

New heights of growth



ALKEM

ALKEM LABORATORIES LTD.
ANNUAL REPORT 2011-2012



Registered Office:
ALKEM LABORATORIES LIMITED,
ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 012.



ALKEM LABORATORIES LIMITED



SHRI. SAMPRADA SINGH



SHRI. BASUDEO NARAIN SINGH

VISION

To achieve value driven leadership in
Indian Health Care Industry and beyond...

Through
Quality that is infinite
Service that cares
Hardwork that endures



ALKEM LABORATORIES LTD

Board of Directors

Samprada Singh (Chairman)
B N Singh (Managing Director)
P N Singh
N K Singh
B P Singh
D K Singh
M K Singh

Bankers

State Bank of India
Dena Bank
The Saraswat Co-operative Bank Ltd.
Kotak Mahindra Bank Ltd.
HDFC Bank Ltd.
Nova Scotia.

Auditors

R S Sanghai & Associates

Registered Office

*Alkem House, Devashish, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013*

Factories

- 1. N. H. No. 8, Mandva, Dist-Bharuch, Gujarat*
- 2. 333/1, Kachigam, Daman*
- 3. 167/2, Amaliya, Dabhel, Daman*
- 4. 289/290, GIDC, Ankleshwar, Dist-Bharuch, Gujarat*
- 5. 167/1, GIDC, Amaliya, Dabhel, Daman*
- 6. Purana Barrier, Village-Thana, Baddi, Dist - Solan, H.P.*
- 7. Kumrek, Ragnokhola, East Sikkim*

R & D Centres

- 1. C 17/7, MIDC Industrial Estate, Taloja, Dist-Raigad, Maharashtra*
- 2. 473 - D2, 13th Cross, IV Phase, Peenya Industrial Area, Bangalore, Karnataka.*



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 38th Annual Report along with the audited accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs. in Lakhs)

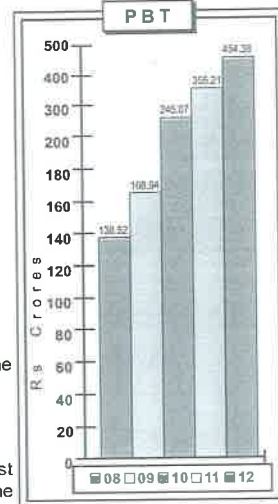
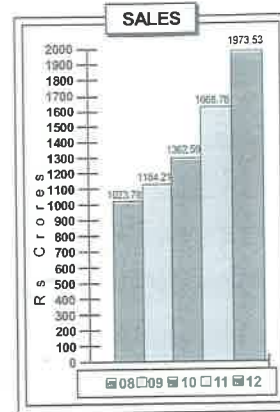
	2011-12	2010-11
Sales (Gross)	1,97,352.60	1,66,877.87
Profit before tax	45,438.23	35,520.96
(Less): Provision for Income Tax	(9,200.00)	(7,100.00)
Add/(Less): Provision for Deferred Taxation	(551.69)	(69.24)
Add : MAT Credit Entitlement	7,693.86	4,657.67
Add / (Less): Income Tax of earlier years	(832.28)	(666.89)
Profit after tax	42,548.12	32,342.50
Add: Balance of profit from previous years	24,535.90	9,284.75
Profit available for appropriation	67,084.02	41,627.25
Appropriations :		
Proposed Dividend	2,391.30	1,793.48
Interim Dividend	-	-
Corporate Tax on Dividend	387.93	297.89
General Reserve	20,000.00	15,000.00
Balance Carried Forward	44,304.79	24,535.88
	67,084.02	41,627.25

DIVIDEND :

The Board of Directors of your Company are pleased to recommend for approval of the members final dividend of 200% for the year ended 31st March, 2012.

OPERATIONS :

The Company's sales (Gross) has increased to Rs. 1,97,352.60 lakhs as against Rs. 1,66,877.87 lakhs for the previous year resulting in an increase of 18.26% over the previous year.



DIRECTORS' REPORT

SUBSIDIARIES:

During the year the Company has acquired 100% stake in Ascend Laboratories SDN BHD, Malaysia amounting to RM 2 divided into 2 shares of RM 1 each on 1st July, 2011.

During the year the Company has incorporated a wholly owned subsidiary in the name of Ascend Laboratories Spa, Chile on 19th July, 2011.

During the year the Company has acquired majority stake in Enzene Biosciences Private Limited, India on 4th November, 2011. Upon conversion to Public Limited Company the name of 'Enzene Biosciences Private Limited' was changed to 'Enzene Biosciences Limited' w.e.f. 22nd March, 2012.

During the year the Company has incorporated a wholly owned subsidiary in the name of Pharmacor Limited, Kenya having share capital of Shillings 1,00,000 divided into 1000 shares of Shillings 100 each on 15th May, 2012.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the above subsidiaries have been given as an annexure to the Annual Report.

DIRECTORS:

Mr. N K Singh and Mr. P N Singh retire by rotation and are eligible for reappointment.

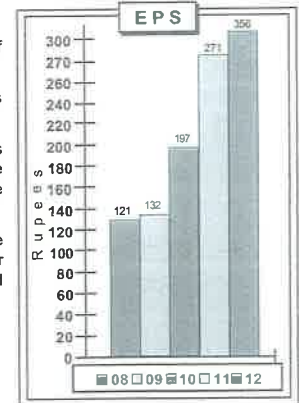
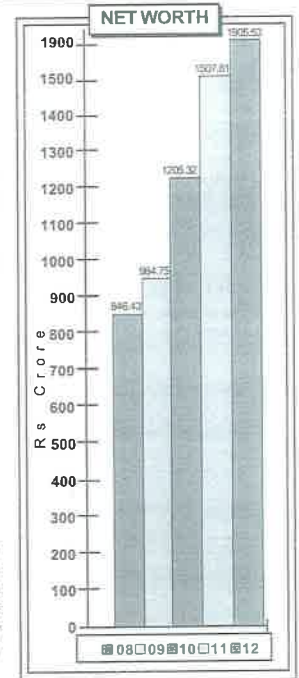
PERSONNEL:

As required by the provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the particulars of the employees are set out in the Annexure to the Directors Report. However, as per the provision of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of your Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Registered Office of the Company.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company confirms:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- That the selected accounting policies were applied consistently and the directors 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 as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts have been prepared on a going concern basis.



DIRECTORS' REPORT

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

AUDITORS:

M/s R.S.Sanghai & Associates, Chartered Accountants, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to act as Auditors of the Company, if re-appointed. Members are requested to appoint the auditors and fix their remuneration.

AUDITORS REMARKS:

The auditors have not given any adverse remark in their report which requires any further clarification. The report is self explanatory.

ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation to the Bankers and trade associates for their valuable assistance, continued support and co-operation and also wish to extend their thanks and appreciation to the Management team, Staff and Workers of the Company for their commitment, dedication and respective contributions to the Company's operations during the year under review.

For and on behalf of the Board

SAMPRADA SINGH
Chairman

Mumbai, 25th May, 2012

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY:

a) Energy Conservation Measures taken:

Energy conservation continues to receive top priority in the company, energy consumption are monitored, maintenance systems improved and distribution losses are reduced. Specific Energy Conservation measures taken include installation of energy efficient system in the existing equipment configuration.

b) Additional proposals or activities, if any:

Improving the insulation of low and high temperature services.

c) Impact of measures taken:

Energy conservation measures of the type mentioned above have resulted in gradual savings.

d) Total energy consumption and energy conservation per unit of production :

As per Form A of the Annexure hereunder.

FORM A:

	31.03.2012	31.03.2011
CONSERVATION OF ENERGY		
1. Power & Fuel Consumption		
a) Electricity Purchased		
Unit (Nos. Lakhs)	401.65	344.21
Total Amount (Rs. Lakhs)	1,972.89	1,376.13
Unit Rate (Rs.)	4.91	4.00
b) Own Generation		
i) Through Diesel Generator (No. of units in Lakhs)	22.39	30.36
Cost of HSD (Rs. Lakhs)	269.39	318.58
Cost / Unit (Rs.)	12.03	10.49
ii) Through Steam Turbine/ Generator	NIL	NIL
Units per litre of Oil / Gas	NIL	NIL
Cost per Unit	NIL	NIL
2. Coal		
Quantity (M.T.)	9,224.52	8,530.90
Cost (Rs. Lakhs)	371.56	316.04
Average Rate / M.T. (Rs.)	4,027.97	3,704.65
3. Furnace Oil		
Quantity (Ltrs in Lakhs)	39.70	38.61
Total Cost (Rs. Lakhs)	1,466.26	1,055.45
Average Rate / Litre (Rs.)	36.94	27.33

ANNEXURE TO DIRECTORS' REPORT

4. Others			
Quantity (M.T.)	48.53	36.73	
Total Cost (Rs. Lakhs)	376.99	291.53	
Average Rate / M.T. (Rs.)	7.77	7.94	

CONSUMPTION PER UNIT OF PRODUCTION

Electricity	}	Since the Company manufactures different types of formulations
Coal	}	(Capsules, Tablets, Ointments, Liquids & Injectables) there is no
Furnace Oil	}	specific standard as the consumption per unit depends on the
Others	}	product mix of formulations.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:
RESEARCH & DEVELOPMENT (R&D)
1. Specific areas in which R & D work is carried out :

The focus of the Company's R & D efforts was on the following areas:

- i. Development of new drug formulations for existing and newer active drug substances.
- ii. Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.
- iii. Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.
- iv. Patenting of newer processes/newer products/newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.
- v. Development of new innovative technology for the manufacture of existing APIs and their intermediates.
- vi. Development of new products, both in the area of APIs as well as formulations, specifically for export.
- vii. Development of methods to improve safety procedures, effluent control, pollution control, etc.
- viii. Projects to develop APIs and formulations jointly with overseas companies.
- ix. Development of products related to the indigenous system of medicines.

2. Some of the major benefits derived as a result of R&D include:

- i. Successful commercial scale up of several new APIs and formulations.
- ii. Development of new drug delivery systems and devices.
- iii. Improved processes and enhanced productivity in both APIs and formulations.

ANNEXURE TO DIRECTORS' REPORT
3. Future plan of action:

- i. Optimisation of process parameters with emphasis on cost reduction and simplification.
- ii. Development of new drug delivery systems, pharmaceutical and nutritive supplements.
- iii. Studying feasibility of using new manufacturing technology in existing solid dosage forms.
- iv. Development of formulations based on certain herbal preparation, a set of diagnostic kits based on Elisa techniques, etc.
- v. Development of new molecules for formulations & processes for manufacture of bulk drugs.

4. Expenditure on R & D	:	(Rs lakhs)
(i) Capital	:	1,507.98
(ii) Recurring	:	6,676.84 (excluding depreciation of Rs. 286.78 lakhs)
(iii) Total	:	8,184.82
(iv) Total R & D expenditure as percentage to total turnover	:	4.15%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- i. Development and patenting of new molecular forms and methods of synthesis.
- ii. Development of new drug delivery systems.

2. Benefits derived as a result of the above efforts:

- i. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
- ii. Meeting norms of external regulatory agencies to facilitate more exports.
- iii. Improvements in effluent treatment, pollution control and all-round safety standards.
- iv. Maximum utilization of indigenous raw materials.
- v. Development of products for import substitution.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : N.A.
C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) **Activities relating to exports :** Initiatives taken to increase export development of new export markets for products and services. The Company is continuously exploring possibilities of exporting more of its products to different markets. The exports have been mainly to Europe, Mauritius, New Zealand, South American, African countries etc.
- (b) Earnings in foreign exchange was equivalent to Rs. 17,556.57 lakhs and expenditure was Rs. 3,729.59 lakhs.



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Companies	Alkem Laboratories (Nigeria) Ltd Nigeria	Alkem Laboratories Pty Ltd South Africa	Alkem Laboratories SDN BHD Malaysia	Alkem Laboratories Corporation Philippines	Alkem Pharma GmbH Germany
1. Extent of interest in the subsidiary companies	100%	100%	100%	100%	100%
2. Financial year of the subsidiary Companies	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3. The amount of profit/ (losses) of the subsidiary companies for the financial year so far as they concern the members of holding company:					
a) Dealt within the accounts of holding company					
I) for the financial year of the subsidiary company	NIL	NIL	NIL	NIL	NIL
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	NIL	NIL	NIL
b) Not dealt within accounts of Holding company:					
I) for the financial year of the subsidiary company	Naira (48506031)	S A Rand (65647)	Ringgit NIL	Pesos (8059064)	Euro (9068)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(35441159)	(1874)	NIL	112578	(3664)
4. Changes in the interest of the company or the subsidiary company between the end of the financial year of the subsidiary company or sub-sub-sidiary company and 31.03.2012 Number of shares acquired	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise
5. Material changes between the end of the financial year of the subsidiary or sub-sub-sidiary company as the case may be and 31.03.2012					
a) Fixed Assets					
b) Investments					
c) Money lent by the subsidiary company.					
d) Moneys borrowed by the subsidiary company other than for meeting current	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise

Note: The Balance Sheets & Profit & Loss Accounts along with Directors Report and Auditors' Report of Subsidiary Companies are attached herewith.

Place: Mumbai
Dated: 25th May, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Companies	Enzene Biosciences Limited INDIA	Ascends Laboratories SpA Chile	S & B Holdings BV Netherland	Pharmacor Ltd. Australia	The Pharmanet-work LLC USA	Angelic Holdings SA Switzerland
1. Extent of interest in the subsidiary companies	80%	100%	100%	80%	100%	100%
2. Financial year of the subsidiary Companies	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3. The amount of profit/ (losses) of the subsidiary companies for the financial year so far as they concern the members of holding company:						
a) Dealt within the accounts of holding company						
I) for the financial year of the subsidiary company	NIL	NIL	NIL	NIL	NIL	NIL
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	NIL	NIL	NIL	NIL
b) Not dealt within accounts of Holding company:						
I) for the financial year of the subsidiary company	INR (19125445)	PESSOS NIL	Euro (1098372)	AUD (587727)	USD (4702855)	CHF (4006)
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	(301716)	90972	(2762303)	(30770)
4. Changes in the interest of the company or the subsidiary company between the end of the financial year of the subsidiary company or sub-sub-sidiary company and 31.03.2012 Number of shares acquired	80%	Does not arise	Does not arise	28.94%	Does not arise	Does not arise
5. Material changes between the end of the financial year of the subsidiary or sub-sub-sidiary company as the case may be and 31.03.2012						
a) Fixed Assets						
b) Investments						
c) Money lent by the subsidiary company.						
d) Moneys borrowed by the subsidiary company other than for meeting current	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise

Note: The Balance Sheets & Profit & Loss Accounts along with Directors Report and Auditors' Report of Subsidiary Companies are attached herewith.

Place: Mumbai
Dated: 25th May, 2012

AUDITOR'S REPORT

To the Members of,
ALKEM LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of ALKEM LABORATORIES LIMITED ('the Company') as at 31st March, 2012, the Statement of Profit and Loss Account and the Cash Flow Statement (together known as 'financial statements') of the Company for the year ended on that date all annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ('the CARO Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have 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 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with Companies (Accounting Standard) Rules, 2006, to the extent applicable;
 - e. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies, and Notes there on give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

AUDITOR'S REPORT

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the Statement of Profit and Loss of the Profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

For R.S. SANGHAI & ASSOCIATES
Chartered Accountants
Registration No., 109094W

R.S. SANGHAI
Proprietor
Membership No.: 036931
Mumbai, 25th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

Re: **Alkem Laboratories Limited** (Referred to in Paragraph 3 of our Report of even date on the financial statements of the Company for the year ended 31st March, 2012)

1. In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) As explained to us, certain items of fixed assets have been physically verified by the management during the year, and there is a regular program of verification, in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its fixed assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventories:
 - (a) As explained to us, the inventories (excluding goods-in-transit) have been physically verified by the management at reasonable regular intervals during the year. In respect of inventories which are not physically verified being goods in transit, they are not material. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate considering the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records which have been properly dealt with in the books of account were not material.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and accordingly, the requirements of sub-clauses (a) to (d) of clause (iii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
 - (b) The Company has taken unsecured loans from 23 parties covered in the register maintained under Section 301 of the Companies Act, 1956 being directors and their relatives. The aggregate of the year end balances of such loans is Rs. 3471.89 Lakhs and the maximum amount involved during the year was Rs. 3827.84 Lakhs from these parties.
 - (c) The rate of interest, wherever applicable and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - (d) The company is regular in repayment of interest and principal amount of unsecured loans and there is no default.
4. In our opinion, and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and similarly certain goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and also for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (a) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in point (a) above and exceeding the value of Rs. 5 lakhs with any party during the year, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, except that reasonableness at prices could not be ascertained where comparable quotations are not available having regards to the specialized nature of some of the transactions of the Company as mentioned in paragraph 4 hereinabove. However, on the basis of the information and explanation provided the same appears to be reasonable.

ANNEXURE TO THE AUDITOR'S REPORT

6. The company has not invited any deposit from public as such but has accepted unsecured loans from its directors, shareholders and their relatives and also trade deposits from stockiest and agents which are in the nature of deposits defined under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. In our opinion, and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, relevant to sections 58A, 58AA or other relevant provisions of the Act upon the Company.
7. In our opinion, the company has an internal audit system being carried out by firms of Chartered Accountants and also by its own internal audit department during the year, which in our opinion is commensurate with its size and the nature of its business.
8. We have broadly reviewed, the books of accounts and records maintained by the company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service-tax, wealth tax, custom duty, excise duty, cess and other material statutory dues during the year as applicable with the appropriate authorities in India. According to the information and explanations given to us and the records of the Company examined by us, no undisputed amount is payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service-tax, wealth tax, custom duty, excise duty, cess which were outstanding as on 31st March, 2012 for a period of more than six months from the date they became payable. Since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
 - (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues on account of customs duty, income-tax, wealth-tax, service-tax and cess which have not been deposited on account of any dispute. The particulars of dues of sales-tax and excise duty as at 31st March, 2012 which have not been deposited on account of dispute, are as under :

Name of the Statute	Nature of Dues	Amount Rupees (In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act 1944	Excise Duty	17.93	2004 to 2005	Additional Commissioner of Central Excise
	Excise Duty Penalty	57.99 45.60	2003 to 2005	Central Excise & Service tax Appellate Tribunal
	Excise Duty	19.30	2002 to 2004	Additional Commissioner of Central Excise
	Penalty on Excise Duty	19.88	2009	Central Excise & Service Tax Appellate Tribunal
	Excise Duty	89.07	2005 to 2012	Deputy Commissioner of Central Excise
	Penalty	23.90	2008 to 2010	Commissioner of Central Excise (Appeals)
	Excise Duty	61.47	2006 to 2010	Commissioner of Central Excise (Appeals)
	Excise Duty Penalty	94.62 142.51	2007 to 2012	Central Excise & Service Tax Appellate Tribunal
Maharashtra VAT Act, 2002	Sales Tax	50.78	2003-2004 2004-2005	Deputy Commissioner of Sales Tax (Appeals)
Punjab VAT Act, 2005	Sales Tax	21.98	2010-2011	Joint Director (Enforcement)
	Penalty	7.80		
Bihar VAT Act, 2005	Sales Tax	9.03	2002-2003	Commercial Taxes Tribunal
		10.87	2003-2004	

ANNEXURE TO THE AUDITOR'S REPORT

10. In our opinion and according to the information and explanations given to us, the Company does not have any accumulated losses as at the end of the financial year and has not incurred any cash loss in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to any bank or any debenture holder during the year. The Company has not taken any financial assistance from any financial institution and does not have any debenture outstanding as on the balance sheet date.
12. In our opinion and according to the explanations given to us and based on the information available, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company and therefore the requirements of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
14. In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments as such. However, the Company has carried on transactions on account of investment and trading in shares, securities, debentures, bonds and mutual funds for which proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
15. The Company has given guarantee for loan taken by its subsidiary Company from the bank. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to interest of the Company.
16. In our opinion and according to the information and explanations given to us, the external commercial borrowing (ECB) loan taken by the Company, which is in the nature of term loan, has been applied for the purpose for which it was raised.
17. According to the cash-flow statement and other records examined by us and the information and explanations given to us on an overall basis, we are of the opinion that there is no direct utilization of the funds raised on a short term basis during the year for long term investments.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and therefore the requirements of clause (xviii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
19. The company has not issued any secured debentures and therefore the requirements of clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
20. The Company has not raised any money by public issues during the year and therefore the requirements of clause (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

For R.S.SANGHAI & ASSOCIATES
Chartered Accountants
Registration No. 109094W

R.S.SANGHAI
Proprietor
Membership No.: 36931
Mumbai, 25th May, 2012

BALANCE SHEET	Note No.	As at 31st March, 2012 Rs. in lakhs	As at 31st March, 2011 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,195.65	1,195.65
Reserves and Surplus	2.2	189,357.14	149,588.25
		190,552.79	150,783.90
Non Current Liabilities			
Long Term Borrowings	2.3	12,718.75	6,689.25
Deferred Tax Liabilities (Net)	2.4	3,640.93	3,089.24
Other Long Term Liabilities		-	-
Long Term Provisions	2.5	3,426.39	3,381.97
		19,786.07	13,160.46
Current Liabilities			
Short Term Borrowings	2.6	67,635.01	66,482.28
Trade Payables	2.7	26,383.33	16,672.26
Other Current Liabilities	2.8	9,529.66	7,793.24
Short Term Provisions	2.9	4,344.88	4,040.39
		107,892.88	94,988.17
	TOTAL	318,231.74	258,932.53
ASSETS			
Non Current Assets			
Fixed Assets	2.10		
Tangible Assets		57,818.28	46,319.21
Intangible Assets		152.13	222.36
Capital Work in Progress		8,521.19	1,889.81
Non Current Investments	2.11	4,998.64	1,097.38
Long Term Loans and Advances	2.13	28,580.41	14,306.21
Other Non- Current Assets		-	-
		1,00,070.65	63,834.97
Current Assets			
Current Investments	2.12	32,219.98	4,225.66
Inventories	2.14	29,713.22	22,791.87
Trade Receivables	2.15	25,755.67	16,273.24
Cash and Cash Equivalents	2.16	1,13,083.71	1,42,363.37
Short Term Loans and Advances	2.17	8,981.20	4,463.92
Other Current Assets	2.18	8,407.31	4,979.50
		2,18,161.09	1,95,097.56
	TOTAL	3,18,231.74	2,58,932.53
Significant Accounting Policies	1		
Notes to Accounts	2		
The accompanying notes are an integral part of financial statements			

Per our Report attached of even date
For R. S. SANGHAI & ASSOCIATES
Chartered Accountants
R.S. Sanghai
Proprietor

R. Y. Shenoy - President - Finance
Manish Narang - GM Legal & Company Secretary

P.N. Singh -Director
B.P. Singh -Director
M.K. Singh -Director
N.K. Singh -Director
D.K. Singh -Director

For and on behalf of the Board
Samprada Singh - Chairman
B. N. Singh - Managing Director

Mumbai: 25th May, 2012



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PROFIT AND LOSS STATEMENT	Note No.	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
INCOME:			
Revenue from Operations (Gross)	2.19	200,883.14	168,909.31
Less: Excise Duty		5,543.52	3,664.73
Revenue from Operations (Net)		195,339.62	165,244.58
Other Income	2.20	13,483.82	10,981.61
	Total	208,823.44	176,226.19
Expenses:			
Cost of Materials Consumed		58,632.47	54,197.44
Purchases of Stock-in-Trade		25,879.25	19,399.31
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.21	(5,870.20)	(2,355.66)
Employee Benefits Expense	2.22	27,583.88	25,165.87
Finance Costs	2.23	5,347.31	3,738.79
Depreciation and Amortization Expense		2,794.02	2,704.61
Other Expenses	2.24	49,018.48	37,854.87
	Total	163,385.21	140,705.23
Profit before Tax		45,438.23	35,520.96
Tax Expense:			
Current Tax		9,200.00	7,100.00
Less: MAT Credit Entitlement		(7,693.86)	(4,657.67)
Net Current Tax Expense		1,506.14	2,442.33
Deferred Tax (Net)		551.69	69.24
Prior Period Tax Adjustment		832.28	666.89
Total Tax Expense		2,890.11	3,178.46
Profit (Loss) after Tax for the year		42,548.12	32,342.50
Earnings per equity share (In Rs.):			
Basic		356	271
Diluted		356	271
Face Value of Equity Share (In Rs.)		10.00	10.00
Significant Accounting Policies			
Notes to Accounts	1		
	2		
The accompanying notes are an integral part of financial statements			

ALKEM LABORATORIES LIMITED
CASH FLOW STATEMENT

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
Cash Flow from Operating Activity:		
Net Profit before Tax	45,438.23	35,520.96
Adjustment for:		
Depreciation	2,794.02	2,704.61
Provision for Gratuity & Compensated Leave	329.10	1,305.37
Provision for diminution in value of Investments	84.93	84.12
(Profit)/Loss on sale of Investments	(1,122.91)	(1,153.29)
(Profit)/Loss on sale of Assets	65.64	40.51
Dividend Received	(25.81)	(16.02)
Net Interest Received	(6,687.15)	(5,752.34)
Subtotal of Adjustments	(4,562.18)	(2,787.04)
Operating profit before working capital changes	40,876.05	32,733.92
Adjustment for:		
Trade and other Receivables	(9,482.43)	(4,341.41)
Loans & Advances & Other Current Assets	(15,565.41)	(7,760.47)
Inventories	(6,921.34)	(5,221.48)
Trade Payable & Other Liabilities	11,447.49	9,472.10
Bank Borrowings availed	1,152.74	65,570.77
Subtotal of Adjustments	(19,368.95)	57,719.51
Cash Generated from Operations	21,507.10	90,453.43
Less: Direct Taxes Paid	9,660.34	6,658.86
Cash Flow before extraordinary items	11,846.76	83,794.57
Net Cash (used)/ generated Operating Activities	11,846.76	83,794.57
Cash Flow from Investing Activities:		
Purchases of Fixed Assets (Net)	(20,919.88)	(11,715.94)
Sale of Investments (Net)	(30,857.61)	(2,285.29)
Dividend Received	25.81	16.02
Interest Received	12,034.46	9,491.13
Net Cash from / used in investing Activities	(39,717.22)	(4,494.08)
Cash Flow from Financing Activities:		
Long Term Borrowings	6,029.50	646.10
Dividends and Corporate Dividend Tax paid	(2,091.37)	-
Interest Paid	(5,347.31)	(3,738.79)
Net Cash (used) in Financing Activities	(1,409.18)	(3,092.69)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(29,279.64)	76,207.80
Cash & Cash Equivalents as at 1st April, 2011	1,42,363.37	66,155.57
Cash & Cash Equivalents as at 31st March, 2012 (D+E)	113,083.71	1,42,363.37

Notes: 1. Cash and Cash Equivalents include cash and Bank Balances in Current Accounts and in Deposit Accounts (Refer Note No. 2.16 of the Accounts)
2. Additions to Fixed Assets (including movements in Capital Work-In-Progress) are considered as a part of investing activities.
3. Interest Income on Bank Deposits is classified as cash flow from Investing Activities.
4. Above Cash Flow Statements is prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3) "Cash Flow Statement".
5. Previous year's figures have been regrouped or rearranged wherever necessary.

Per our Report attached of even date
For R. S. SANGHAI & ASSOCIATES
Chartered Accountants
R.S. Sanghai
Proprietor

For and on behalf of the Board
Samprada Singh - Chairman
B. N. Singh - Managing Director

R. Y. Shenoy - President - Finance
Manish Narang - GM Legal & Company Secretary

P.N. Singh -Director
B.P. Singh -Director
M.K. Singh -Director

N.K. Singh -Director
D.K. Singh -Director

Per our Report attached of even date
For R. S. SANGHAI & ASSOCIATES
Chartered Accountants
R.S. Sanghai
Proprietor

For and on behalf of the Board
Samprada Singh - Chairman
B. N. Singh - Managing Director

R. Y. Shenoy - President - Finance
Manish Narang - GM Legal & Company Secretary

P.N. Singh -Director
B.P. Singh -Director
M.K. Singh -Director

Mumbai: 25th May, 2012

ALKEM LABORATORIES LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 :- SIGNIFICANT ACCOUNTING POLICIES:
1.1. Basis of preparation of Financial Statements:

The financial statements of the Company are prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), the relevant provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year.

1.2. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the same are known / materialised.

1.3. Tangible Fixed Assets

(a) Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(b) 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.

1.4. Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

1.5. Depreciation and Amortisation:

(a) Depreciation on fixed assets is provided on straight-line basis in the manner and at the rates prescribed in Schedule -XIV to the Companies Act, 1956 except for the IT equipments which are depreciated over their useful life (being lower than the life considering the rates prescribed in Schedule XIV to the Companies Act, 1956) as determined by the management on the basis of technical evaluation. Leasehold lands are depreciated over the useful life of the respective lands. Assets costing Rs. 5,000/- or less are depreciated at 100% rate on prorata basis in the year of purchase.

(b) 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.

1.6. Operating Leases:

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

1.7. Investments:

Long-Term investments are stated at cost which includes cost of acquisition and related expenses. Investments in equity/ordinary shares in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost and fair value.

1.8. Inventories:

(a) Raw Materials & Packing Materials are valued at lower of cost or net realisable value; cost is calculated on moving weighted average.

(b) Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost or net realisable value.

1.9. Revenue Recognition:

(a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company.

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

- (b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.
- (c) Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable.
- (d) Income from research and product registration (dossiers) services is recognised as revenue when earned in accordance with the terms of the relevant agreements.
- (e) Dividend from investment is recognised as revenue when right to receive the payments is established.
- (f) Interest income is recognised on time proportionate basis.

1.10. Export Incentives:

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

1.11. Excise Duty and Cenvat:

In accordance with the method of accounting regularly employed by the company, Cenvat has been accounted on the basis of "exclusive method" as recommended by the Institute of Chartered Accountants of India wherever applicable. Provision for excise duty has been made on goods lying in bonded warehouses.

1.12. Research and Development:

Revenue expenditure incurred on research and development is charged to the respective heads in the Profit and Loss account, in the year it is incurred and Capital expenditure there on is included in the respective heads under fixed assets.

1.13. Foreign Exchange Transactions:

(a) Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognized in the Profit and Loss Account.

(b) Exchange Differences arising on translation of short term monetary items denominated in foreign currency are restated using the exchange rate prevailing as at the date of the Balance Sheet and the resulting exchange difference is recognised in Profit and Loss Account.

(c) The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement over the maturity period of such items.

(d) In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of short term monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Profit and Loss Account. Any profit/loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium/discount arising on such forward exchange contracts is amortised as income/expense over the life of contract.

(e) Foreign offices/branches: In respect of the foreign offices/branches, which are integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Profit and Loss Account.

1.14. Employment Benefits:

(a) Post Employment Benefits and Other Long Term Benefits:

(i) Defined Contribution Plan:

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

The Company's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.

(ii) Defined Benefit and Other Long Term Benefit Plans:

Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets.

(b) Short-term employee benefits:

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. These benefits include performance incentives.

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :
ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :
**As at 31st
March, 2012**
Rs.in lakhs
**As at 31st
March, 2011**
Rs.in lakhs
1.15. Taxes on Income:

Income Tax is accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) credit entitlement is recognized as an asset by crediting the Profit and Loss Account and disclosing an equivalent amount as an asset under 'Long Term Loans and Advances' in accordance with guidance note on "Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the Company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

1.16. Borrowing Costs:

Proportionate borrowing cost attributable to acquisition, construction and installation of fixed asset is capitalised. Other borrowing cost not attributable to the same are recognised as an expense in the period in which they are incurred. Borrowing costs for working capital finance is charged to revenue.

1.17. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.18. Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account 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 of recoverable amount.

1.19. Government Grants:

Government Grants of Capital nature received as cash subsidy is accounted as Capital Reserve in the year of its receipt or when there is a reasonable certainty of its being received. Government Grants of revenue nature is treated as income in the statement of profit and loss in the year of its receipt or when there is a reasonable certainty of its being received.

2.1. : SHARE CAPITAL:

Authorised Share Capital :

1,50,00,000 (previous year: 1,50,00,000) equity shares of Rs.10/- each

1,500.00 1,500.00

1,500.00 1,500.00

Issued, Subscribed and Paid up:

1,19,56,500 (previous year: 1,19,56,500) equity shares of Rs.10/- each fully paid up

1,195.65 1,195.65

TOTAL
1,195.65 1,195.65

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Numbers of shares outstanding as at the beginning of the year

11,956,500 11,956,500

Add: Shares issued during the year

Nil Nil

Less: Shares bought back during the year

Nil Nil

Numbers of shares outstanding as at the end of the year
11,956,500 11,956,500

(b) Rights attached to Equity Shares:

The Company has only one class of equity shares with voting rights having a par value of Rs. 10/- per share. The Company declares and pays dividends in Indian Rupees. The 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 March, 2012, the amount of per share dividend recognised as distributions to equity shareholders is Rs. 20/- (31st March, 2011: Rs. 15/-).

In the event of liquidation of the Company, the shareholders 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 number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Basudeo Narain Singh	1,191,990	9.97%	1,191,990	9.97%
Mrs. Jayanti Sinha	857,300	7.17%	857,300	7.17%
Mrs. Rekha Singh	704,610	5.89%	704,610	5.89%
Mr. Balmiki Prasad Singh	621,576	5.20%	525,020	4.39%

(d) Aggregate number of shares allotted as fully paid up during last five years immediately preceding balance sheet date pursuant to contracts without payment received in cash and by way of fully paid bonus shares:

	As at 31st March 2012 Aggregate No. of Shares	As at 31st March 2011 Aggregate No. of Shares
Equity Shares:		
Fully paid up by way of bonus shares (issued during the year 2006-07)	5,978,250	5,978,250



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ALKEM LABORATORIES LIMITED

NOTES TO THE ACCOUNTS :

2.2. : RESERVES AND SURPLUS:

Capital Reserve:

Investment Subsidies from State Governments
Balance as per last Balance Sheet

As at 31st
March, 2012
Rs.in lakhs

As at 31st
March, 2011
Rs.in lakhs

52.37

52.37

General Reserve:

Balance as per last Balance Sheet
Add: Transferred from Surplus in the
Statement of Profit and Loss during the year
Closing Balance

1,25,000.00

1,10,000.00

20,000.00

15,000.00

1,45,000.00

1,25,000.00

Surplus in the Statement of Profit and Loss:

Balance as per last Balance Sheet
Add: Profit after tax for the year

24,535.88

9,284.75

42,548.12

32,342.50

67,084.00

41,627.25

Profit available for appropriation

Less: Appropriations:

Transfer to General Reserve
Proposed Dividend on Equity Shares
Corporate Dividend Distribution Tax

20,000.00

15,000.00

2,391.30

1,793.48

387.93

297.89

44,304.77

24,535.88

Balance carried forward

TOTAL

1,89,357.14

149,588.25

2.3.: LONG TERM BORROWINGS:

Secured:

Foreign Currency Term Loans from Banks

12,718.75

6,689.25

TOTAL

12,718.75

6,689.25

Notes:

Foreign Currency Term Loans from Banks consist of two loans of US \$ 15 Million (Rs. 7,631.25 Lakhs) each. One of the loans carries interest @ LIBOR plus 1.50% and is repayable after 3 years in installments of US \$ 5 Million (Rs. 2,543.75 Lakhs) each from the date of their origination on 16th September, 2012.

Second loan bears interest @ LIBOR plus 1.40% and is repayable after 3 years in two installments of US\$ 3 Millions (Rs. 1,526.25 Lakhs) each and two installments of US\$ 4.5 Millions (Rs. 2,289.38 Lakhs) each from the date of their origination on 28th October, 2013.

Both the Foreign Currency Term Loans from banks are secured against existing and future movable and immovable fixed assets of the Company ranking pari-passu. There is no default, as at the balance sheet date, in repayment of any of the above loans.

2.4. : DEFERRED TAX LIABILITIES (NET):

Tax effect of items constituting Deferred Tax Liabilities
On differences between book and tax depreciation
Less: Tax effect of items constituting Deferred Tax Assets

5,432.78

4,750.34

1,542.95

1,436.17

248.90

224.93

TOTAL

3,640.93

3,089.24

2.5. : LONG TERM PROVISIONS

Provisions for Employee Benefits
Gratuity
Compensated Leave

2,047.01

1,587.50

1,379.38

1,794.47

TOTAL

3,426.39

3,381.97

ALKEM LABORATORIES LIMITED

NOTES TO THE ACCOUNTS :

As at 31st
March, 2012
Rs.in lakhs

As at 31st
March, 2011
Rs.in lakhs

2.6. : SHORT TERM BORROWINGS

Secured

Loans repayable on demand from Banks

47,714.24

59,900.23

47,714.24

59,900.23

Notes:

Overdraft from banks are secured against fixed deposits placed with the respective banks.

Unsecured

Working Capital Loan from Banks
Deposits (Trade)
Loans and Advances from related parties

15,823.82

3,062.80

478.67

370.19

3,618.28

3,149.06

19,920.77

6,582.05

TOTAL

67,635.01

66,482.28

Notes:

- Working Capital Loan from banks comprises of Cash Credit and Packing Credit.
- Unsecured Working Capital Loan from banks include Foreign Currency Loan of Rs. 15,008.13 Lakhs (P.Y. Rs. 2,452.73 Lakhs).
- Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.10% to 2.00% and those in Indian Rupees carries Interest rate in the range of 9% to 16% P.A.
- There is no default, as at the balance sheet date, in repayment of any of the above loans.

2.7. : TRADE PAYABLES:

Total outstanding dues to Micro Enterprises & Small Enterprises
Total outstanding dues of Trade Payables other than Micro
Enterprises & Small Enterprises

2,914.16

2,957.18

23,469.17

13,715.08

TOTAL

26,383.33

16,672.26

Outstanding dues of Micro and Small Enterprise :

- Principal amount outstanding to Micro and Small Enterprises Rs. 2,914.16 Lakhs (P.Y. Rs. 2,957.18 Lakhs).
- No interest is paid in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006
- No amount of interest is due or payable for any delay in payment as specified under the Micro, Small and Medium Enterprise Development Act, 2006.
- No amount of interest has accrued and remained unpaid as at the end of the financial year.
- The above disclosure is made based on the information available with the Company and has been relied upon by the auditors.

2.8. : OTHER CURRENT LIABILITIES:

Current Maturities of Long Term Borrowings
Interest Accrued but not due on Borrowings
Due to Statutory Authorities
Advances from Customers
Other Payables

2,543.75

-

47.28

19.67

664.98

508.46

705.45

523.37

5,568.20

6,741.74

TOTAL

9,529.66

7,793.24

Note: Current Maturity of Long Term Borrowings includes US\$ 5 Million of Foreign Currency Term Loan from Bank.

2.9. : SHORT TERM PROVISIONS:

For Taxation (net of advance tax)
For Proposed Dividend on Equity Shares
For Tax on Proposed Dividend
Provision for Employee Benefits:
Gratuity
Compensated Leave

668.06

2,391.30

1,793.48

387.93

297.89

1,438.58

1,115.65

127.07

165.31

TOTAL

4,344.88

4,040.39

ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

2.10

FIXED ASSETS:

(Rs. in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			Net Block		
	As at 1st April 2011	Additions	Deductions	As at 31st March 2012	Up to 31st March 2012	For the Year 2011 - 2012	Deductions	Up to 31st March 2012	As at 31st March 2011
TANGIBLE ASSETS:									
Freehold Land	2,470.31	532.47	-	3,002.78	-	24.74	-	3,002.78	2,470.31
Leasehold Land	551.43	733.93	-	1,285.36	-	24.74	-	1,260.62	551.43
Buildings	20,006.42	2,869.88	-	22,676.30	-	540.89	-	19,465.23	17,336.24
Plant and Machinery	30,236.85	9,702.92	177.41	39,764.36	1,643.31	1,643.31	65.93	8,614.23	31,150.13
Furniture and Fixtures	1,960.10	150.23	-	2,110.33	760.29	130.98	-	1,219.06	1,199.81
Vehicles	1,410.37	255.73	175.45	1,490.65	483.58	136.34	89.93	960.66	926.79
Office Equipments	996.80	280.43	-	1,277.23	364.17	153.26	-	759.80	632.63
	57,634.28	14,325.59	352.86	71,607.01	11,315.07	2,629.52	155.86	13,786.73	46,319.21
INTANGIBLE ASSETS:									
Computer Software	2,103.53	94.34	1.14	2,196.73	1,881.17	164.50	1.07	2,044.60	222.96
Trade Mark & Patents	7.60	-	-	7.60	7.60	-	-	7.60	-
	2,111.13	94.34	1.14	2,204.33	1,888.77	164.50	1.07	2,052.20	222.36
CAPITAL WORK IN PROGRESS									
TOTAL	59,745.41	14,419.93	354.00	73,811.34	13,203.84	2,794.02	156.93	15,840.93	1,869.81
Previous year	49,807.09	10,148.39	210.07	59,745.41	10,590.56	2,704.62	91.34	13,203.84	48,431.38

24

Note : 1. Addition to fixed assets include items of fixed assets aggregating Rs. 1,518.07 (P.Y. Rs. 795.93) located at Research & Development Centers of the Company.
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised Rs. 1,165.50 (P.Y. Rs. NIL).



ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

Schedule - 6:

2.11: NON CURRENT INVESTMENTS:
[At Cost / Carrying Amount unless otherwise stated]

1) In Shares of Subsidiary Companies Unquoted (Trade):

Number	Face Value Rs.	As at 31st March, 2012		As at 31st March, 2011	
		Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Schedule - 6:					
2.11: NON CURRENT INVESTMENTS:					
[At Cost / Carrying Amount unless otherwise stated]					
1) In Shares of Subsidiary Companies Unquoted (Trade):					
a) Wholly owned Subsidiaries:					
Alkem Laboratories (NIG) Limited, Nigeria (Including 1 share held by the nominee)	27156388 (27156388)	Naira	94.19	94.19	94.19
Alkem Laboratories (Pty.) Limited, South Africa	15890 (15890)	Rand	9.16	9.16	9.16
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	94000 (94000)	Peso	95.72	95.72	95.72
Alkem Laboratorios Do Brasil Ltda., Brazil (Including 1 share held by the nominee)	Nil (19236)	Real	-	46.87	46.87
Alkem Pharma GmbH, Germany (Refer note 4 below)	25000 (25000)	Euro	17.09	17.09	17.09
Ascend Laboratories Sdn. Bhd., Malaysia (Rs. 91)	2 (Nil)	Ringget	-	-	-
S & B Holdings B.V., Netherlands	1050000 (1050000)	Euro	701.43	701.43	701.43
S & B Holdings B.V., Netherlands (Share Premium)	-	-	3,278.05	-	-
b) Other Subsidiary:					
Enzene Biosciences Limited, India	896200 (Nil)	INR	750.00	-	-
			<u>4,945.64</u>	<u>964.46</u>	<u>964.46</u>
2) In Equity Shares of Other Companies:					
a) Unquoted (Trade):					
Bharuch Eco-Aqua Infrastructure Limited	510000 (510000)	-	51.00	51.00	51.00
Shivalik Solid Waste Management Limited	18000 (18000)	-	1.80	1.80	1.80
b) Unquoted (Non Trade):					
The Saraswat Co-operative Bank Limited (2000)	2000	-	0.20	0.20	0.20
2) Investment in Partnership Firm:					
Alkem Healthscience (Refer Note (5) below)	-	-	-	126.79	126.79
			<u>4,998.64</u>	<u>1,144.25</u>	<u>1,144.25</u>
Less: Provision for diminution in the value of Investments					
			-	46.87	46.87
TOTAL			<u><u>4,998.64</u></u>	<u><u>1,097.38</u></u>	<u><u>1,097.38</u></u>

Notes:

- 1) Aggregate value of Unquoted Investments:
- 2) All Investments in Shares & Securities are fully paid up.
- 3) Details of M/s Alkem Healthscience (Partnership Firm):

25

Value	Rs. in Lakhs			
	Cost	Market Value	Cost	Market
1) Aggregate value of Unquoted Investments:	4,998.64	-	1,017.46	-



ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

Name of the Partners	2010 - 2011	
	Profit Sharing Ratio	Rs. in Lakhs Capital Accounts as on 31.03.2011
M/s Alkem Laboratories Limited	60.00%	126.79
Mr. Samprada Singh	18.70%	1.39
Mr. Basudeo Narayan Singh	18.50%	3.99
Mr. Prabhat Narain Singh	2.80%	1.39
TOTAL	100.00%	133.56

- 4) The wholly owned subsidiary of the Company at Brazil namely Alkem Laboratorios Do Brasil Ltda., Brazil is closed during the year and accordingly the Company has completely written off the investments of Rs. 46.87 Lakhs on receipt of the final deregistration communication from the competent authorities.
- 5) On Retirement of all the other three partners from the partnership firm M/s Alkem Healthscience vide retirement cum succession deed dated 31st March, 2012, the Company has succeeded the business as the sole owner to continue the business in the name and style as Alkem Healthscience (a unit of the Company) with effect from 31st March, 2012.



ALKEM LABORATORIES LIMITED
NOTE - 2 : NOTES TO ACCOUNTS

	Number	Face Value Rs.	As at 31st March, 2012		As at 31st March, 2011	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
2.12 : CURRENT INVESTMENTS:						
a) Quoted (Non Trade):						
1) Mutual Funds:						
Axis Treasury Advantage		Nil	-	-	-	26.89
Bnp Paribas Fixed Term Fund Series 21H GR		(2688.4566)	-	-	-	100.00
Bnp Paribas Fixed Term Fund Series 21G GR		(1000000.0000)	-	-	-	900.00
IDFC Money Manager Fund IP Inst Pain B Growth		Nil	-	-	-	1,000.00
DSP Black Rock World Gold Fund		(6638519.3450)	50.00	50.00	50.00	50.00
DSP Black Rock World energy Fund		(488997.5550)	50.00	50.00	50.00	100.00
IDFC Money Manager Fund TR DLY Div		(977995.1000)	31.36	31.36	31.36	51.79
		(514291.7270)				
					131.36	2,228.68
2) Debentures:						
Non Convertible:						
IRFC		108754.0000	1,000.00	1,087.54	-	-
BARCLAYS NCD		(Nil)	10 Lakh	4,000.00	-	-
MUTHOOT FINANCE		400.0000	1 Lakh	200.00	-	-
Cholamandalam Finance		200.0000	5 Lakh	200.00	-	-
9% Shriram Transport Finance Company Limited		Nil	1000	84.57	-	84.57
11.10% Shriram Transport Finance Company Limited		13457	1000	50.00	-	-
Manapuram Finance Limited		(8457)	10 Lakh	881.70	-	-
Religare Finvest Limited		100	1000	500.00	-	-
Premier Finance & Trading Company Limited		(Nil)	50 Lakhs	-	-	400.00
		Nil				
		(8)				
				7,003.81		484.57
3) Bonds:						
10.25% Tata Capital Ltd.		40.0000	5 Lakh	221.56	-	221.56
9.8% LIC Housing Finance Ltd.		(40.0000)	10 Lakh	13,000.00	-	-
9.68% HDFC Ltd.		1300.0000	10 Lakh	2,014.36	-	-
9.70% HDFC Ltd.		Nil	10 Lakh	6,528.25	-	-
11.5 % Tata Steel Limited		250.0000	10 Lakh	1,054.97	-	-
11.40% Tata Power Ltd.		650.0000	10 Lakh	505.83	-	-
		(Nil)				
		100				
		(Nil)				
		50				
		(Nil)				
				23,324.97		221.56
4) Equity Shares:						
AIA Engineering Limited		903	2	2.93	-	2.93
Agre Develpoers Limited		(903)	10	-	-	-
Adani Ports & Special Economic Zone Limited		12	10	6.23	-	-
Ankur Drugs & Pharma Limited		(Rs.612.00)	10	-	-	3.22
Ansal Properties & Infra Limited		4414	5	-	-	3.42
Aurobindo Pharma Limited		(Nil)	1	7.16	-	-
Axis Bank Limited		(2950)	10	17.47	-	17.47
Bajaj Auto Limited		Nil	10	0.27	-	1.24
Bajaj Electricals Limited		(6280)	2	0.25	-	0.25



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ALKEM LABORATORIES LIMITED
NOTE - 2 : NOTES TO ACCOUNTS

	Number	Face Value Rs.	As at 31st March, 2012		As at 31st March, 2011	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Equity Shares: Cont...						
Bajaj Finance Limited	2933	10	19.32	-		
(Nil)						
Bajaj Finance Services Limited	1000	5	5.43	-		
(Nil)						
Bajaj Holding and Investment Limited	774	10	5.02	-		
(Nil)						
Benchmark Mutual Fund (Nifty Bees)	509	100	5.30		5.30	
(509)						
Bharat Electronics Limited	50	10	0.90		0.90	
(50)						
Bharti Airtel Limited	1854	5	7.09		22.37	
(6122)						
Bharat Heavy Electricals Limited	900	10	3.82		3.47	
(146)						
Bosch Limited	554	10	33.97		13.25	
(261)						
Britania Industries Limited	Nil	10	-		7.96	
(2425)						
Cadila Healthcare Limited	968	5	6.78		-	
(Nil)						
Cairn India Limited	6973	1	21.18		-	
(Nil)						
Castrol India Limited	2800	10	3.98		3.98	
(2800)						
Central Bank of India Limited	9157	10	9.52		1.31	
(554)						
Coal India Limited	82789	10	209.16		201.78	
(80785)						
Container Corporation of India Limited	185	10	1.84		2.61	
(232)						
Cipla Limited	2421	2	7.45		-	
(Nil)						
Cox & Kings India Limited	6150	5	10.15		10.15	
(3075)						
Crompton Greaves Limited	3436	2	5.03		5.03	
(3436)						
Cummins India Limited	1567	2	6.37		-	
(Nil)						
D B Corp Limited	2000	10	4.82		4.82	
(2000)						
D Q Entertainment Limited	13110	10	8.93		8.93	
(13110)						
Deccan Chronical Holdings Limited	256	2	0.20		0.20	
(256)						
Dishman Pharmaceuticals Limited	125	2	0.29		0.29	
(125)						
Eid Parry (India) Limited	3475	1	9.18		5.36	
(2037)						
Eicher Motors Limited	366	10	6.08		-	
(Nil)						
Electrosteel casting Limited	Nil	1	-		8.80	
(18800)						
Elgi Equipment Limited	5525	1	4.65		4.65	
(5525)						
Engineers India Limited	1544	5	3.80		-	
(Nil)						
Exide Industries Limited	6826	1	9.46		1.74	
(1400)						
Gateway Distriparks	2392	10	3.62		-	
(Nil)						
Geodesic Information System Limited	9551	2	9.25		9.25	
(9551)						
Glaxosmithkline Pharmaceuticals Limited	1024	10	18.85		10.93	
(555)						
Glaxosmithkline Consumer Healthcare Limited	258	10	6.02		-	
(Nil)						
Godrej Industries Limited	1709	1	3.31		-	
(Nil)						
Godrej Properties Limited	212	10	1.51		3.12	
(440)						
Great Eastern shipping Company Limited	700	10	2.59		2.59	
(700)						

ALKEM LABORATORIES LIMITED
NOTE - 2 : NOTES TO ACCOUNTS

	Number	Face Value Rs.	As at 31st March, 2012		As at 31st March, 2011	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Grindwell Norton Limited	Nil	5	-		3.19	
(1508)						
H T Media Limited	2900	2	3.94		5.95	
(4087)						
HDFC Bank Limited	7267	10	27.78		11.29	
(766)						
HDFC Limited	4777	10	23.43		10.10	
(2751)						
Hero Motocorp Limited	2109	2	35.03		10.25	
(808)						
Hindustan Construction Company Limited	9806	1	5.22		5.22	
(9808)						
Hindustan Dorr-Oliver Limited	2216	2	2.77		2.77	
(2216)						
Hindustan Unilever Limited	Nil	1	-		3.63	
(1198)						
Hindustan Zinc Limited	6000	2	2.00		2.00	
(6000)						
Hindustan Petroleum Corp. Limited	2263	10	5.88		1.68	
(503)						
ICICI Bank Limited	771	10	4.81		5.65	
(960)						
IDFC Limited	Nil	10	-		3.19	
(2010)						
IL & FS Transportation Networks Limited	40947	10	105.64		105.64	
(40947)						
Indian Bank Limited	236	10	0.40		0.40	
(236)						
Indian Oil Corporation Limited	4455	10	14.29		9.16	
(3330)						
Infosys Technologies Limited	916	5	20.34		10.67	
(564)						
Indiabulls Infrastructure and power Limited	9988	10	0.39		-	
(Nil)						
ING Vyasya Bank Limited	1137	10	3.78		-	
(Nil)						
IRB Infrastructure Developers Limited	10475	10	16.78		-	
(Nil)						
ISMT Limited	16795	5	5.38		-	
(Nil)						
ITC Limited	15794	1	27.25		6.42	
(5803)						
IVRCL INFRA & PROJ Limited	138	2	0.24		0.24	
(138)						
Jaiprakash Associates Limited	6339	2	8.99		8.99	
(6339)						
Jammu and Kashmir Bank Limited	746	10	6.17		-	
(Nil)						
Jindal Steel & Power Limited	Nil	1	-		4.42	
(630)						
JSW Energy Limited	Nil	1	-		3.41	
(2867)						
Kemrock Industries Limited	2000	10	10.33		-	
(Nil)						
Kewal Kiran Clothing Limited	111	10	0.93		-	
(Nil)						
KSB Pumps Limited	Nil	10	-		6.02	
(1535)						
L & T Finance Holding Limited	25000	10	12.43		-	
(Nil)						
Larsen & Toubro Limited	1226	2	15.59		6.23	
(557)						
LIC Housing Finance Limited	1278	2	2.94		-	
(Nil)						
Lupin Limited	75	10	0.19		0.19	
(75)						
Marico Limited	Nil	1	-		8.57	
(7061)						
Maruti Suzuki (I) Limited	1133	5	13.57		12.62	
(1007)						
MAX India Limited	1120	2	2.06		-	
(Nil)						

ALKEM LABORATORIES LIMITED
 NOTE - 2 : NOTES TO ACCOUNTS

ALKEM LABORATORIES LIMITED
 SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2012		As at 31st March, 2011	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
MRF Limited	49 (38)	10	3.41	-	2.47	-
MPS Limited	11210 (11210)	10	25.92	-	25.92	-
Muthoot Finance Limited	22000 (Nil)	10	38.50	-	-	-
McLeod Russel India Limited	2386 (Nil)	5	5.20	-	-	-
MCX Limited	2422 (Nil)	10	25.00	-	-	-
Nava Bharat Ventures Limited	3193 (Nil)	2	6.20	-	-	-
Nestle India Limited	1011 (763)	10	27.98	-	17.29	-
Oil and Natural Gas Corporation Limited	1188 (Nil)	5	3.08	-	-	-
On Mobile Global Limited	1000 (500)	10	2.20	-	2.20	-
Opto Circuits India Limited	237 (237)	10	0.41	-	0.41	-
Oriental Bank Of Commerce Limited	116 (116)	10	0.28	-	0.28	-
Orissa Mineral Development Corporation Limited	310 (310)	10	121.91	-	121.91	-
Pantaloon Retail India Limited	250 (250)	2	1.04	-	1.04	-
Pantaloon Retail India Limited Class B	5845 (Nil)	2	6.61	-	-	-
Page Industries Limited	771 (Nil)	10	18.06	-	-	-
Pidilite Industries Limited	3278 (Nil)	10	4.62	-	-	-
Power Finance Corporation Limited	855 (855)	10	2.05	-	2.05	-
Power Grid Corporation of India Limited	75629 (75629)	10	68.42	-	68.42	-
Punjab & Sind Bank Limited	6759 (6759)	10	7.04	-	7.04	-
REC Limited	Nil (958)	10	-	-	2.40	-
Redington (India) Limited	6469 (6469)	2	5.20	-	5.20	-
Reliance Communications Limited	4213 (4213)	5	8.45	-	8.45	-
Reliance Industries Limited	115 (1402)	10	0.98	-	12.69	-
Reliance Infrastructure Limited	649 (649)	10	7.02	-	7.02	-
Reliance Capital Limited	Nil (667)	10	-	-	6.11	-
Sanghavi Movers Limited	3927 (Nil)	2	4.13	-	-	-
Selan Explorations Technology Limited	128 (128)	10	0.13	-	0.13	-
Shree Cements Limited	Nil (65)	10	-	-	1.44	-
Shree Renuka Sugars Limited	Nil (2079)	1	-	-	2.14	-
Shriram Transport Finance Company Limited	2000 (2000)	10	6.21	-	6.21	-
Sobha Developers Limited	1591 (Nil)	10	3.81	-	-	-
State Bank of India Limited	1302 (718)	10	29.46	-	14.39	-
State Bank of Travancore Limited	2000 (2000)	10	4.06	-	4.06	-
State Bank of Mysore Limited	927 (Nil)	10	4.73	-	-	-
Sterlite Industries India Limited	5758 (Nil)	1	6.76	-	-	-
Suzlon Energy Limited	Nil (13505)	2	-	-	6.87	-

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Tata Consultancy Services Limited	381 (56)	1	3.67	-	-	-
Trent Limited	244 (200)	10	1.30	-	1.30	-
Tata Motors DVR A Ord	6890 (1378)	10	6.45	-	6.45	-
Time Technoplast Limited	432 (Nil)	10	0.34	-	-	-
Tata Global Beverages Limited	Nil (7890)	1	-	-	8.55	-
TRF Limited	Nil (400)	10	-	-	3.38	-
Tube Investment of India Limited	3806 (3606)	2	5.50	-	5.50	-
Tulip Telecom Limited	2878 (Nil)	10	4.28	-	-	-
Titan Industries Limited	1263 (Nil)	10	2.52	-	-	-
VA Tech Wabag Limited	16627 (6651)	5	85.67	-	85.67	-
Voltas Limited	4486 (Nil)	1	4.82	-	-	-
Whirlpool of India Limited	1837 (1837)	10	5.21	-	5.21	-
			<u>1,436.36</u>		<u>1,057.42</u>	
5) In Preference Shares:						
Quoted (Non Trade):						
0.1% Cumulative Compulsory Convertible Preference Shares in Trent Limited:						
a) Series A (Rs.24,200.00)	22 (22)	1100				
a) Series B (Rs.24,200.00)	22 (22)	1100				
Compulsory Convertible Preference Shares in GMR Energy Limited	2000 (2000)	1000	20.00	-	20.00	-
				20.48		20.48
Unquoted (Non Trade):						
1) Mutual Funds:						
Asia Healthcare Fund Investment Trust			40.00	-	-	-
Tata Capital Healthcare Fund			250.00	-	250.00	-
India Business Excellence Fund			100.00	-	-	-
			<u>390.00</u>		<u>250.00</u>	
2) Equity Shares:						
Intravo Technologies	4299 (4299)	10	8.64	-	8.64	-
G R Infraprojects	6626 (5680)	2	13.46	-	10.10	-
One 97 Communication	5871 (5871)	10	14.50	-	14.50	-
			<u>36.60</u>		<u>33.24</u>	
3) Preference Shares:						
Intravo Technologies	1616 (Nil)	10	1.09	-	-	-
Regen Powertech Private-CCPS	4328 (Nil)		30.53	-	-	-
			<u>31.62</u>		<u>-</u>	
			<u>32,375.20</u>		<u>4,295.95</u>	
Less: Provision for diminution in the value of Investments			<u>155.22</u>		<u>70.29</u>	
Total			<u><u>32,219.98</u></u>		<u><u>4,225.66</u></u>	
Notes:						
		Cost	Market Value	Cost	Rs. in Lakhs Market Value	
1) Aggregate value of quoted investments		31,916.98	32,032.64	4,012.71	4,720.50	
Aggregate value of unquoted investments		458.22	-	283.24	-	
2) All Investments in Shares & Securities are fully paid up.						



ALKEM LABORATORIES LIMITED
NOTE - 2 : NOTES TO ACCOUNTS

As at 31st
March, 2012
Rs. in lakhs

As at 31st
March, 2011
Rs. in lakhs

2.13 : LONG TERM LOANS AND ADVANCES:

(Unsecured, Considered Good)		
Capital Advances for fixed assets	3,985.49	588.10
Loans and Advances to Subsidiary Companies	3,802.88	292.06
Security Deposits	497.21	473.65
MAT Credit Entitlement	19,338.03	12,529.82
Loans and Advances to Employees	819.53	345.53
Other Loans and Advances	137.27	77.05
TOTAL	28,580.41	14,306.21

2.14 : INVENTORIES:

Valued at Lower of Cost or Net realisable value (Refer Note 1.8)		
Raw and Packing Materials	10,292.72	9,220.32
Goods-in-Transit	30.41	51.66
	10,323.13	9,271.98
Work-in-Progress	2,379.98	1,862.83
Finished Goods	8,490.69	6,641.25
Goods-in-Transit	1,217.17	1,019.23
	9,707.86	7,660.48
Stock-in-Trade	7,302.25	3,996.58
TOTAL	29,713.22	22,791.87

2.15 : TRADE RECEIVABLES:

Unsecured:		
Outstanding for a period exceeding six months:		
Considered Good	8,605.88	2,138.19
Considered Doubtful	1,030.09	854.17
Less: Provision for doubtful trade receivables	(1,030.09)	(749.33)
	8,605.88	2,243.03
Other Trade Receivables:		
Considered Good	17,149.79	13,870.64
Considered Doubtful	215.49	537.84
Less: Provision for doubtful trade receivables	(215.49)	(378.27)
	17,149.79	14,030.21
TOTAL	25,755.67	16,273.24

Note:
Above Trade Receivables include amount due from related parties Rs. 7,351.56 Lakhs (P.Y. Rs. 3,163.43 Lakhs)

ALKEM LABORATORIES LIMITED
NOTE - 2 : NOTES TO ACCOUNTS

As at 31st
March, 2012
Rs. in lakhs

As at 31st
March, 2011
Rs. in lakhs

2.16 : CASH AND CASH EQUIVALENTS:

Balance with Banks:		
In Current Accounts	307.99	11,195.63
In EEFC Accounts	23.87	311.08
In Deposit Accounts:		
In Deposits Accounts maturity beyond 12 months	67,653.06	46,040.62
In Deposits Accounts maturity within 12 months	44,679.99	84,788.97
Cheques & Drafts on hand	390.44	-
Cash on hand	28.36	27.07
TOTAL	113,083.71	142,363.37

Notes:

Out of the above bank deposits, deposits of Rs. 88,975.72 Lakhs (P.Y. Rs. 109,229.76 Lakhs) is under lien with banks.
Deposit with Barclays Bank PLC Mumbai Branch aggregating Rs. 23,250.00 Lakhs (P.Y. Rs. 19,250.00 Lakhs) is hypothecated against term loan of US\$ 35 Million given by Barclays Bank PLC Singapore to S & B Holdings B.V., Netherland a 100% subsidiary of the Company.

2.17 : SHORT TERM LOANS AND ADVANCES:

Unsecured, Considered Good, unless Otherwise stated		
Balances with Government Authorities (VAT/Cenvat/Service Tax credit receivable)	4,174.24	3,247.66
Advance payment of Income Tax (Net of Provisions)	460.34	-
Advance to Suppliers:		
Considered Good	3,191.43	1,020.17
Considered Doubtful	153.04	194.75
	3,344.47	1,214.92
	(153.04)	(194.75)
Less: Provision for Doubtful Advances	3,191.43	1,020.17
Prepaid Expenses	1,155.19	196.09
TOTAL	8,981.20	4,463.92

2.18 : OTHER CURRENT ASSETS:

Interest Accrued on Bank Deposits	7,683.96	4,123.57
Export Incentives Receivable	664.24	797.01
Other Receivables	59.11	58.92
TOTAL	8,407.31	4,979.50



ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31st March, 2011 Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs
2.19. : REVENUE FROM OPERATIONS:		
Sale of Products	197,352.60	166,877.87
Other Operating Revenue:		
Manufacturing Charges	404.32	187.02
Export Incentives and Excise Refunds	2,975.81	1,725.02
Insurance Claim/Subsidy	38.61	-
Miscellaneous Receipts	111.80	119.40
	<u>3,530.54</u>	<u>2,031.44</u>
TOTAL	<u>200,883.14</u>	<u>168,909.31</u>
2.20. : OTHER INCOME:		
Interest on Bank Deposits	10,903.19	9,254.83
Other Interest	1,131.27	337.78
Dividend Income	25.81	16.02
Rent	300.64	62.09
Net Gain on sale of Investments	1,122.91	1,153.29
Net Gain on Foreign Currency Transactions and Translation	-	157.60
TOTAL	<u>13,483.82</u>	<u>10,981.61</u>
2.21. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:		
Opening Stock:		
Finished Goods	7,660.48	6,937.99
Stock-in-Trade	3,996.58	2,997.50
Work-in-Progress	1,862.83	1,228.74
	<u>13,519.89</u>	<u>11,164.23</u>
Less: Closing Stock:		
Finished Goods	9,707.86	7,660.48
Stock-in-Trade	7,302.25	3,996.58
Work-in-Progress	2,379.98	1,862.83
	<u>19,390.09</u>	<u>13,519.89</u>
TOTAL	<u>(5,870.20)</u>	<u>(2,355.66)</u>



ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31st March, 2011 Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs
2.22. : EMPLOYEE BENEFITS EXPENSE:		
Salaries, Wages and Bonus	23,929.13	21,989.05
Contribution to Provident and Other Fund	2,229.24	2,054.82
Employees' Welfare Expenses	1,425.51	1,122.00
TOTAL	<u>27,583.88</u>	<u>25,165.87</u>
2.23. : FINANCE COST:		
Interest on Borrowings	5,221.46	3,631.54
Other Borrowing Costs	125.85	107.25
TOTAL	<u>5,347.31</u>	<u>3,738.79</u>
2.24. : OTHER EXPENSES:		
Consumption of Stores and Spares	3,108.39	2,234.91
Power and Fuel	5,060.56	3,777.48
Excise Duty (Net)	299.65	528.89
Processing Charges	904.97	856.83
Rent	790.01	672.49
Rates & Taxes	55.79	81.80
Insurance	524.28	518.53
Advertisement & Marketing Expenses	15,731.86	11,533.25
Selling & Distribution Expenses	4,947.66	4,071.95
Legal & Professional Charges	2,421.10	1,137.25
Sales-Tax & Octroi Duty	482.67	387.73
Commission & Discount	1,852.28	1,508.32
Travelling & Conveyance	6,029.05	5,666.14
Repairs:		
Buildings	167.59	174.38
Plant & Machineries	482.38	468.57
Others	307.84	264.65
Loss on sale of Assets (net)	65.64	40.51
Provision for diminution in value of investments	84.93	84.12
Donation	71.84	170.39
Communication and Printing Expenses	1,298.24	847.57
Vehicle Expenses	733.92	601.68
Clinical & Analytical Charges	1,134.80	510.70
Net Loss on Foreign Currency Transactions and Translation	534.48	-
Miscellaneous Expenses	1,928.55	1,716.73
TOTAL	<u>49,018.48</u>	<u>37,854.87</u>

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :
2.25. Contingent Liabilities not provided for:

		Rs. in Lakhs	
S. No.	Particulars	31 st March, 2012	31 st March, 2011
1.	Letter of Credit opened by the Banks	2,250.08	596.00
2.	Outstanding Bank Guarantees	170.83	240.65
3.	Central Excise demand disputed in appeal {advances paid Rs. 297.24 Lakhs (P.Y. Rs. 260.79 Lakhs)}	733.37	666.46
4.	Sales Tax demand disputed in appeal {advances paid Rs. 63.34 Lakhs (P.Y. Rs. 58.15 Lakhs)}	240.98	240.19
5.	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid Rs. 3,886.00 Lakhs (P.Y. Rs. 338.34 Lakhs)}	4,036.13	1,536.63
6.	Pending Export Obligation under advance licence/ EPCG Scheme	341.40	87.10
7.	Claims against the Company not acknowledged as debts	5,418.43	4,851.56
8.	Corporate Guarantee given in respect of credit facility sanctioned by a bank of subsidiary company aggregating US \$ 40 Million (P.Y. US \$ 40 Million)	20,350.00	17,838.00
TOTAL		33,541.22	26,056.59

2.26. Sundry Creditors – Outstanding dues of Micro and Small Enterprises:

- Principal amount outstanding to Micro and Small enterprises as at the year end is Rs. 2,914.16 Lakhs (Rs. 2,957.18 Lakhs)
- No interest is paid in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 and there is no delay in payment to these suppliers beyond the appointed day.
- No amount of interest is due or payable for any delay in payment as specified under the Micro, Small and Medium Enterprise Development Act, 2006.
- No amount of interest has accrued and remained unpaid at the end of the accounting year.
- The above disclosure is made based on the information available with the Company and has been relied upon by the Auditors.

2.27. Disclosure of Employee Benefits as per Accounting Standard 15 is as under:
(i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government. The Company recognised Rs. 727.11 Lakhs (P.Y. Rs. 626.97 Lakhs) for provident fund contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the company is required to contribute pre determined percentage of payoff cost of the eligible employee to the superannuation plan to fund the benefit. The Company recognised Rs. 20.32 Lakhs (P.Y. Rs. 25.16 Lakhs) for superannuation contribution.

(ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- On Normal retirement/ early retirement/ withdrawal/resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2012 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2012.

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

Rs. in Lakhs

Sr. No.	Particulars	Gratuity 31 st March, 2012	Gratuity 31 st March, 2011
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	623.03	815.58
	Interest Cost	211.36	154.79
	Actuarial (gain) / losses	74.39	(60.14)
	Benefits paid	(126.35)	(141.90)
	PVO at the beginning of the year	2703.16	1934.83
	PVO at end of the year	3485.59	2703.16
II)	Change in fair value of plan assets		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	126.35	141.90
	Benefits paid	(126.35)	(141.90)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of period	3485.59	2703.16
	Fair Value of planned assets at end of year	-	-
	Funded status	-	-
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(3485.59)	(2703.16)
IV)	Net cost for the year ended Mar 31st, 2012 :		
	Current Service cost	623.03	815.58
	Interest cost	211.36	154.79
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	74.39	(60.14)
	Net cost	908.78	910.23
V)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	8.00	8.00
	Salary escalation rate (%)	8.00	11.00

2.28. Details of un-hedged foreign currency exposure:

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

a. Amount receivable in foreign currency on account of the following

Particulars	As on 31.03.2012		As on 31.03.2011		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
Export of goods:					
	751.81	11,07,768.79	632.00	9,97,126.97	EURO
	114.43	1,40,475.50	79.11	1,10,186.95	GBP
	9,773.34	1,92,10,492.32	5,362.58	1,20,25,078.39	USD
	23.33	44,100.00	-	-	AUD

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

b. Amount payable in foreign currency on account of the following

Particulars	As on 31.03.2012		As on 31.03.2011		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
Import of Goods and Services:					
	870.30	17,10,670.72	914.70	20,51,123.30	USD
	45.24	66,663.80	5.10	8,050.56	EURO
	1.32	2,485.58	0.41	885.00	AUD
	21.88	26,861.75	0.52	730.55	GBP
	11.27	20,000.00	-	-	CHF
Unsecured Loans	15,008.13	2,95,00,000.00	2,452.72	55,00,000.00	USD
Secured Loans	15,262.50	3,00,00,000.00	6,689.25	1,50,00,000.00	USD

2.29. The Company has taken certain assets on operating lease and has paid lease rentals amounting to Rs. 1,020.24 Lakhs (P.Y. Rs. 815.17 Lakhs) which has been debited to the Profit and Loss Account. The future minimum lease payments are as under:

Particulars	Rs. in Lakhs	
	31 st March, 2012	31 st March, 2011
Not later than one year	763.70	651.13
Later than one year but not later than five years	1,988.48	1,845.69
Later than five years	369.88	534.95
Total	3,122.06	3,031.77

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

2.30. Segmental Reporting as required by Accounting Standard – 17 (AS-17):

The Company is currently focussing on two business segments i.e., pharmaceutical and investing & real estate. The business of food division is insignificant and accordingly has not been considered as a separate business segment. The research & development activity of the Company is part of the pharmaceutical business. The geographical segmentation is not relevant as exports are insignificant considering the total volume of business of the Company. The disclosure required as per Accounting Standard -17 (AS-17) for the segment reporting is as under,

Rs.in Lakhs

Particulars	Pharma Business		Others (Investing & Real Estate)		Unallocable		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE								
Revenue (net)	1,91,809.08	1,63,213.14	13,374.16	10,714.74	-	-	2,05,183.24	1,73,927.88
Other Income	3,640.20	2,298.53	-	-	-	-	3,640.20	2,298.53
Total Revenue	1,95,449.28	1,65,511.67	13,374.16	10,714.74	-	-	2,08,823.44	1,76,226.41
RESULT								
Profit before Interest, Depreciation and Tax	40,292.16	31,343.22	13,287.40	10,621.14	-	-	53,579.56	41,964.36
Less (Interest)	3,564.87	2,492.53	1,782.44	1,246.26	-	-	5,347.31	3,738.79
Less (Depreciation)	2,703.27	2,634.34	90.75	70.27	-	-	2,794.02	2,704.61
Profit before tax	34,024.02	26,004.52	11,414.21	9,516.44	-	-	45,438.23	35,520.96
Less: Tax	-	-	-	-	2,338.42	3,109.22	2,338.42	3,109.22
Less: Deferred Tax Liability/ (Asset)	-	-	-	-	551.69	69.24	551.69	69.24
Profit after tax	34,024.02	26,004.52	11,414.21	9,516.44	(2,890.11)	(3,178.46)	42,548.12	32,342.50
OTHER INFORMATION								
Segmental Assets	148,572.21	101,441.46	149,861.18	144,710.43	19,798.37	19,188.68	318,231.76	265,340.57
Segmental Liabilities	315,452.53	102,276.05	-	-	2,779.23	9,191.37	318,231.76	111,467.42
Capital Expenditure	14,419.93	4,579.95	-	5,568.44	-	-	14,419.93	10,148.39
Depreciation	2,703.27	2,634.34	90.75	70.27	-	-	2,794.02	2,704.61
Non Cash Expenditure Other Than Depreciation	-	-	-	-	-	-	-	-

2.31. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is Rs. 6,963.63 Lakhs (P.Y. Rs. 4851.71 Lakhs).

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

2.32. Earnings per Share (EPS):

Particulars	Rs.in Lakhs	
	2011-12	2010-11
Profit attributable to equity shareholders	42,548.12	32,342.51
Weighted Average number of equity shares	1,19,56,500	1,19,56,500
Earnings per Share (in Rs) - Basic and Diluted	356	271

2.33. As required by Accounting Standard-18, the Related Parties' disclosures are as follows:

Names of related parties and description of relationship:

A. Subsidiaries, Fellow Subsidiaries & Others:

Alkem Laboratories (NIG) Limited	Nigeria
Alkem Laboratories (PTY) Limited	South Africa
Alkem Pharma GmbH	Germany
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V. (Formerly known as Alkem Laboratories B V)	Netherlands
Pharmacor Limited	Australia
Angelic Holdings SA	Switzerland
ThePharmanetwork LLC	United States of America
Ascends Laboratories SDN BHD.	Malaysia
Ascends Laboratories	Chile
Enzene Biosciences Ltd.	India
Alkem Health Science – (Refer Note No. 2.11.)	India

B. Key Management Personnel:

Mr. Samprada Singh	Chairman
Mr. Basudeo Narain Singh	Managing Director
Mr. Prabhat Narain Singh	Director
Mr. Nawal Kishore Singh	Director
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Director
Mr. Mrityunjay Kumar Singh	Director
Mr. Ravindra Y. Shenoy	Chief Operating Officer & President Finance

C. Relatives of Key Management Personnel and Entities in which Key Management Personnel's have contractual and significant influence:

Mrs. Nanhamati Singh, Mr. Satish Kumar Singh, Mrs. Jayanti Sinha, Mrs. Rekha Singh, Mrs. Archana Singh, Mrs. Krishna Singh, Mr. Tushar Singh, Mrs. Anju Singh, Mrs. Rinu Sharma, Ms. Shalini Singh, Ms. Neha Singh, Ms. Khushboo Singh, Mr. Sarandhar Singh, Mr. Srinivas Singh, Mr. Sandeep Singh, Mr. Sarvesh Singh, Mrs. Manju Singh, Mrs. Premalata Singh, Mrs. Madhurima Singh, Mrs. Seema Singh, Ms. Divya Singh, Mst. Aniruddha Singh, Ms. Meghna Singh, Shrey Shree Anant Singh, M/s Cachet Pharmaceuticals Pvt. Ltd., M/s Indchemie Health Specialities Pvt. Ltd., M/s Galpha Laboratories Ltd., M/s. Travelon Services Pvt. Ltd.

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

D. Transactions with related parties:

Rs.in Lakhs

Sr. No.	Transactions	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
1.	Remuneration	-	1,249.25	78.00	-	1,327.25
		(-)	(1,015.64)	(-)	(-)	(1,015.64)
2.	Loans Taken	-	521.75	364.23	-	885.98
		(-)	(964.64)	(292.01)	(7.00)	(1,263.65)
3.	Loans Repaid	-	367.67	203.26	-	570.93
		(-)	(1,302.00)	(21.50)	(15.00)	(1,338.50)
4.	Interest expense on loans taken	-	121.71	160.84	-	282.55
		(-)	(182.14)	(136.83)	(3.42)	(322.39)
5.	Purchase of Goods	-	-	-	12,720.06	12,720.06
		(-)	(-)	(-)	(12,373.91)	(12,373.91)
6.	Sale of Goods	6,977.96	-	-	3,226.04	10,204.00
		(808.22)	(-)	(-)	(3,827.89)	(4,636.11)
7.	Sale of Raw & Packing Materials	-	-	-	81.80	81.80
		(-)	(-)	(-)	(83.73)	(83.73)
8.	Purchase of Raw & Packing Materials	-	-	-	426.30	426.30
		(-)	(-)	(-)	(700.59)	(700.59)
9.	Receiving of Services	-	-	-	1,860.34	1,860.34
		(-)	(-)	(-)	(1,374.15)	(1,374.15)
10.	Rendering of Services	-	-	-	206.05	206.05
		(-)	(-)	(-)	(187.02)	(187.02)
11.	Receipt of Rent	-	-	-	65.02	65.02
		(-)	(-)	(-)	(62.09)	(62.09)
12.	Investments	4,028.05	-	-	-	4,028.05
		(-)	(-)	(-)	(-)	(-)
13.	Final Dividend paid	-	622.64	1,170.84	-	1,793.48
		(-)	(-)	(-)	(-)	(-)
14.	Loans Given	3,489.61	-	-	-	3,489.61
		(342.78)	(-)	(-)	(-)	(342.78)
15.	Sale of Assets	-	-	-	22.83	22.83
		(-)	(-)	(-)	(10.37)	(10.37)
16.	Repatriation of Investment	-	-	-	-	-
		(18.01)	(-)	(-)	(-)	(18.01)
17.	Gas Sales	-	-	-	28.68	28.68
		(-)	(-)	(-)	(22.67)	(22.67)
18.	Reimbursement of Expenses	74.80	-	-	-	74.80
		(162.22)	(-)	(-)	(-)	(162.22)
19.	Corporate Guarantee issued by the Company to the bankers of wholly owned subsidiary companies	(17,838.00)	(-)	(-)	(-)	(17,838.00)
20.	Deposit Taken Hypothecated Against term loan taken by a Wholly owned subsidiary	4,000.00	(-)	(-)	(-)	4,000.00
		(19,250.00)	(-)	(-)	(-)	(19,250.00)
21.	Interest Received	21.66	-	-	-	21.66
		(-)	(-)	(-)	(-)	(-)



ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

Out of the above items transactions in excess of 10% of the total related party transactions

Rs. In Lakhs				
Sr. No.	Transactions	Related Party relation	2011-2012	2010-2011
1.	Remuneration Mr. Samprada Singh Mr. Basudeo Narayan Singh Mr. Ravindra Y. Shenoy	Key Management Personnel Key Management Personnel Key Management Personnel	403.18 404.68 117.45	340.73 342.79 95.38
2.	Loans Taken Mr. Basudeo Narayan Singh Mr. Dhananjay Kumar Singh Mr. Samprada Singh Mr. Balmiki Prasad Singh Mrs. Rekha Singh	Key Management Personnel Key Management Personnel Key Management Personnel Key Management Personnel Spouse of Director	260.00 113.47 5.71 113.28 137.75	539.00 15.00 300.00 - -
3.	Loans Repaid Mr. Basudeo Narayan Singh Mr. Dhananjay Kumar Singh Mr. Samprada Singh Mrs. Nanhamati Singh Mrs. Madhurima Singh	Key Management Personnel Key Management Personnel Key Management Personnel Spouse of Director Spouse of Director	262.43 0.05 102.00 200.00 0.05	720.00 15.00 402.00 - 18.00
4.	Interest Expenses on Loans Taken Mr. Balmiki Prasad Singh Mr. Basudeo Narayan Singh Mrs. Rekha Singh Mr. Samprada Singh Mr. Dhananjay Kumar Singh	Key Management Personnel Key Management Personnel Spouse of Director Key Management Personnel Key Management Personnel	45.44 31.45 50.95 5.71 32.74	37.32 70.06 39.95 36.54 0.00
5.	Purchase of Goods Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	5,044.00 5,305.78 2,370.28	4,858.89 4,214.06 3,300.96
6.	Sale of Goods The Pharamanetwork, LLC Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary Others	6,651.25 2,948.46	- 3,667.73
7.	Sale of Raw & Packing Materials Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	20.63 35.92 25.25	45.93 13.04 24.76
8.	Purchase of raw Packing Materials Galpha Laboratories Limited	Others	422.40	646.78
9.	Receiving of Services Travelon Services Pvt. Ltd Indchemie Health Specialties Pvt. Ltd.	Others Others	1,104.38 516.05	723.47 404.76
10.	Rendering of Services Galpha Laboratories Limited	Others	202.66	184.28
11.	Receipt of Rent Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited Cachet Pharmaceuticals Pvt. Ltd.	Others Others Others	31.11 24.46 9.45	31.26 26.98 -

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

12.	Investments S & B Holdings B.V., Netherlands Enzene Biosciences Ltd.	Subsidiary Subsidiary	3,278.05 750.00	- -
13.	Loans Given S&B Holdings B.V. Netherland Alkem Laboratories (NIG) Limited Enzene Biosciences Ltd. India	Subsidiary Subsidiary Subsidiary	2,476.21 125.08 727.48	42.95 290.04 -
14.	Sale of Assets Cachet Pharmaceuticals Pvt. Ltd.	Others	22.83	10.37
15.	Gas Sales Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	10.89 11.06 6.73	7.76 8.72 6.14
16.	Repatriation of Investment Alkem Laboratories FZC, Dubai	Subsidiary	-	18.01
17.	Reimbursement of Expenses Alkem Laboratories (NIG) Limited Alkem Laboratories Corporation, Philippines Alkem Laboratories (PTY) Limited South Africa The PharmaNetwork LLC USA	Subsidiary Subsidiary Subsidiary Subsidiary	- - 3.64 71.16	123.99 28.66 9.57 -
18.	Corporate Guarantee issued by the Company to the bankers of wholly owned subsidiary companies. S & B Holdings B.V.	Subsidiary	-	17,838.00
19.	Deposit Taken Hypothecated Against term loan taken by a Wholly owned subsidiary. S & B Holdings B.V.	Subsidiary	4,000.00	19,250.00
20.	Interest Received from Subsidiary Company. Enzene Biosciences Ltd. India	Subsidiary	21.66	-

Balance due from / to the related Parties

Rs. In Lakhs						
Sr. No.	Transactions	Subsidiary	Key Management Personal	Relatives of Key Management Personnel	Others	Total
1.	Outstanding	4,917.46	-	-	2,033.29	6,950.75
	Receivables	(808.22)	(-)	(-)	(2,355.21)	(3,163.43)
2.	Outstanding Payables	315.74	-	-	238.17	553.91
		(315.74)	(-)	(-)	(938.58)	(1254.32)
3.	Investments	4,945.63	-	-	-	4,945.63
		(964.46)	(-)	(-)	(-)	(964.46)
4.	Loans Payable	-	1,535.80	1,936.01	-	3,471.89
		(-)	(1,294.89)	(25.57)	(1,604.80)	(2,925.26)
5.	Loans Receivable	4,118.62	-	-	-	4,118.62
		(607.80)	(-)	(-)	(-)	(607.80)

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

2.34. Managerial Remuneration:

Rs. in Lakhs

Particulars	2011-12	2010-11
Salaries & Allowances	945.75	777.40
Contribution to Provident Fund and other funds	104.76	86.11
Perquisites	81.29	56.75
Total	1,131.80	920.26

2.35. Auditors' Remuneration:

Rs. In Lakhs

Particulars	2011-12*	2010-11*
a. As Audit Fees	17.00	15.00
b. As Tax Audit Fees	7.00	5.00
c. As advisor or in any other capacity or in respect of Taxation matters	6.00	5.00
d. In any other services such as certification, etc.	7.65	4.56
e. Reimbursement of out of pocket expenses	3.48	1.65
Total	41.13	31.21

* Excluding service taxes.

2.36. Additional information pursuant to the provisions of Paragraph 5 of Part II of Schedule VI to the Companies Act, 1956.
(a) Consumption of Raw Materials:

Rs. in Lakhs

Items	2011-12	2010-11
Antibiotics	26,933.42	27,994.46
Analgesics	564.90	529.35
Others	12,933.62	8,487.78
Total	40,431.94	37,011.59

(b) Value and % of Imported & Indigenous Raw Materials, Spare parts & Components consumed:

(i) Raw Materials:	Value Rs. in Lakhs	% of Total Consumption
Imported	5,611.58 (3,379.13)	13.90% (9.10%)
Indigenous	34,820.36 (33,632.46)	86.10% (90.90%)
Total	40,431.94 (37,011.59)	100.00% (100.00%)

(ii) Stores & Spares:	Value Rs. in Lakhs	% of Consumption
Imported	370.49 (55.90)	11.92% (2.50%)
Indigenous	2,737.90 (2,179.01)	88.08% (97.50%)
Total	3,108.39 (2,234.91)	100.00% (100.00%)

ALKEM LABORATORIES LIMITED
 NOTES TO THE ACCOUNTS :

(c) Value of Imports (on CIF basis):

Rs. In Lakhs

Particulars	2011-12	2010-11
Raw Materials	4,255.37	3,674.90
Components, Stores and Spare Parts & Others	1,150.34	237.24
Capital Goods	2,767.77	1,044.64
Total	8,173.48	4,956.78

(d) Earning in Foreign Exchange:

Rs. In Lakhs

Particulars	2011-12	2010-11
Export of goods (at F.O.B.)	17,025.41	15,193.51
Deemed Exports	51.33	54.84
Local Sales	4.44	2.77
Freight	322.81	157.83
Insurance	1.48	0.03
Manufacturing Charges	151.10	0.00
Total	17,556.57	15,408.98

(e) Expenditure in Foreign Currency:

Rs. in Lakhs

Particulars	2011-12	2010-11
Travelling Expenses	155.04	71.09
Salaries	572.76	501.99
Legal and Professional Fees	669.46	295.82
License Fees and Product Registrations	578.27	605.40
Reference Samples	241.20	76.13
Other Expenses	1,512.86	1,145.18
Total	3,729.59	2,695.61

2.37. Details of Purchases, Turnover and Inventory:
A) Details of Purchases of Finished Goods:

Rs. In Lakhs

Classification	2011-12	2010-11
Tablets	6,304.05	4,590.18
Capsule	4,943.24	3,631.17
Dry Syrup	136.04	33.77
Liquid	7,326.93	6,441.20
Injection	3,898.10	2,729.60
Other	3,270.89	1,973.40
Total	25,879.25	19,399.31



ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

B) Details of Turnover:

Rs. In Lakhs

Classification	2011-12	2010-11
Tablets	80,579.75	66,382.29
Capsules	32,868.56	24,863.72
Dry Syrups	10,584.37	8,973.73
Liquids	16,463.35	14,566.94
Injections	47,250.27	43,532.97
Bulk Drugs	1,194.20	2,865.15
Drops	2,775.05	2,408.22
Gel/Creams	2,743.33	2,018.30
Others	2,893.72	1,266.55
Total	197,352.60	166,877.87

C) Details of Inventories (Finished Goods including Stock In Trade):

Rs. in Lakhs

Classification	2011-12	2010-11
Tablets	5,325.81	3,480.45
Capsule	2,020.00	1,773.35
Dry Syrup	524.32	448.36
Liquid	2,454.89	1,203.01
Injection	5,475.79	3,932.50
Bulk	188.62	299.58
Other	1,020.68	519.81
Total	17,010.11	11,657.06

D) Details of Inventories (Work-in-Progress):

Rs. in Lakhs

Classification	2011-12	2010-11
Formulations	2,197.40	1,502.47
Bulk Drugs	182.58	360.36
Total	2,379.98	1,862.83

- 2.38. Debtors include debts from company under the same management as per Section 370 (1B) of the Companies Act, 1956 of Rs. 7,351.56 Lakh (P.Y. Rs. 3,163.43 Lakhs).
- 2.39. Figures of the previous year have been regrouped, rearranged, recast and reclassified wherever considered necessary to make them comparable to that of the current year or for a better presentation of accounts.
- 2.40. Figures in brackets indicate corresponding figures of previous year.

Per our Report attached of even date
For R. S. SANGHAI & ASSOCIATES
Chartered Accountants
R.S. Sanghai
Proprietor

For and on behalf of the Board
Samprada Singh - Chairman
B. N. Singh - Managing Director

R. Y. Shenoy - President - Finance
Manish Narang - GM Legal & Company Secretary

P.N. Singh -Director
B.P. Singh -Director
M.K. Singh -Director

N.K. Singh -Director
D.K. Singh -Director

Mumbai: 25th May, 2012