



Spreading Wings across the globe



Registered Office:
ALKEM LABORATORIES LIMITED,
ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.





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
M C Shah
E N Shankar

Bankers

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

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. Units 1 & 2 at Purana Barrier, Village-Thana, Baddi, Dist - Solan, H.P.*
- 7. Kumrek, Raghokhola, East Sikkim*
- 8. Samardung, Karek Block, PO - Namthang, Dist - South Sikkim - 737137.*

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 39th Annual Report along with the audited accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

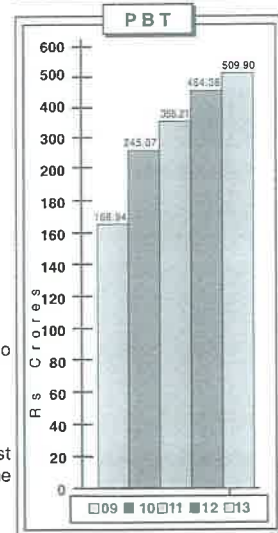
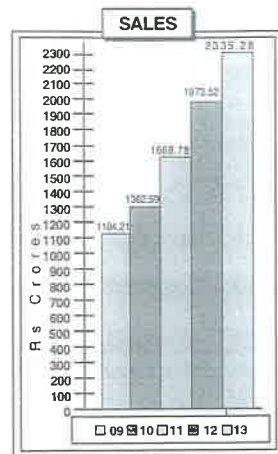
	(Rs. in Lakhs)	
	2012-13	2011-12
Sales (Gross)	<u>2,33,528.73</u>	<u>1,97,352.60</u>
Profit before tax	<u>50,990.98</u>	<u>45,438.23</u>
(Less): Provision for Income Tax	<u>(10,300.00)</u>	<u>(9,200.00)</u>
Add/(Less): Provision for Deferred Taxation	<u>(1,348.75)</u>	<u>(551.69)</u>
Add : MAT Credit Entitlement	<u>10,270.76</u>	<u>7,693.86</u>
Add / (Less): Income Tax of earlier years	<u>-</u>	<u>(832.28)</u>
Profit after tax	<u>49,612.99</u>	<u>42,548.12</u>
Add: Balance of profit from previous years	<u>44,304.77</u>	<u>24,535.90</u>
Profit available for appropriation	<u>93,917.76</u>	<u>67,084.02</u>
Appropriations :		
Proposed Dividend	<u>-</u>	<u>2,391.30</u>
Interim Dividend	<u>2,391.30</u>	<u>-</u>
Corporate Tax on Dividend	<u>387.93</u>	<u>387.93</u>
General Reserve	<u>25,000.00</u>	<u>20,000.00</u>
Balance Carried Forward	<u>66,138.53</u>	<u>44,304.79</u>
	<u>93,917.76</u>	<u>67,084.02</u>

DIVIDEND :

The Company has paid an interim dividend of 200% during the year. Your Directors do not recommend any further dividend for the year ended 31st March, 2013.

OPERATIONS :

The Company's sales (Gross) has increased to Rs. 2,33,528.73 lakhs as against Rs. 1,97,352.60 lakhs for the previous year resulting in an increase of 18.33% over the previous year.



DIRECTORS' REPORT

SUBSIDIARIES:

During the year, the Company has incorporated a wholly owned subsidiary in the name of Alkem Laboratories Korea Inc on 7th August, 2012 in Korea having 15000 units of 100 Korean Won each amounting to Korean Won 1,50,00,000

During the year, the Company has incorporated a wholly owned limited liability Partnership in the name of The Pharma Network Limited Liability Partnership in Kazakhstan on 14th August, 2012 with a charter capital of Tenge 1.61.800.

During the year S & B Pharma Inc was incorporated on 25.01.2012 in the State of Delaware, USA with a authorized share capital of 100 shares of common stock at 0.01\$ per share in which the Company holds 49 share and the balance 51 share are held by S & B Holdings BV, a wholly owned subsidiary of the Company in Netherlands.

During the year, the Company has acquired 6,83,13,954 shares being 100% of the share capital of Pharmacor Limited, Australia. Consequent to this Pharmacor Limited has become a wholly owned subsidiary of the Company. Out of this 100% share capital 54,651,163 shares constituting 80% of the share capital in Pharmacor Limited were acquired by the Company from S & B Holdings BV, a wholly owned subsidiary of the Company in Netherlands and the balance 13,662,791 shares constituting 20% of the share capital in Pharmacor Limited were acquired by the Company from Pharmacy I pty Limited as a trustee for the Jean Pierre Salama No. 2 Family Trust.

S & B Holding BV, a wholly owned subsidiary of the Company in Netherlands had acquired 51% of total shares i.e. 34,883,721 shares in Pharmacor Limited, Australia on 30.06.2009. S & B Holding BV further acquired 29% of the total share capital i.e. 19,767,442 shares in Pharmacor Limited on 1st April, 2011 thus acquiring 80% of total share capital i.e. 54,651,163 shares in Pharmacor Limited, Australia.

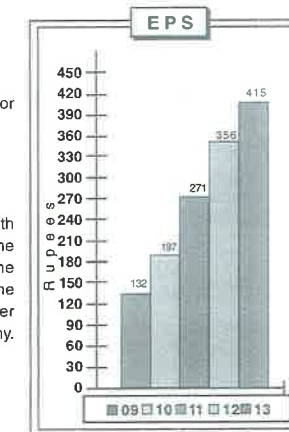
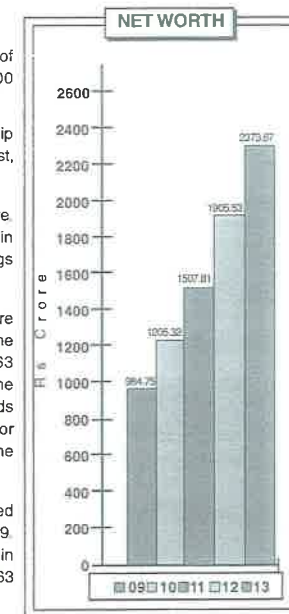
A statement pursuant to Section 212 of the Companies Act, 1956 relating to the above subsidiaries have been given as an annexure to the Annual Report.

DIRECTORS:

Mr. M. K. Singh, Mr. M. C. Shah and E. N. Shankar 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' REPORT

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. 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, 2013 and of the profit of the Company for the year ended on that date;
- iii. 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;
- iv. That the annual accounts have been prepared on a going concern basis.

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, 12th June, 2013

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 :

	31.03.2013	31.03.2012
CONSERVATION OF ENERGY		
1. Power & Fuel Consumption		
a) Electricity Purchased		
Unit (Nos. Lakhs)	447.04	401.65
Total Amount (Rs. Lakhs)	2,187.43	1,972.89
Unit Rate (Rs.)	4.89	4.91
b) Own Generation		
i) Through Diesel Generator		
(No. of units in Lakhs)	37.85	22.39
Cost of HSD (Rs. Lakhs)	472.23	269.39
Cost / Unit (Rs.)	12.48	12.03
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.)	4,025.94	9,224.52
Cost (Rs. Lakhs)	162.62	371.56
Average Rate / M.T. (Rs.)	4039.31	4,027.97
3. Furnace Oil		
Quantity (Ltrs in Lakhs)	19.57	39.70
Total Cost (Rs. Lakhs)	784.37	1,466.26
Average Rate / Litre (Rs.)	40.07	36.94
4. Others		
Quantity (M.T.)	130.96	48.53
Total Cost (Rs. Lakhs)	1047.87	376.99
Average Rate / M.T. (Rs.)	8.00	7.77

ANNEXURE TO DIRECTORS' REPORT
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	:	4,810.04
(ii) Recurring	:	9,453.30 (excluding depreciation of Rs. 419.71 lakhs)
(iii) Total	:	14,263.34

(iv) Total R & D expenditure as percentage to total turnover : 6.11%

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. 22,640.29 lakhs and expenditure was Rs. 5,650.25 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 Labororios 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	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
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 (33511992)	S A Rand (51,307)	Ringgit NIL	Pesos (14711279)	Euro (17,412)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(48506031)	(65647)	NIL	(8059064)	(9068)
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 31.03.2013	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise
Number of shares acquired					
5. Material changes between the end of the financial year of the subsidiary or sub-sub-sidiary company as the case may be and 31.03.2013					
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

Place: Mumbai
Dated: 12th June, 2013

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%	100%	100%	100%
2. Financial year of the subsidiary Companies	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
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 (6082895)	PESOS (29657058)	Euro (1868799)	AUD (585105)	USD (10380156)	CHF (14090)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(19125445)	NIL	(1098372)	(587727)	(4702855)	(4006)
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 31.03.2013	Does not arise	Does not arise	Does not arise	20%	Does not arise	Does not arise
Number of shares acquired				13662791		
5. Material changes between the end of the financial year of the subsidiary or sub-sub-sidiary company as the case may be and 31.03.2013						
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

Place: Mumbai
Dated: 12th June, 2013



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

Name of the Subsidiary Companies	The Pharma Network LLP	Pharmacor LTD	Alkem Laboratories Korea Inc.	S & B Pharma Inc.
	Kazakhstan	Kenya	Korea	USA
1. Extent of interest in the subsidiary companies	100%	100%	100%	49%
2. Financial year of the subsidiary Companies	31.03.2013	31.03.2013	31.03.2013	31.03.2013
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
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	NIL	NIL
b) Not dealt within accounts of Holding company:				
I) for the financial year of the subsidiary company	TENGE (787)	KES (5950)	WON NIL	USE (1693847)
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	NIL	NIL
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-subsidiary company and 31.03.2013	Does not arise	Does not arise	Does not arise	49%
Number of shares acquired				49
5. Material changes between the end of the financial year of the subsidiary or sub-subsidiary company as the case may be and 31.03.2013				
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

Place: Mumbai
Dated: 12th June, 2013



AUDITOR'S REPORT

To the Members of,
ALKEM LABORATORIES LIMITED

Report on the Financial Statements :

We have audited the accompanying financial statements of ALKEM LABORATORIES LIMITED ('the Company') which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements :

Managements is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a base for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (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.

AUDITOR'S REPORT**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditors' Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227 (3) of the Act, 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 comply with the Accounting Standards referred to in sub-section (3C) of Section 211 Act.
 - e. On the basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

R.S. SANGHAI
Partner
Membership No.: 036931
Mumbai, 12th June, 2013

ANNEXURE TO THE AUDITOR'S REPORT

Re: Alkem Laboratories Limited (Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date)

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 on the basis at available information.
 - (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 are reasonable and adequate considering the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancy noticed on physical verification of inventories as compared to the book records.
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 granted loans to its eight subsidiaries covered in the register maintained under Section 301 of the Act. The maximum amount outstanding at any time during the year was Rs. 7500.00 lakhs and the year end year end balances of such loan amounted to Rs 4775.24 lakhs Other than above, the Company has not granted any loan, secured or unsecured, to Companies, Firms or parties covered in the register maintained under Section 301 of Act.
 - (b) In our opinion, the rate of interest and other terms and conditions on which these loans have been granted to the subsidiaries covered in the register maintained under Section 301 of the Act are not, prima facies, prejudicial to the interest of the Company.
 - (c) The Company is regular in receipt of interest and principal amount of unsecured loans wherever applicable and there is no default.
 - (d) There are no overdue amounts of more than Rupees One Lakh in respect of the loans granted to the subsidiaries listed in the register maintained under Section 301 of the Act.
 - (e) The Company has taken unsecured loans from 33 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. 4610.99 Lakhs and the maximum amount involved during the year was Rs. 4855.04 Lakhs from these parties.
 - (f) The rate of interest, wherever applicable and other terms and conditions of such loan are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - (g) The company is regular in repayment of interest and principal amount of unsecured loans and there is no default.

ANNEXURE TO THE AUDITOR'S REPORT

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 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.
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 so 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.

ANNEXURE TO THE AUDITOR'S REPORT

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, 2013 for a period of more than six months from the date they became payable.
- (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, wealth-tax, service-tax and cess which have not been deposited on account of any dispute. The particulars of dues of sales-tax, excise duty and income-tax, as at 31st March, 2013 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	37.24	2002 to 2005	Additional Commissioner of Central Excise
	Excise Duty	44.73	2007 to 2012	Additional Commissioner of Central Excise
	Excise Duty Penalty	63.10 2.13	2006 to 2011 2010 to 2011	Commissioner of Central Excise (Appeals)
	Excise Duty Penalty	149.25 234.45	2003 to 2011	Central Excise & Service Tax Appellate Tribunal
	Excise Duty	12.12	2005 to 2012	Deputy Commissioner of Central Excise
Maharashtra VAT Act, 2002	Sales Tax	50.78	2003 - 2004	Deputy Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Sales Tax	56.54	2004 - 2005	Joint Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2003	Value Added Tax	8.75 3.37	2006 - 2007 2007 - 2008	Additional Commissioner of Commercial Taxes (Appeals)
Uttar Pradesh VAT Act, 2008	Value Added Tax	31.38	2012 - 2013	Additional Commissioner of Commercial Taxes (Appeals)
Bihar VAT Act, 2005	Value Added Tax	38.49 62.99	2010 - 2011 2011 - 2012	Joint Commissioner Commercial Taxes (Appeals)
Income Tax Act, 1961	Income Tax	8.89	FY 2008-2009 AY 2009-2010	Commercial of Income Tax (Appeals)

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.

ANNEXURE TO THE AUDITOR'S REPORT

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 made certain investments in shares, securities, debentures, bonds and / or mutual funds for which proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All 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 banks. 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 the 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
Partner
Membership No.: 36931
Mumbai, 12th June, 2013

BALANCE SHEET	Note No.	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,195.65	1,195.65
Reserves and Surplus	2.2	2,36,190.90	1,89,357.14
		<u>2,37,386.55</u>	<u>1,90,552.79</u>
Non Current Liabilities			
Long Term Borrowings	2.3	9,228.45	12,718.75
Deferred Tax Liabilities (Net)	2.4	4,989.68	3,640.93
Long Term Provisions	2.5	3,141.14	3,436.39
		<u>17,359.27</u>	<u>19,786.07</u>
Current Liabilities			
Short Term Borrowings	2.6	1,10,328.27	67,635.01
Trade Payables	2.7	25,754.05	26,241.36
Other Current Liabilities	2.8	11,619.68	9,671.63
Short Term Provisions	2.9	2,372.63	4,352.88
		<u>1,50,074.63</u>	<u>1,07,900.88</u>
	TOTAL	<u>4,04,820.45</u>	<u>3,18,239.74</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.10		
Tangible Assets		75,529.42	57,818.28
Intangible Assets		425.33	152.13
Capital Work in Progress		7,253.75	8,521.19
Intangible Assets Under Development		1,395.07	-
Non Current Investments	2.11	10,340.98	4,998.64
Long Term Loans and Advances	2.13	40,504.67	28,995.94
		<u>1,35,449.22</u>	<u>1,00,486.18</u>
Current Assets			
Current Investments	2.12	47,597.85	32,219.98
Inventories	2.14	44,285.46	29,713.22
Trade Receivables	2.15	30,180.27	25,755.67
Cash and Cash Equivalents	2.16	1,25,691.63	1,13,083.71
Short Term Loans and Advances	2.17	12,783.10	8,573.67
Other Current Assets	2.18	8,832.92	8,407.31
		<u>2,69,371.23</u>	<u>2,17,753.56</u>
	TOTAL	<u>4,04,820.45</u>	<u>3,18,239.74</u>
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

Partner

R. Y. Shenoy - Chief Operating Officer

Manish Narang - GM Legal & Company Secretary

R. M. Dubey - Vice President - Finance

P.N. Singh -Director

B.P. Singh -Director

M.K. Singh -Director

For and on behalf of the Board

Samprada Singh - Chairman

B. N. Singh - Managing Director

Mumbai: 12th June, 2013



ALKEM

PROFIT AND LOSS STATEMENT	Note No.	Year ended 31st March, 2013 Rs. in lakhs	Year ended 31st March, 2012 Rs. in lakhs
INCOME:			
Revenue from Operations (Gross)	2.19	2,40,805.62	2,00,883.14
Less: Excise Duty		8,016.11	5,543.52
Revenue from Operations (Net)		2,32,789.51	1,95,339.62
Other Income	2.20	16,923.57	13,483.82
	Total	2,49,713.08	2,08,823.44
Expenses:			
Cost of Materials Consumed		64,834.29	58,632.47
Purchases of Stock-in-Trade		37,531.21	25,879.25
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.21	(12,332.60)	(5,870.20)
Employee Benefits Expense	2.22	36,841.15	27,583.88
Finance Costs	2.23	7,921.55	5,347.31
Depreciation and Amortization Expense		3,601.52	2,794.02
Other Expenses	2.24	60,324.98	49,018.48
	Total	1,98,722.10	1,63,385.21
Profit before Tax		50,990.98	45,438.23
Tax Expense:			
Current Tax		10,300.00	9,200.00
Less: MAT Credit Entitlement		(10,270.76)	(7,693.86)
Net Current Tax Expense		29.24	1,506.14
Deferred Tax (Net)		1,348.75	551.69
Prior Period Tax Adjustment		-	832.28
Total Tax Expense		1,377.99	2,890.11
Profit (Loss) after Tax for the year		49,612.99	42,548.12
Earnings per equity share (In Rs.):			
Basic		415	356
Diluted		415	356
Face Value of Equity Share (In Rs.)			
		10.00	10.00
Singnificant Accounting Policies			
Notes to Accounts			
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

Partner

R. Y. Shenoy - Chief Operating Officer
Manish Narang - GM Legal & Company Secretary
R. M. Dubey - Vice President - Finance

For and on behalf of the Board

Samprada Singh - Chairman

B. N. Singh - Managing Director

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

Mumbai: 12th June, 2013



ALKEM

ALKEM LABORATORIES LIMITED CASH FLOW STATEMENT	Year ended 31st March, 2013 Rs. in lakhs	Year ended 31st March, 2012 Rs. in lakhs
Cash Flow from Operating Activity:		
Net Profit before Tax	50,990.98	45,438.23
Adjustment for:		
Depreciation	3,601.52	2,794.02
Provision for Gratuity & Compensated Leave	125.80	329.10
Provision for diminution in value of Investments	89.31	84.93
(Profit)/Loss on sale of Investments	(267.32)	(1,122.91)
(Profit)/Loss on sale of Assets	244.55	65.64
Dividend Received	(45.54)	(25.81)
Net Interest Received	(8,157.31)	(6,687.15)
Subtotal of Adjustments	4,408.97	(4,562.18)
Operating profit before working capital changes	46,582.01	40,876.05
Adjustment for:		
Trade and other Receivables	(4,424.60)	(9,482.45)
Loans & Advances & Other Current Assets	(5,503.35)	(15,565.41)
Inventories	(14,572.23)	(6,921.34)
Trade Payable & Other Liabilities	1,460.73	11,447.49
Bank Borrowings availed	42,693.25	1,152.74
Subtotal of Adjustments	19,653.80	(19,368.97)
Cash Generated from Operations	66,235.81	21,507.08
Less: Direct Taxes Paid	10,669.66	9,660.34
Cash Flow before extraordinary items	55,566.15	11,846.74
Net Cash (used)/ generated Operating Activities	55,566.15	11,846.74
Cash Flow from Investing Activities:		
Purchases of Fixed Assets (Net)	(21,958.03)	(20,919.88)
Purchases of Investments (Net)	(15,199.87)	(26,829.56)
Investment in Subsidiaries	(5,342.34)	(4,028.05)
(Investment)/Redemption of Bank Deposits having maturity of more than 3 months	22,359.72	(32,612.87)
Dividend Received	45.54	25.81
Interest Received	16,078.85	12,034.46
Net Cash from / used in investing Activities	(4,016.13)	(72,330.09)
Cash Flow from Financing Activities:		
Long Term Borrowings	(3,490.30)	6,029.50
Dividends and Corporate Dividend Tax paid	(5,170.53)	(2,091.37)
Interest Paid	(7,921.55)	(5,347.31)
Net Cash (used) in Financing Activities	(16,582.38)	(1,409.18)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	34,967.65	(61,892.53)
Cash & Cash Equivalents as at 1st April, 2012	8,033.19	69,925.72
Cash & Cash Equivalents as at 31st March, 2013 (D+E)	43,000.84	8,033.19
Notes:		
1. Cash and Cash Equivalents include		
Cash on hand	52.08	28.36
Cheque on Hand	540.12	390.44
Term Deposits with original maturity period of less than three months	40,101.57	7,282.53
Balance with Banks	2,307.08	331.86
Total Cash & Cash Equivalents	43,000.84	8,033.19
2. Other Bank balances include :		
Term Deposits with original maturity period of more than three months	82,690.79	1,05,050.52
3. Additions to Fixed Assets (including movements in Capital Work In Progress) are considered as a part of investing activities.		
4. Interest Income on Bank Deposits is classified as cash flow from Investing Activities.		
5. Above Cash Flow Statements is prepared under the "Indirect Method" as set out in Accounting Standare 3 (AS-3) "Cash Flow Statement"		
6. Previous Year's figures have been regrouped/rearranged/reclassified wherever necessary to confirm to current year's groupings and classifications.		

Per our Report attached of even date

For R. S. SANGHAI & ASSOCIATES

Chartered Accountants

R.S. Sanghai

Partner

R. Y. Shenoy - Chief Operating Officer
Manish Narang - GM Legal & Company Secretary
R. M. Dubey - Vice President - Finance

For and on behalf of the Board

Samprada Singh - Chairman

B. N. Singh - Managing Director

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

Mumbai: 12th June, 2013

ALKEM LABORATORIES LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 rate in the year of purchase.

(b) Amortisation of intangible assets are done within useful life of the intangible assets. The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year. Trademark & Patents are amortized over the period of 5 years

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 FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

(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 and technology income 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 FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

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.


ALKEM LABORATORIES LIMITED

NOTES TO ACCOUNTS :

 As at 31st
March, 2013
Rs.in lakhs

 As at 31st
March, 2012
Rs.in lakhs

2.1. : SHARE CAPITAL:

Authorised Share Capital :

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 equity shares of Rs.10/- each fully paid up

1,195.65

1,195.65

1,195.65
1,195.65
TOTAL
(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

1,19,56,500

1,19,56,500

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
1,19,56,500
1,19,56,500
(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.

During the year ended 31 March, 2013, the amount of per share dividend paid as distributions to equity shareholders is Rs. 20/- (31st March, 2012 dividend recognised as distribution to equity shareholders Rs. 20/-).

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 2013		As at 31st March 2012	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Basudeo Narain Singh	9,52,860	7.97%	11,91,990	9.97%
Mrs. Jayanti Sinha	8,57,300	7.17%	8,57,300	7.17%
Mrs. Rekha Singh	4,65,480	3.89%	7,04,610	5.89%
Mr. Balmiki Prasad Singh	6,21,576	5.20%	6,21,576	5.20%

(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 2013 Aggregate No. of Shares	As at 31st March 2012 Aggregate No. of Shares
Equity Shares:		
Fully paid up by way of bonus shares (issued during the year 2006-07)	<u>NIL</u>	<u>5,978,250</u>


ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :
2.2. : RESERVES AND SURPLUS:
Capital Reserve:

Investment Subsidies from State Governments
Balance as per last Balance Sheet

As at 31st
March, 2013
Rs.in lakhs

As at 31st
March, 2012
Rs.in lakhs

52.37

52.37

General Reserve:

Balance as per last Balance Sheet

1,45,000.00

1,25,000.00

Add: Transferred from Surplus in the

Statement of Profit and Loss during the year

25,000.00

20,000.00

Closing Balance

1,70,000.00

1,45,000.00

Surplus in the Statement of Profit and Loss:

Balance as per last Balance Sheet

44,304.77

24,535.88

Add: Profit after tax for the year

49,612.99

42,548.12

Profit available for appropriation

93,917.76

67,084.00

Less: Appropriations:

Transfer to General Reserve

25,000.00

20,000.00

Proposed Dividend on Equity Shares

-

2,391.30

Interim Dividend on Equity Shares

2,391.30

-

Corporate Dividend Distribution Tax

387.93

387.93

Balance carried forward

66,138.53

44,304.77

TOTAL
2,36,190.90
1,89,357.14
2.3. : LONG TERM BORROWINGS:
Secured:

Foreign Currency Term Loans from Banks

9,228.45

12,718.75

TOTAL
9,228.45
12,718.75
Notes:

Long Term Foreign Currency Term Loans from Banks consist of two loans of US \$ 5 Million (Rs. 2,714.25 Lakhs) and US \$ 12 Million (Rs.6514.20 Lakhs) each. One of the loans carries interest @ LIBOR plus 1.50% and is repayable in installment of US \$ 5 Million (Rs. 2,714.25 Lakhs) on 16th September, 2014.

Second loan bears interest @ LIBOR plus 1.40% and is repayable in installment of US\$ 3 Millions (Rs. 1,628.55 Lakhs) and two installments of US\$ 4.5 Millions (Rs. 2,442.82 Lakhs) each from the date of their origination on 28th October, 2014.

Both the Long Term 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

3,640.93

5,432.78

Add: Tax effect of items constituting Deferred Tax Liabilities

Other Timing Differences

1,402.48

-

Less: Tax effect of items constituting Deferred Tax Assets

Provision for Gratuity and Compensated Leave

40.82

1,542.95

Other Timing Differences

12.91

248.90

TOTAL
4,989.68
3,640.93

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :
2.5. : LONG TERM PROVISIONS

Provisions for Employee Benefits

Gratuity

As at 31st
March, 2013
Rs.in lakhs

As at 31st
March, 2012
Rs.in lakhs

1,849.14

2,047.01

Compensated Leave

1,292.00

1,379.38

TOTAL
3,141.14
3,426.39
2.6. : SHORT TERM BORROWINGS
Secured

Loans repayable on demand from Banks

79,366.80

47,714.24

79,366.80

47,714.24

Unsecured

Working Capital Loan from Banks

25,410.79

15,823.82

Deposits (Trade)

941.60

478.67

Loans and Advances from related parties

4,609.08

3,618.28

30,961.47

19,920.77

TOTAL
1,10,328.27
67,635.01
Notes:

1. Cash Credit from bank for Rs. Rs. 9435.66 Lakhs (PY Rs. 18.21 Lakhs) is secured against charges created on stock and debt.

2. Overdraft from Banks Rs.69,931.14 Lakhs (PY Rs.47,696.01) are secured against Fixed Deposits with the banks and pledge of securities.

3. Cash Credit and Overdraft Facilities carries a rate of Interest in the range of 9.00% to 11.00% PA.

4. Working Capital Loan from banks comprises of Cash Credit in INR and Packing Credit in Foreign Currencies

5. Unsecured Working Capital Loan from banks include Foreign Currency Loan of Rs. 24,183.97 Lakhs (P.Y. Rs. 15,008.13Lakhs).

6. 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 12% P.A.

7. 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

2,864.84

2,914.16

Total outstanding dues of Trade Payables other than Micro

Enterprises & Small Enterprises

22,889.21

23,327.20

TOTAL
25,754.05
26,241.36
Outstanding dues of Micro and Small Enterprise :

a. Principal amount outstanding to Micro and Small Enterprises Rs. 2,864.84 Lakhs (P.Y. Rs. 2,914.16 Lakhs).

b. No interest is paid in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, there is no delay in payment to these suppliers beyond the appointed day.

c. 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.

d. No amount of interest has accrued and remained unpaid as at the end of the financial year.

e. The above disclosure is made based on the information available with the Company and has been relied upon by the Auditors.



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

2.8. : OTHER CURRENT LIABILITIES:

	As at 31st March, 2013 Rs.in lakhs	As at 31st March, 2012 Rs.in lakhs
Current Maturities of Long Term Borrowings in foreign currencies	4,342.80	2,543.75
Interest Accrued but not due on Borrowings	44.93	47.28
Due to Statutory Authorities	1,191.79	834.69
Advances from Customers	1,007.32	705.45
Other Payables	5,032.84	5,540.46
TOTAL	11,619.68	9,671.63

Current Maturities of Long Term Borrowings in Foreign Currency from Banks consist of two loans of US \$ 5 Million (Rs. 2,714.25 Lakhs) and US \$ 3 Million (Rs.1628.55 Lakhs) each. One of the loans carries interest @ LIBOR plus 1.50% and is repayable in installment of US \$ 5 Million (Rs. 2,714.25 Lakhs) on 16th September, 2013.

Second loan bears interest @ LIBOR plus 1.40% and is repayable in installment of US\$ 3 Millions (Rs. 1,628.55 Lakhs) on 28th October, 2013.

Both the Current Maturities of Long Term Borrowings in Foreign Currencies 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.

2.9. : SHORT TERM PROVISIONS:

	8.00	8.00
For Weaith Tax	8.00	8.00
For Proposed Dividend on Equity Shares	387.93	387.93
For Corporate Dividend Distribution Tax		
Provision for Employee Benefits:		
Gratuity	1,812.33	1,438.58
Compensated Leave	164.37	127.07
TOTAL	2,372.63	4,352.88

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

2.10

FIXED ASSETS:

Particulars	GROSSBLOCK			DEPRECIATION AND AMORTISATION			Net Block		
	As at 1st April 2012	Additions	Deductions	As at 31st March 2013	Up to 31st March 2012	For the Year	Up to 31st March 2013	As at 31st March 2013	As at 31st March 2012
TANGIBLE ASSETS:									
Freehold Land	3,002.78	219.70	-	3,222.48	-	12.98	3,222.48	3,002.78	
Leasehold Land	1,285.36	-	-	1,285.36	24.74	662.24	1,247.64	1,260.62	
Buildings	22,676.30	4,901.97	25.56	27,552.71	3,211.07	2,283.60	3,864.64	19,465.23	
Plant and Machinery	39,764.36	14,939.17	508.30	54,195.23	6,614.23	150.18	10,710.82	31,150.13	
Furniture and Fixtures	2,110.33	586.08	-	2,696.42	891.27	147.57	1,041.45	1,219.06	
Vehicles	1,490.65	394.70	185.29	1,700.06	529.99	205.56	531.72	960.66	
Office Equipments	1,277.23	509.27	-	1,786.50	517.43	-	722.99	1,063.51	759.80
	71,607.01	21,550.90	719.15	92,438.76	13,788.73	3,462.13	16,909.94	75,529.42	57,818.28
INTANGIBLE ASSETS:									
Computer Software	2,196.73	412.59	-	2,609.32	2,044.60	139.39	2,183.99	425.33	152.13
Trade Mark & Patents	7.60	-	-	7.60	7.60	-	7.60	-	-
	2,204.33	412.59	-	2,616.92	2,052.20	139.39	2,191.59	425.33	152.13
CAPITAL WORK IN PROGRESS									
Intangible accets under Development									
	73,811.34	21,963.49	719.15	95,055.68	15,840.93	3,601.52	341.52	84,603.57	66,491.60
Previous year	59,745.41	14,419.93	354.00	73,811.34	13,203.84	2,794.02	15,840.93	66,491.60	

(Rs. in Lakhs)

Notes : 1. Addition to fixed assets include items of fixed assets aggregating Rs. 34,99.57 (FY Rs. 15,18.07) located at Research & Development Centers of the Company.
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised Rs. 1,241.87 (P.Y. Rs. 891.21).





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ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
		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	Naira	94.19	94.19
Alkem Laboratories (Pty.) Limited, South Africa	(27156388)	1	-	-
	15890	Rand	9.16	9.16
	(15890)	10	-	-
Alkem Laboratories Corporation, Philippines (Including 5 share held by the nominee)	94000	Peso	95.72	95.72
	(94000)	100	-	-
Alkem Pharma GmbH, Germany	2	Euro	17.09	17.09
(One Share of Euro 24,750 & Second share of Euro)	(2)	-	-	-
Ascend Laboratories Sdn. Bhd., Malaysia (Rs. 91)	2	Ringett	-	-
	(2)	1	-	-
S & B Holdings B.V., Netherlands	1050000	Euro	701.43	701.43
	(1050000)	1	-	-
S & B Holdings B.V., Netherlands (Share Premium)	15000	Korean Won	3,278.05	3,278.05
Alkem Laboratories Korea INC	(Nil)	100	0.79	-
	1000	Chilean	1.14	-
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	(Nil)	Pesos	-	-
Pharmacor Ltd., Kenya	1000	Shillings	0.66	-
	(Nil)	100	-	-
Pharmacor Pty Ltd., Australia	68313954	AUD	2,246.68	-
	(Nil)	-	-	-
b) Other Subsidiary:	896200	INR	750.00	-
Enzene Biosciences Limited, India	(896200)	10	85.57	-
Enzene Biosciences Limited, India (Share Application Money)	49	USD	-	-
S & B Pharma, Inc, USA (Rs. 26.97)	(Nil)	0.01	-	-
S & B Pharma, Inc, USA (Share Premium)			<u>3,006.90</u>	-
			<u>10,287.38</u>	<u>4,945.64</u>

2) In Equity Shares of Other Companies:

a) Unquoted (Trade):

Bharuch Eco-Aqua Infrastructure Limited	510000	INR	51.00	51.00
	10	-	-	-
Shivalik Solid Waste Management Limited	18000	INR	1.80	1.80
	10	-	-	-
b) Unquoted (Non Trade):	2000	INR	0.20	0.20
The Saraswat Co-operative Bank Limited	10	-	-	-
			<u>53.00</u>	<u>53.00</u>

2) Investment in Limited Liability Partnership Firm:
The PharmaNetwork LLP, Kazakhstan

	<u>0.60</u>	-
	<u>10,340.98</u>	<u>4,998.64</u>

Less: Provision for diminution in the value of Investments

TOTAL	<u><u>10,340.98</u></u>	<u><u>4,998.64</u></u>
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ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

Notes:

	Cost	Market Value	Cost	Rs. in Lakhs Market Value
1) Aggregate value of Unquoted Investments:	10,340.98	-	4,998.64	-
2) All Investments in Shares & Securities are fully paid up.				
3) Details of The Pharma Network LLP, Kazakhstan				

Name of the Partners	2012 - 2013		2011-2012	
	Profit Sharing Ratio	Rs. in Lakhs Capital Accounts as on 31.03.2013	Profit Sharing Ratio	Rs. in Lakhs Capital Accounts as on 31.03.2012
M/s Alkem Laboratories Limited	100.00%	0.60	-	-
TOTAL	100.00%	0.60	-	-



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS

2.12. : CURRENT INVESTMENTS:

a) Quoted (Non Trade):

1) Mutual Funds:

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Benchmark Liquid Bees (Rs. 743.01)	0,7430	1,000.00				
DSP Black Rock World Gold Fund	488997,5550	10.00	50.00		50.00	
DSP Black Rock World energy Fund	488995,1100	10.00	50.00		50.00	
Benchmark Mutual Fund (Nifty Bees)	509	1,000.00	5.30		5.30	
IDFC Money Manager Fund TR DLY Div	79157,2110	10.00	7.98		31.36	
	(311947,2430)			113.28		136.66

2) Debentures :

Non Convertible

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
8% Indian Railway Finance Corporation Limited (Refer Note No 4)	108754	1,000.00	1,087.54		1,087.54	
Barclays NCD	400	10 Lakh	4,000.00		4,000.00	
Muthhot Finance	200	1 Lakh	200.00		200.00	
Citi Bank Index Linked	25	1 Lakh	25.19			
Cholamandalam Finance	40	5 Lakh	200.00		200.00	
9% Shriram Transport Finance Company Limited	8457	1,000.00	84.57		84.57	
11,10% Shriram Transport Finance Company Limited	5000	1,000.00	50.00		50.00	
Manapuram Finance Limited	NI	10 Lakh			881.70	
12.15% Religare Finvest Limited	50000	1,000.00	500.00		500.00	
12.25% Religare Finvest Limited	50000	1,000.00	500.00			
19% Wadhwa Group Holdings Private Limited	50	10 Lakhs	526.87			
13.09% Manapuram Finance Limited	50	873150	436.58			
				7,610.75		7,003.81

3) Bonds :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
10.25% Tata Capital Ltd.	40	5 Lakh	221.56		221.56	
9.8% LIC Housing Finance Ltd. (Refer Note No 3)	1300	10 Lakh	13,000.00		13,000.00	
9.68% HDFC Ltd. (Refer Note No 3)	200	10 Lakh	2,014.36		2,014.36	
9.70% HDFC Ltd. (Refer Note No 4)	650	10 Lakh	6,528.25		6,528.25	
11.5 % Tata Steel Limited	100	10 Lakh	1,054.97		1,054.97	
11.25% Tata Motors Finance Limited	100	5 Lakh	500.00			
11.80 % Tata Steel Limited	500	10 Lakhs	543.24			
11.40% Tata Power Ltd.	50	10 Lakh	505.83		505.83	
				24,368.21		23,324.97

4) Equity Shares:

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
AIA Engineering Limited	NI	2			2.93	
Agre Developers Limited (Rs.612.00)	12	10	8.60		6.23	
Adani Ports & Special Economic Zone Limited	NI	1			7.16	
Aurobindo Pharma Limited	4156	10			17.47	
Axis Bank Limited	NI					



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
ACC Limited	549	10	7.62			
Bajaj Auto Limited	NI	10			0.27	
Bajaj Electricals Limited	(42)	2	4.33		0.25	
Bajaj Corp Ltd	1099	1	1.90			
Bajaj Finance Limited	5014	10	48.15		19.32	
Bajaj Finance Services Limited	1000	5	5.43		5.43	
Bajaj Holding and Investment Limited	NI	10			5.02	
Bata India Limited	408	10	3.58			
Bank of Baroda	272	10	2.15			
Bharat Electronics Limited	NI	10			0.90	
Bharti Airtel Limited	50	5			7.09	
Bharat Heavy Electricals Limited	900	10	3.82		3.82	
Bosch Limited	1374	10	106.59		33.97	
Britania Industries Limited	802	10	3.92			
Cadila Healthcare Limited	NI	5			6.78	
Cairn India Limited	8902	1	28.74		21.18	
Castrol India Limited	5600	10	3.98		3.98	
Central Bank of India Limited	NI	10			9.52	
Coal India Limited	78298	10	193.88		209.16	
Container Corporation of India Limited	958	10	9.49		1.84	
Credit Analysis & Research Ltd (Care)	18000	10	135.00			
Cipla Limited	NI	2			7.45	
City Union Bank Limited	61434	1	34.68			
Century Textiles & Industries Limited	1445	10	4.58			
CMC Limited	735	10	6.19			
Cox & Kings India Limited	6150	5	10.15		10.15	
Crompton Greaves Limited	5792	2	7.57		5.03	
Cummins India Limited	8090	2	38.58		6.37	
D B Corp Limited	NI	10			4.82	
D Q Entertainment Limited	13110	10	8.93		8.93	
Deccan Chronical Holdings Limited	256	2	0.20		0.20	
Divis Laboratories Limited	2691	2	31.53			
Dishman Pharmaceuticals Limited	NI	2			0.29	
Eid Parry (India) Limited	3475	1	9.18		9.18	
Eicher Motors Limited	3177	10	70.37		6.08	
Elgi Equipment Limited	5525	1	4.65		4.65	



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Engineers India Limited	7984 (1544)	5	18.97		3.80	
Emami Limited	3818 (Nil)	1	22.50			
Exide Industries Limited	6526 (6826)	1	8.47		9.48	
Financial Technologies Limited	2898 (Nil)	2	30.99			
Gail (India) Limited	2293 (Nil)	10	8.03			
Gateway Distriparks Limited	3587 (2392)	10	5.40		3.62	
Geodesic Information System Limited	Nil (9551)	2			9.25	
Glaxosmithkline Pharmaceuticals Limited	1823 (1024)	10	35.64		18.85	
Glaxosmithkline Consumer Healthcare Limited	1333 (258)	10	39.55		6.02	
Godrej Industries Limited	8824 (1709)	1	23.26		3.31	
Godrej Properties Limited	Nil (212)	10			1.51	
Great Eastern shipping Company Limited	700 (700)	10	2.59		2.59	
Grasim Industries	261 (Nil)	10	8.13			
H T Media Limited	2900 (2900)	2	3.94		3.94	
HDFC Bank Limited	13231 (7267)	10	62.59		27.78	
HDFC Limited	8236 (4777)	10	47.82		23.43	
Hero Motocorp Limited	1842 (2109)	2	37.29		35.03	
Heidelberg Cement Limited	56850 (Nil)	10	25.05			
Hindustan Construction Company Limited	Nil (9808)	1			5.22	
Hindustan Dorr-Oliver Limited	Nil (2216)	2			2.77	
Hindustan Unilever Limited	1193 (Nil)	1	5.65			
Hindustan Zinc Limited	6000 (6000)	2	2.00		2.00	
Hindustan Petroleum Corp. Limited	9386 (2263)	10	34.82		5.88	
ICICI Bank Limited	338 (771)	10	2.77		4.81	
IDFC Limited	Nil (Nil)	10				
IL & FS Transportation Networks Limited	30000 (40947)	10	77.40		105.64	
Indian Bank Limited	Nil (236)	10			0.40	
Indian Oil Corporation Limited	Nil (4455)	10			14.29	
Infosys Technologies Limited	2112 (916)	5	48.58		20.34	
Indiabulls Infrastructure and power Limited	9988 (9988)	10	0.39		0.39	
ING Vyasya Bank Limited	5871 (1137)	10	24.37		3.78	
Indusind Bank Limited	631 (Nil)	10	2.70			
IRB Infrastructure Developers Limited	7904 (10475)	10	12.13		16.78	
ISMT Limited	16795 (16795)	5	5.38		5.38	
ITC Limited	1089 (15794)	1	1.60		27.25	
IPCA Lab Limited	4973 (Nil)	2	22.09			



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
IVRCL INFRA & PROJ Limited	Nil (138)	2				0.24
Jaiprakash Associates Limited	6339 (6339)	2	8.99			8.99
Jammu and Kashmir Bank Limited	3825 (746)	10	39.82			6.17
Kemrock Industries Limited	Nil (2000)	10				10.33
Kewal Kiran Clothing Limited	Nil (111)	10				0.93
L & T Finance Holding Limited	Nil (25000)	10				12.43
Larsen & Toubro Limited	3469 (1226)	2	44.76			15.59
LIC Housing Finance Limited	Nil (1278)	2				2.94
Lupin Limited	571 (75)	10	3.31			0.19
Maruti Suzuki (I) Limited	249 (1133)	5	2.85			13.57
MAX India Limited	Nil (1120)	2				2.06
MRF Limited	Nil (49)	10				3.41
MPS Limited	11210 (11210)	10	25.92			25.92
Muthoot Finance Limited	Nil (22000)	10				38.50
McLeod Russel India Limited	11135 (2386)	5	32.23			5.20
MCX Limited	266 (2422)	10	3.56			25.00
Nava Bharat Ventures Limited	3966 (3193)	2	7.73			6.20
Nestle India Limited	1642 (1011)	10	58.00			27.98
NTPC Limited	40000 (Nil)	10	59.00			
NMDC	3693 (Nil)	1	5.91			
Oil and Natural Gas Corporation Limited	Nil (1188)	5				3.08
Orient Papers Industries	10882 (Nil)	1	0.86			
Orient Cement Limited	10882 (Nil)	1	5.29			
Oil India Limited	1453 (Nil)	10	7.71			
On Mobile Global Limited	51000 (1000)	10	23.68			2.20
Opto Circuits India Limited	Nil (237)	10				0.41
Oriental Bank Of Commerce Limited	Nil (116)	10				0.28
Orissa Mineral Development Corporation Limited	742 (310)	10	38.25			121.91
Pantaloon Retail India Limited	Nil (250)	2				1.04
Pantaloon Retail India Limited Class B	5845 (5845)	2	6.61			6.61
Page Industries Limited	2928 (771)	10	90.17			18.06
Pidilite Industries Limited	15305 (3278)	10	32.70			4.62
Punjab National Bank	830 (Nil)	10	6.34			
Petronet LNG	3833 (Nil)	10	6.12			
Power Finance Corporation Limited	Nil (855)	10				2.05

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Power Grid Corporation of India Limited	40629 (75629)	10	36.92		68.42	
Punjab & Sind Bank Limited	6759 (6759)	10	7.04		7.04	
REC Limited	Nil (Nil)	2	-		5.20	
Redington (India) Limited	Nil (6469)	5	-		8.45	
Reliance Communications Limited	Nil (4213)	10	-		0.98	
Reliance Industries Limited	Nil (115)	10	-		7.02	
Reliance Infrastructure Limited	Nil (649)	10	-		-	
Reliance Capital Limited	Nil (Nil)	2	4.34		4.13	
Sanghavi Movers Limited	4122 (3927)	10	-		0.13	
Selan Explorations Technology Limited	Nil (125)	10	-		6.21	
Shriram Transport Finance Company Limited	Nil (2000)	10	-		3.81	
Sobha Developers Limited	(1591) 3064	10	66.29		29.46	
State Bank of India Limited	(1302) 15000	1	9.99		4.06	
Shanti Gears Limited	(Nil) 2670	10	7.54		-	
State Bank of Travancore Limited	(2000) 13350	10	7.49		-	
Shipping Corporation India LTD	(Nil) 927	10	4.73		4.73	
State Bank of Mysore Limited	(927) 8492	10	5.16		-	
Steel Authority of India Limited	(Nil) 11192	10	21.88		-	
Speciality Restaurant Limited	(Nil) 5758	1	6.76		6.76	
Sterlite Industries India Limited	(5758) Nil	1	-		3.67	
Tata Consultancy Services Limited	(381) 288	10	1.78		1.30	
Trent Limited	(244) 4531	10	4.35		6.45	
Tata Motors DVR A Ord	(6890) Nil	10	-		0.34	
Time Technoplast Limited	(482) Nil	1	-		-	
Tata Global Beverages Limited	(Nil) 100000	10	230.00		-	
Tara Jewels Ltd	(Nil) 2490	10	4.78		-	
Torrent Power Limited	(Nil) 1689	10	5.13		-	
Tata Steel Limited	(Nil) 3606	2	5.50		5.50	
Tube Investment of India Limited	(3606) 2878	10	4.28		4.28	
Tulip Telecom Limited	(2878) 973	10	1.39		2.52	
Titan Industries Limited	(1263) 15000	2	20.68		-	
United Phosphorus	(Nil) 4637	5	22.85		85.67	
VA Tech Wabag Limited	(16627) 29400	1	32.25		4.82	
Voltas Limited	(4486) Nil	10	-		5.21	
Whirlpool of India Limited	(1837)		2,436.83		1,431.06	

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

	Number	Face Value Rs.	As at 31st March, 2013		As at 31st March, 2012	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
5) In Preference Shares:						
Quoted (Non Trade):						
0.1% Cumulative Compulsory Convertible Preference Shares in Trent Limited:						
a) Series A (P.Y. Rs.24,200.00)	Nil (22)	1100	-		-	
a) Series B (P.Y. Rs.24,200.00)	Nil (22)	1100	-		-	
Compulsory Convertible Preference Shares in GMR Energy Limited	2000 (2000)	1000	20.00		20.00	
			20.00		20.48	
b) Unquoted (Non Trade):						
1) In Funds:						
Asia Healthcare Fund Investment Trust			50.00		40.00	
Tata Capital Healthcare Fund			250.00		250.00	
Avenue Venture Real Estate Fund			12,500.00		-	
India Business Excellence Fund			225.09		-	
India Business Excellence Fund-II			200.00		100.00	
			13,225.09		390.00	
2) Equity Shares:						
G R Infraprojects	6626 (5680)	2	13.46		13.46	
One 97 Communication	5871 (5871)	10	14.50		14.50	
			27.96		27.96	
3) Preference Shares:						
Intravo Technologies	5915 (5915)	10	9.73		9.73	
Regen Powertech Private-CCPS	4328 (4328)		30.53		30.53	
			40.26		40.26	
			47,842.38		32,375.20	
Less: Provision for diminution in the value of Investments			244.53		155.22	
Total			47,597.85		32,219.98	

Notes:

	Cost	Market Value	Cost	Market Value
1) Aggregate value of quoted investments	34,549.07	34,604.11	31,916.98	32,032.64
Aggregate value of unquoted investments	13,293.31	-	458.22	-
2) All Investments in Shares & Securities are fully paid up.				
3) Bonds 9.80 % LIC Housing Finance Limited and 9.68% HDFC Limited aggregating to Rs. 15,014.36 Lakhs (P.Y. Nil) is pledged against issuance of SBLC required for working capital loan of US\$ 22 Million advanced by Deutsche Bank Singapore to S & B Holdings B.V., Netherland, a 100% subsidiary of the Company.				
4) Bonds with 9.70% HDFC Limited and 8% Indian Railway Finance Corporation Limited aggregating Rs. 7615.79 Lakhs (P.Y. Nil) is Pledged against overdraft facility loan of Rs. 5800.00 Lakhs				



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

2.13 : LONG TERM LOANS AND ADVANCES:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
(Unsecured, Considered Good)	3,577.91	3,985.49
Capital Advances	4,773.33	3,802.88
Loans and Advances to Subsidiary Companies	631.76	497.21
Security Deposits	29,608.79	19,338.03
MAT Credit Entitlement	1,280.30	819.53
Loans and Advances to Employees	632.58	552.80
Other Loans and Advances		
TOTAL	40,504.67	28,995.94

2.14.: INVENTORIES:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Valued at Lower of Cost or Net realisable value (Refer Note 1.8)	12,537.70	10,292.72
Raw and Packing Materials	25.07	30.41
Goods-in-Transit	12,562.77	10,323.13
	2,023.78	2,379.98
Work-in-Progress	16,991.43	8,490.69
Finished Goods	1,635.66	916.82
Goods-in-Transit	18,627.09	9,407.51
	10,421.09	7,302.25
Stock-in-Trade	650.73	300.35
Goods-in-Transit	11,071.82	7,602.60
TOTAL	44,285.46	29,713.22

2.15.: TRADE RECEIVABLES:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Unsecured:		
Outstanding for a period exceeding six months:	13,421.33	8,605.88
Considered Good	1,245.58	1,030.09
Considered Doubtful	(1,245.58)	(1,030.09)
Less: Provision for doubtful trade receivables	13,421.33	8,605.88
	16,758.94	17,149.79
Other Trade Receivables:	40.81	215.49
Considered Good	(40.81)	(215.49)
Considered Doubtful		
Less: Provision for doubtful trade receivables	16,758.94	17,149.79
TOTAL	30,180.27	25,755.67

Note:
Above Trade Receivables include amount due from related parties Rs.6,266.66 Lakhs (P.Y. Rs. 6,206.26 Lakhs)



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

2.16.: CASH AND CASH EQUIVALENTS:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Balance with Banks:		
In Current Accounts	2,305.49	307.99
In EEFC Accounts	1.58	23.87
In Deposit Accounts:		
In Deposits Accounts maturity beyond 12 months	29,272.20	67,653.06
In Deposits Accounts maturity within 12 months	93,520.16	44,679.99
Cheques & Drafts on hand	540.12	390.44
Cash on hand	52.08	28.36
TOTAL	1,25,691.63	1,13,083.71

Notes:

- Bank Deposits of Rs. 88,235.01 Lakhs (P.Y. Rs.1,12,225.72 Lakhs) is under lien with the Banks against Over Draft Facility.
- Deposit with Barclays Bank PLC Mumbai Branch aggregating Rs. 23,250.00 Lakhs (P.Y. Rs. 23,250.00 Lakhs) is hypothecated against term loan of US\$ 35 Million given by Barclays Bank PLC Singapore to S & B Holdings B.V., Netherland a wholly owned subsidiary of the Company.

2.17.: SHORT TERM LOANS AND ADVANCES:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	5,647.95	3,758.71
(VAT/Cenvat/Service Tax credit receivable)		
Advance payment of Income Tax (Net of Provisions)	830.01	468.34
Advance to Suppliers:		
Considered Good	4,644.81	3,191.43
Considered Doubtful	152.04	153.04
	4,796.85	3,344.47
Less: Provision for Doubtful Advances	(152.04)	(153.04)
	4,644.81	3,191.43
Prepaid Expenses	1,660.33	1,155.19
TOTAL	12,783.10	8,573.67

2.18.: OTHER CURRENT ASSETS:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Interest Accrued on Bank Deposits	7,911.59	7,683.96
Export Incentives Receivable	841.53	664.24
Other Receivables	79.80	59.11
TOTAL	8,832.92	8,407.31



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

2.19. : REVENUE FROM OPERATIONS:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Sale of Products	2,33,528.73	1,97,352.60
Other Operating Revenue:		
Manufacturing Charges	243.33	404.32
Technology Income	2,701.25	=
Export Incentives and Excise Refunds	4,094.34	2,975.81
Insurance Claim/Subsidy	83.24	38.61
Miscellaneous Receipts	154.73	111.80
	<u>7,276.89</u>	<u>3,530.54</u>
TOTAL	<u>2,40,805.62</u>	<u>2,00,883.14</u>

2.20. : OTHER INCOME:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Interest on Bank Deposits	12,247.72	10,903.19
Other Interest	3,831.13	1,131.27
Dividend Income	45.54	25.81
Provisions written back	202.37	300.64
Rent	329.49	1,122.91
Net Gain on sale of Investments	267.32	
	<u>16,923.57</u>	<u>13,483.82</u>
TOTAL	<u>16,923.57</u>	<u>13,483.82</u>

**2.21. : CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE:**

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Opening Stock:		
Finished Goods	9,407.51	7,660.48
Stock-in-Trade	7,602.60	3,996.58
Work-in-Progress	2,379.98	1,862.83
	<u>19,390.09</u>	<u>13,519.89</u>
Less: Closing Stock:		
Finished Goods	18,627.09	9,407.51
Stock-in-Trade	11,071.82	7,602.60
Work-in-Progress	2,023.78	2,379.98
	<u>31,722.69</u>	<u>19,390.09</u>
TOTAL	<u>(12,332.60)</u>	<u>(5,870.20)</u>



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

2.22. : EMPLOYEE BENEFITS EXPENSE:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Salaries, Wages and Bonus	32,944.87	23,929.13
Contribution to Provident and Other Fund	1,998.25	2,229.24
Employees' Welfare Expenses	1,898.03	1,425.51

TOTAL 36,841.15 27,583.88

2.23. : FINANCE COST:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Interest on Borrowings	7,768.76	5,221.46
Other Borrowing Costs	152.79	125.85

TOTAL 7,921.55 5,347.31

2.24. : OTHER EXPENSES:

	As at 31st March, 2013 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs
Consumption of Stores and Spares	3,699.28	3,108.39
Power and Fuel	5,311.13	5,060.56
Excise Duty (Net)	744.60	299.65
Processing Charges	1,240.60	904.97
Rent	820.49	790.01
Rates & Taxes	118.09	55.79
Insurance	549.97	524.28
Advertisement & Marketing Expenses	19,863.60	15,731.86
Selling & Distribution Expenses	5,753.39	4,947.66
Legal & Professional Charges	3,045.76	2,421.10
Sales-Tax & Octroi Duty	975.46	482.67
Commission & Discount	2,320.47	1,852.28
Travelling & Conveyance	7,771.60	6,029.05
Repairs:		
- Buildings	375.27	167.59
- Plant & Machineries	897.38	482.38
- Others	439.28	307.84
Loss on sale of Assets (net)	244.55	65.64
Provision for diminution in value of investments	89.31	84.93
Donation	125.42	71.84
Communication and Printing Expenses	1,190.73	1,298.24
Vehicle Expenses	933.95	733.92
Clinical & Analytical Charges	1,144.02	1,134.80
Net Loss on Foreign Currency Transactions and Translation	416.00	534.48
Miscellaneous Expenses	2,254.63	1,928.55

TOTAL 60,324.98 49,018.48

ALKEM LABORATORIES LIMITED
 NOTES TO ACCOUNTS:

2.25. Contingent Liabilities not provided for:

S. No.	Particulars	Rs. in Lakhs	
		31 st March, 2013	31 st March, 2012
1.	Letter of Credit opened by the Banks	2,316.37	2,250.08
2.	Outstanding Bank Guarantees	283.54	170.83
3.	Central Excise demand disputed in appeal (advances paid Rs. 241.80 Lakhs (P.Y. Rs. 297.24 Lakhs))	784.81	733.37
4.	Sales Tax demand disputed in appeal (advances paid Rs. 99.86 Lakhs (P.Y. Rs. 63.34 Lakhs))	388.13	240.98
5.	Estimated amount of contracts remaining to be executed on Capital Accounts (advances paid Rs. 1896.50 Lakhs (P.Y. Rs. 3,888.00 Lakhs))	3,717.11	4,036.13
6.	Pending Export Obligation under advance licence/ EPCG Scheme	82.81	341.40
7.	Claims against the Company not acknowledged as debts	5,892.34	5,418.43
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)	21,714.00	20,350.00
	TOTAL	35,179.11	33,541.22

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

- The year end is Rs. 2,864.84 Lakhs (Rs. 2,914.16 Lakhs)
- Principal amount outstanding to Micro and Small enterprises as at the year end is Rs. 2,864.84 Lakhs (Rs. 2,914.16 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. 934.77 Lakhs (P.Y. Rs. 727.11 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 payroll cost of the eligible employee to the superannuation plan to fund the benefit. The Company recognised Rs. 24.40 Lakhs (P.Y. Rs. 20.32 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 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, 2013.

ALKEM LABORATORIES LIMITED
 NOTES TO ACCOUNTS:

Rs. in Lakhs

Sr. No.	Particulars	Gratuity	
		31 st March, 2013	31 st March, 2012
i)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	537.54	623.03
	Interest Cost	272.69	211.36
	Actuarial (gain) / losses	(480.34)	74.39
	Benefits paid	(154.01)	(126.35)
	PVO at the beginning of the year	3,485.59	2,703.16
	PVO at end of the year	3,661.48	3,485.59
ii)	Change in fair value of plan assets		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	154.01	126.35
	Benefits paid	(154.01)	(126.35)
	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	3,661.48	3,485.59
	Fair Value of planned assets at end of year	-	-
	Funded status	(3,661.48)	-
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(3,661.48)	(3,485.59)
IV)	Net cost for the year ended Mar 31st, 2013 :		
	Current Service cost	537.54	623.03
	Interest cost	272.69	211.36
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(480.34)	74.39
	Net cost	329.89	908.78
V)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	8.00	8.00
	Salary escalation rate (%)	5.00	8.00

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:

- Amount receivable in foreign currency on account of the following

Particulars	As on 31.03.2013		As on 31.03.2012		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
Export of goods:					
	1,593.02	22,92,284.08	751.81	11,07,768.79	EURO
	180.56	2,19,584.90	114.43	1,40,475.50	GBP
	13,079.28	2,40,93,727.39	9,773.34	1,92,10,492.32	USD
	82.23	1,45,223.00	23.33	44,100.00	AUD
Loans & Advance :					
	264.42	4,66,964.00	-	-	AUD
	7.30	10,500.00	50.06	85,030.00	EUR
	3,703.52	68,22,366.64	3008.49	61,47,740.19	USD

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

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

Particulars	As on 31.03.2013		As on 31.03.2012		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
Import of Goods and Services:					
	1,514.67	27,90,224.48	870.30	17,10,670.72	USD
	38.76	55,777.92	45.24	66,663.80	EURO
	81.66	1,44,218.83	1.32	2,485.58	AUD
	7.10	8,634.28	21.88	26,861.75	GBP
	7.22	12,659.37	11.27	20,000.00	CHF
	5.49	12,554.36	-	-	SGD
Unsecured Loans	24,185.88	4,45,53,519.48	15,012.94	2,95,29,337.08	USD
Secured Loans	13,571.25	2,50,00,000.00	15,262.50	3,00,00,000.00	USD

2.29. The Company has taken certain assets on operating lease and has paid lease rentals amounting to Rs. 1,114.41 Lakhs (P.Y. Rs. 1020.24 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, 2013	31 st March, 2012
	1,054.30	763.70
Not later than one year	2,304.56	1,988.48
Later than one year but not later than five years	649.43	369.88
Later than five years		3,122.06
Total	4,008.29	

ALKEM LABORATORIES LIMITED
NOTES TO 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.

Particulars	Pharma Business		Others (Investing & Real Estate)		Unallocable		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUE								
Revenue (net)	2,32,789.51	1,95,339.62	-	-	-	-	2,32,789.51	1,95,339.62
Other Income	748.16	109.66	16,175.41	13,374.16	-	-	16,923.57	13,483.82
Total Revenue	2,33,537.67	1,95,449.28	16,175.42	13,374.16	-	-	2,49,713.08	2,08,823.44
RESULT								
Profit before Interest, Depreciation and Tax	46,431.46	40,292.16	16,082.58	13,287.40	-	-	62,514.04	53,579.56
Less (Interest)	2,640.52	1,782.44	5,281.03	3,564.87	-	-	7,921.55	5,347.31
Less (Depreciation)	3,510.77	2,703.27	90.75	90.75	-	-	3,601.52	2,794.02
Profit before tax	40,280.17	35,806.45	10,710.81	9,631.78	-	-	50,990.98	45,438.23
Less: Tax	-	-	-	-	29.24	2,338.42	29.24	2,338.42
Less: Deferred Tax Liability/ (Asset)	-	-	-	-	1,348.75	551.69	1,661.34	551.69
Profit after tax	40,280.17	35,806.45	13,083.15	9,631.78	(1,377.99)	(2,890.11)	49,612.99	42,548.12
OTHER INFORMATION								
Segmental Assets	1,98,774.03	1,48,572.19	1,75,607.62	149,861.18	30,438.80	19,806.37	4,04,820.45	318,239.74
Segmental Liabilities	3,37,818.25	2,73,404.10	61,606.59	38,407.48	5,385.61	6,428.16	4,04,820.45	318,239.74
Capital Expenditure	21,963.49	14,419.93	-	-	-	-	21,963.49	14,419.93
Depreciation	3,510.77	2,703.27	90.75	90.75	-	-	3,601.52	2,794.02
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. 9,873.01 Lakhs** (P.Y. Rs. 6,963.63 Lakhs).

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:
2.32. Earnings per Share (EPS):

Particulars	Rs.in Lakhs	
	2012-13	2011-12
Profit attributable to equity shareholders	49,612.99	42,548.12
Weighted Average number of equity shares	1,19,56,500	1,19,56,500
Earnings per Share (in Rs) - Basic and Diluted	414.95	356.86

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.	Netherlands
Pharmacor Pty 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 Laboratories, Korea Inc	Korea
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The PharmaNetwork, LLP	Kazakhstan
Ascend Laboratories, LLC	United States of America
TPN Italia, SRS	Italy
TPN China, Inc.	China
Medical Speciality Consulting, LLC	United States of America

(Up to 30th June, 2012)

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:

Late 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. Premilata 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
NOTESTO ACCOUNTS:
D. Transactions with related parties:

Sr. No.	Transactions	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Others	Rs.in Lakhs
						Total
1.	Remuneration	-	1,411.34	92.51	-	1,503.85
		(-)	(1,249.25)	(78.00)	(-)	(1,399.80)
2.	Loans Taken	-	921.00	292.00	-	1,213.00
		(-)	(521.75)	(364.23)	(7.00)	(885.98)
3.	Loans Repaid	-	257.76	-	-	257.76
		(-)	(367.67)	(203.26)	(-)	(570.93)
4.	Interest expense on loans taken	-	173.19	192.04	-	365.23
		(-)	(121.71)	(160.84)	(-)	(282.55)
5.	Purchase of Goods	-	-	-	16,207.55	16,207.55
		(-)	(-)	(-)	(12,720.06)	(12,720.06)
6.	Sale of Goods	4,644.86	-	-	2,501.69	7,146.55
		(6,977.96)	(-)	(-)	(3,226.04)	(10,204.00)
7.	Sale of Raw & Packing Materials	-	-	-	94.56	94.56
		(-)	(-)	(-)	(81.80)	(81.80)
8.	Purchase of Raw & Packing Materials	-	-	-	588.22	588.22
		(-)	(-)	(-)	(426.30)	(426.30)
9.	Receiving of Services	-	-	-	4,522.07	4,522.07
		(-)	(-)	(-)	(1,883.32)	(1,883.32)
10.	Rendering of Services	-	-	-	243.33	243.33
		(-)	(-)	(-)	(206.05)	(206.05)
11.	Receipt of Rent	-	-	-	65.02	65.02
		(-)	(-)	(-)	(65.02)	(65.02)
12.	Investments	5,342.34	-	-	-	5,342.34
		(4,028.05)	(-)	(-)	(-)	(4,028.05)
13.	Final/Interim Dividend paid	-	1,767.03	3,015.57	-	4,782.60
		(-)	(622.64)	(1170.84)	(-)	(1,793.48)
14.	Loans Given (net)	804.26	-	-	-	804.26
		(3,489.17)	(-)	(-)	(-)	(3,489.17)
15.	Sale of Assets	-	-	-	65.74	65.74
		(-)	(-)	(-)	(22.83)	(22.83)
16.	Purchase of Assets	713.52	-	-	-	713.52
		(-)	(-)	(-)	(-)	(-)
17.	Gas Sales	-	-	-	34.68	34.68
		(-)	(-)	(-)	(28.68)	(28.68)
18.	Reimbursement of Expenses	95.66	-	-	-	95.66
		(74.80)	(-)	(-)	(-)	(74.80)
19.	Deposit Taken	-	-	-	-	-
	Hypothecated Against term loan taken by a Wholly owned subsidiary	(4,000.00)	(-)	(-)	(-)	(4,000.00)
20.	Interest Received	134.71	-	-	-	134.71
		(24.06)	(-)	(-)	(-)	(24.06)
21.	Bonds pledged against loan taken by a Wholly owned subsidiary	15,014.36	-	-	-	15,014.36
		(-)	(-)	(-)	(-)	(-)

ALKEM LABORATORIES LIMITED
NOTES TO 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	2012-2013	2011-2012
1.	Remuneration Mr. Samprada Singh Mr. Basudeo Narayan Singh Mr. Ravindra Y. Shenoy	Key Management Personnel Key Management Personnel Key Management Personnel	505.10 507.35 75.80	403.18 404.68 117.45
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	403.00 120.00 350.00 45.00 182.00	260.00 113.47 5.71 113.28 137.75
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	8.99 - 239.39 - -	262.43 0.05 102.00 200.00 0.05
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	53.73 56.71 66.58 12.61 42.91	45.44 31.45 50.95 5.71 32.74
5.	Purchase of Goods Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	6,162.35 7,062.24 2,982.96	5,044.00 5,305.78 2,370.28
6.	Sale of Goods The Pharmanetwork, LLC Cachet Pharmaceuticals Pvt. Ltd.	Step Down Subsidiary Others	3,997.37 2,148.62	6,651.25 2,948.46
7.	Sale of Raw & Packing Materials Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	27.92 37.09 29.54	20.63 35.92 25.25
8.	Purchase of raw & Packing Materials Galpha Laboratories Limited	Others	555.93	422.40
9.	Receiving of Services Travelon Services Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd.	Others Others	3,494.99 711.38	1,127.36 516.05
10.	Rendering of Services Galpha Laboratories Limited	Others	241.44	202.66
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	31.11 24.46 9.45

ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS :

12.	Investments S & B Holdings B.V., Netherlands Enzene Biosciences Ltd. S & B Pharma Inc, USA Pharmacor Limited, Australia	Subsidiary Subsidiary Subsidiary Subsidiary	- - 3,006.90 2,246.67	3,278.05 750.00 - -
13.	a) Loans Given S&B Holdings B.V. Netherland Alkem Laboratories (NIG) Limited Enzene Biosciences Ltd, India S & B Pharma Inc, USA b) Loans Repayment S&B Holdings B.V. Netherland Enzene Biosciences Ltd, India	Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary	2,332.76 13.13 684.68 2,360.96 4,426.68 727.74	5,798.16 125.08 727.48 - 3,321.95 -
14.	Sale of Assets Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd.	Others Others	6.30 59.44	22.83 -
15.	Purchase of Assets Enzene Biosciences Ltd, India	Subsidiary	713.52	-
16.	Gas Sales Cachet Pharmaceuticals Pvt. Ltd. Indchemie Health Specialties Pvt. Ltd. Galpha Laboratories Limited	Others Others Others	12.45 13.66 8.57	10.89 11.06 6.73
17.	Reimbursement of Expenses Ascend Laboratories, LLC USA Alkem Laboratories (PTY) Limited South Africa	Step Down Subsidiary Subsidiary	95.66 -	71.16 3.64
18.	Deposit Taken Hypothecated Against term loan taken by a Wholly owned subsidiary. S & B Holdings B.V.	Subsidiary	-	4,000.00
19.	Interest Received from Subsidiary Company. Enzene Biosciences Ltd, India S & B Pharma Inc, USA	Subsidiary Subsidiary	104.35 29.69	24.06 -
20.	Bonds Pledged against loan taken by a Wholly owned subsidiary S & B Holdings B. V.	Subsidiary	15,014.36	-

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	5,242.51	-	-	1,024.15	6,266.66
	Receivables	(4,421.40)	(-)	(-)	(1,784.86)	(6,206.26)
2.	Outstanding Payables	75.31	-	-	1,487.99	1,563.30
		(315.74)	(-)	(-)	(466.72)	(782.46)
3.	Investments	10,287.98	-	-	-	10,287.98
		(4,945.63)	(-)	(-)	(-)	(4,945.63)
4.	Loans Payable	1.91	(2,245.38)	2,363.70	-	4,610.99
		(-)	(1,535.80)	(1,936.01)	-	(3,471.89)
		4,775.24	-	-	-	4,775.24
5.	Loans Receivable	(4,118.62)	(-)	(-)	(-)	(4,118.62)

ALKEM LABORATORIES LIMITED
 NOTES TO ACCOUNTS:

2.34. Managerial Remuneration:

Rs. in Lakhs

Particulars	2012-13	2011-12
Salaries & Allowances	1,127.75	945.75
Contribution to Provident Fund and other funds	124.92	104.76
Perquisites	82.87	81.29
Total	1,335.54	1,131.80

2.35. Auditors' Remuneration:

Rs. in Lakhs

Particulars	2012-13*	2011-12*
a. As Audit Fees	23.00	17.00
b. As Tax Audit Fees	8.00	7.00
c. As advisor or in any other capacity or in respect of Taxation matters	7.00	6.00
d. In any other services such as certification, etc.	6.80	7.65
e. Reimbursement of out of pocket expenses	7.94	3.48
Total	52.74	41.13

* 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	2012-13	2011-12
Antibiotics	31,532.08	26,933.42
Analgesics	597.82	564.90
Others	14,151.61	12,933.62
Total	46,281.51	40,431.94

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

(i) Raw Materials:	Value Rs. in Lakhs	% of Total Consumption
Imported	7,062.87 (5,611.58)	15.26% (13.90%)
Indigenous	39,218.64 (34,820.36)	84.74% (86.10%)
Total	40,281.51 (40,431.94)	100.00% (100.00%)

(ii) Stores & Spares:	Value Rs. in Lakhs	% of Consumption
Imported	467.88 (370.49)	12.65% (11.92%)
Indigenous	3,231.40 (2,737.90)	87.35% (88.08%)
Total	3,699.28 (3,108.39)	100.00% (100.00%)

ALKEM LABORATORIES LIMITED
 NOTES TO ACCOUNTS:

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

Rs. In Lakhs

Particulars	2012-13	2011-12
Raw Materials	6,067.21	4,255.37
Components, Stores and Spare Parts & Others	898.19	1,150.34
Capital Goods	2,608.03	2,767.77
Total	9,573.43	8,173.48

(d) Earning in Foreign Exchange:

Rs. In Lakhs

Particulars	2012-13	2011-12
Export of goods (at F.O.B.)	22,538.25	17,025.41
Freight	101.48	322.81
Insurance	0.56	1.48
Local Sales	-	4.44
Manufacturing Charges	-	151.10
Technology Income	2,701.25	-
Total	25,341.54	17,556.57

(e) Expenditure in Foreign Currency:

Rs. in Lakhs

Particulars	2012-13	2011-12
Travelling Expenses	228.39	155.04
Salaries	838.71	572.76
Legal and Professional Fees	988.48	669.46
License Fees and Product Registrations	1,199.94	578.27
Reference Samples	256.18	241.20
Other Expenses	2,138.55	1,512.86
Total	5,650.25	3,729.59

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

Rs. In Lakhs

Classification	2012-13	2011-12
Tablets	8,840.58	6,304.05
Capsule	7,544.86	4,943.24
Dry Syrup	611.54	136.04
Liquid	9,463.55	7,326.93
Injection	6,192.98	3,898.10
Other	4,877.70	3,270.89
Total	37,531.21	25,879.25



ALKEM LABORATORIES LIMITED
NOTES TO ACCOUNTS:

B) Details of Turnover:

Rs. in Lakhs

Classification	2012-13	2011-12
Tablets	99,458.75	80,579.75
Capsules	39,135.20	32,868.56
Dry Syrups	12,478.99	10,584.37
Liquids	19,068.38	16,463.35
Injections	50,609.13	47,250.27
Bulk Drugs	80.92	1,194.20
Drops	3,783.66	2,775.05
Gel/Creams	4,012.62	2,743.33
Others	4,901.08	2,893.72
Total	233,528.73	197,352.60

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

Rs. in Lakhs

Classification	2012-13	2011-12
Tablets	9,641.07	5,325.81
Capsule	4,171.03	2,020.00
Dry Syrup	1,235.32	524.32
Liquid	3,322.92	2,454.89
Injection	8,517.41	5,475.79
Bulk	298.33	188.62
Other	2,512.83	1,020.68
Total	29,698.91	17,010.11

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

Rs. in Lakhs

Classification	2012-13	2011-12
Formulations	1,945.59	2,197.40
Bulk Drugs	78.19	182.58
Total	2,023.78	2,379.98

- 2.38. Debtors include debts from company under the same management as per Section 370 (1B) of the Companies Act, 1956 of **Rs. 6,266.66 Lakhs** (P.Y. Rs. 6,206.26 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
Partner

R. Y. Shenoy - Chief Operating Officer
Manish Narang - GM Legal & Company Secretary
R. M. Dubey - Vice President - Finance

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

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

Mumbai: 12th June, 2013