure we are not making cash losses or generating profit year on year. We will keep trying to optimize this and squeeze the efficiencies of this business as long as we can. We are looking for other potential intermediate manufacturing in this facility, so that plant is continuing and business is not making loss in the future.

Mr. Rasesh Shah

Mr. Agarwal also had a question on the booking that we have done in the previous financial year. The segment revenue provides revenue for both the segments, API and the Real Estate based on the different revenue recognition models that are adapted by both the businesses. Real Estate typically follows a different model of revenue recognition and hence the booking value and the recognition value cannot be correlated and very difficult to actually track for any shareholder. However, in the previous year, total booking value across our projects would be roughly in the range of about 80 odd Crores, and the recognition that we have done, which is also there in the annual report, which has a carry forward of the previous year's numbers sales, also is similar to about 70 odd Crores, which is again there in the annual report. I guess with this we have responded to all the queries.

Mr. Chirayu Amin

With this we have concluded responding to all your queries, as there was none. In case if any query has remained unanswered, members may please send the same at our registered email id. Our team will endeavour to respond to you at the earliest.

I would like to thank all the Directors & members for joining this meeting through VC.

Before closing the meeting, I once again wish you good health and be safe.

I now request Drigesh to take it forward.

Mr. Drigesh Mittal

Members may please note that the voting on NSDL platform will continue to be available for next 15 minutes to enable the members who have not cast their vote yet and who would like to cast their vote.

The results of the voting will be announced on or before 12th August, 2023 and the same will be available on:

- (i) Notice Board of the Company at its Registered Office;
- (ii) Company's website www.alembiclimited.com;
- (iii) NSDL' website www.evoting.nsd.com; and

(iv) Stock exchanges' website www.nseindia.com and www.bseindia.com.

We have total 72 number of shareholders have attended the meeting. With this the meeting is concluded. Thank you.

Please find hereunder web-link to access the recording of the proceedings of 116th Annual General Meeting of the Company:

<https://www.alembiclimited.com/video.html>