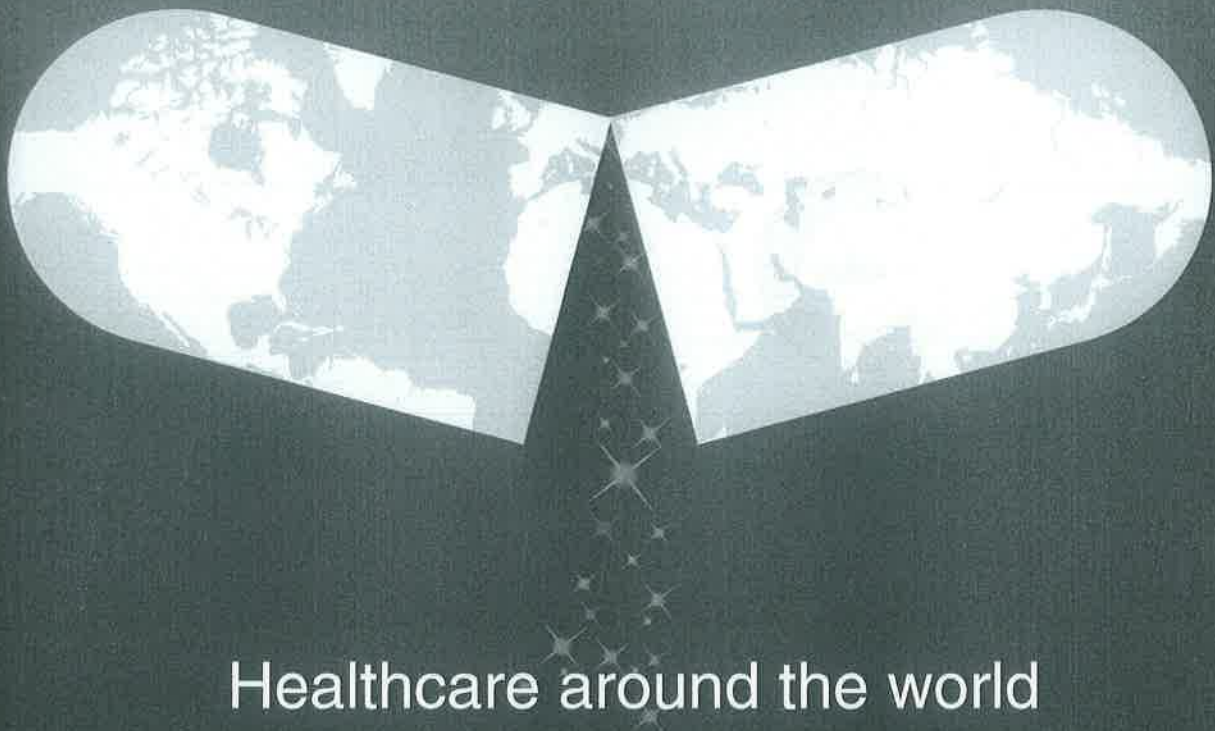


DISCLAIMER: Content owned, maintained and updated by Employee's State Insurance Corporation. Copyright © 2009, ESIC. All Rights Reserved.
Best viewed in 1024 x 768 pixels. Designed and Developed by Wipro LTD. IP Address : 90.ASP. Session ID : poyswhtc1gmh4g50ihy54fz0



ALKEM



Healthcare around the world

ALKEM LABORATORIES LTD. | ANNUAL REPORT 2010-11





ALKEM LABORATORIES LIMITED

Monthly Contribution > Online Challan Status



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

DISCLAIMER: Content owned, maintained and updated by Employee's State Insurance Corporation. Copyright © 2000, ESIC, India. All Rights Reserved.
Best viewed in 1024 x 768 pixels. Designed and Developed by Wipro LTD. IP Address : 90.ASP Session ID : poy5whfc1gnm2g55ihy54fz0

ALKEM LABORATORIES LTD**Board of Directors**

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

Bankers

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

Auditors

R S Sanghai & Associates

Registered Office

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

Factories

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

R & D Centres

- 1. C 17/7, MIDC Industrial Estate, Talaja, 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 37th Annual Report along with the audited accounts for the year ended 31st March, 2011.

Monthly Contribution > Online Challan Status

FINANCIAL RESULTS:

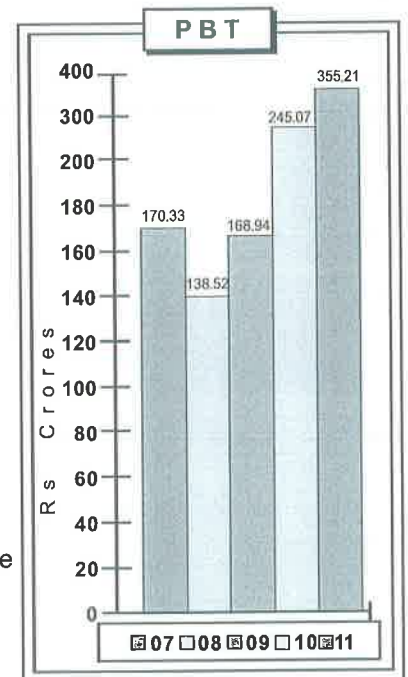
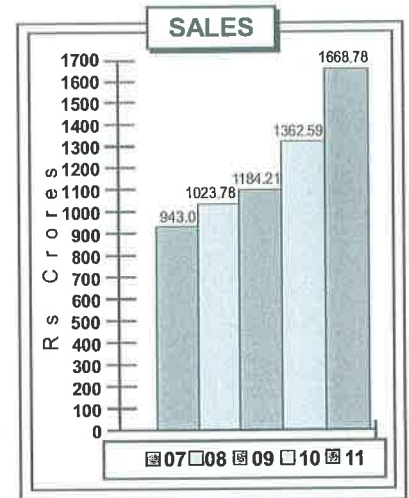
	(Rs. in Lakhs)	
	2010-11	2009-10
Sales (Gross)	1,66,877.87	1,36,259.92
Profit before tax	35,520.96	24,507.07
Less: Provision for Income Tax	7,100.00	4,600.00
Add: Less: Provision for Deferred Taxation	69.24	(177.00)
Add: MAT Credit Entitlement	(4,657.67)	(3,421.11)
Profit after tax	33,009.39	23,505.18
Add(Less) Income Tax of Earlier years	(666.89)	301.64
Add: Balance of profit from previous years	9,284.75	2,226.49
Amount available for appropriation	41,627.25	26,033.31
Appropriations :		
Proposed Dividend	1,793.48	-
Interim Dividend	-	1,494.56
Corporate Dividend Tax Paid	297.89	254.00
General Reserve	15,000.00	15,000.00
Balance carried Forward	24,535.88	9,284.75
	41,627.25	26,033.31

DIVIDEND :

The Board of Directors of your Company are pleased to recommend for approval of the members final dividend of 150% for the year ended 31st March, 2011.

OPERATIONS :

The Company's sales (Gross) has increased to Rs. 166,877.87 Lakhs as against Rs. 136,259.92 Lakhs for the previous year resulting in an increase of 22.47% over the previous year.





ALKEM

DISCLAIMER: Content created, maintained and updated by Employees State Insurance Corporation. Copyright © 2000, ESIC, India. All Rights Reserved.

Best viewed in 1024 x 768 pixels. Designed and Developed by Wipro LTD IP Address : 90.ASP Session ID : poy5whfc1gmn2g55ihy54fz0

DIRECTORS' REPORT

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.

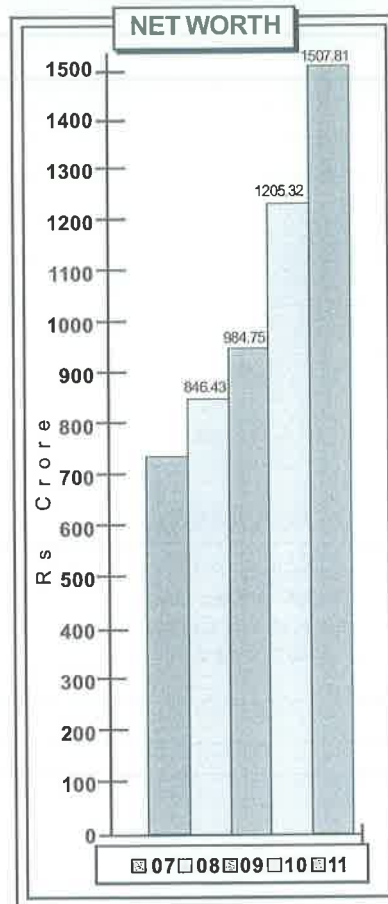
DIRECTORS :

Mr. B.P. Singh, and Mr. D.K. Singh, retire by rotation and are eligible for reappointment.

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 judgements 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, 2011 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 :

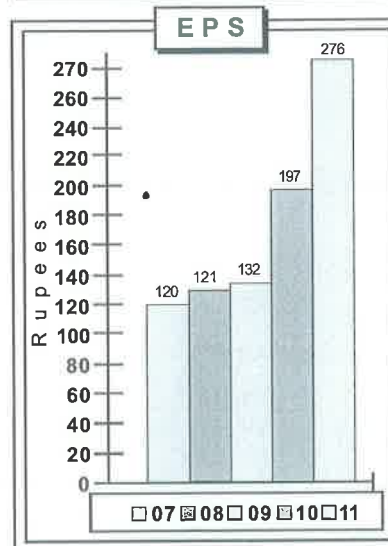
Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the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

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



DIRECTORS' REPORT

SUBSIDIARIES:

During the year name of Alkem Laboratories B. V. Netherlands, a subsidiary of the Company was changed to S & B Holdings B. V. w.e.f 4th October, 2010.

During the year S & B Holdings B. V. had acquired 100% sharea in The Pharma Network, LLC, USA amounting to USD 2,35,45,000.00 divided into 6,62,33,766 shares.

During the year S & B Holdings B.V., incorporated Angelic Holdings SA, Switzerland having paid up share capital of CHF 100,000.00 divided into 100,000 shares of CHF 1 each.

During the year Alkem Pharma FZC, Dubai a subsidiary of the company has been closed down on 29th August, 2010.

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.

ACKNOWLEDGEMENTS :

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

SD/-
SAMPRADA SINGH
Chairman

Mumbai, 14th June , 2011



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 :

	31.03.2011	31.03.2010
CONSERVATION OF ENERGY		
1. Power & Fuel Consumption		
a) Electricity Purchased		
Unit (Nos. Lakhs)	344.21	296.01
Total Amount (Rs. Lakhs)	1,376.13	1,212.43
Unit Rate (Rs.)	4.00	4.10
b) Own Generation		
i) Through Diesel Generator		
(No. of units in Lakhs)	30.36	28.70
Cost of HSD (Rs. Lakhs)	318.58	262.48
Cost / Unit (Rs.)	10.49	9.15
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.)	8,530.90	5,800.63
Cost (Rs. Lakhs)	316.04	197.27
Average Rate / M.T. (Rs.)	3,704.65	3,400.84
3. Furnace Oil		
Quantity (Ltrs in Lakhs)	38.61	33.00
Total Cost (Rs. Lakhs)	1,055.45	754.68
Average Rate / Litre (Rs.)	27.33	22.87

ANNEXURE TO DIRECTORS' REPORT

4. Others			
	Quantity (M.T.)	36.73	33.93
	Total Cost (Rs. Lakhs)	291.53	202.88
	Average Rate / M.T. (Rs.)	7.94	5.98

CONSUMPTION PER UNIT OF PRODUCTION

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

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 agrotechnology, 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 | : | | 822.34 |
| ii) Recurring | : | (excluding depreciation of Rs. 248.94 Lakhs) | 4,602.76 |
| iii) Total | : | | 5,425.10 |
| iv) Total R & D expenditure as percentage to total turnover | : | | 3.25 % |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaption 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. 15,408.98 Lakhs and expenditure was Rs. 6,130.64 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 Laboratorios Do Brazil Ltda Brazil	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	31.03.2011	31.03.2011	31.12.2010	31.03.2011	31.03.2011
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 (35441160)	S A Rand (1874)	Brazilian Real NIL	Pesos 112578	Euro (3664)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(15205765)	11234	(50030)	151130	(6025)
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 31.03.2011	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-subsidiary company as the case may be and 31.03.2011					
a) Fixed Assets					
b) Investments					
c) Money lent by the subsidiary company.					
d) Moneys borrowed by the subsidiary company other than for meeting current	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise

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

Place: Mumbai
Mumbai, 14th June, 2011

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

Name of the Subsidiary Companies	Alkem Pharma FZC	S & B Holdings BV	Pharmacor Ltd.	The Pharmanetwork LLC	Angelic Holdings SA
	Dubai	Netherland	Australia	USA	Switzerland
1. Extent of interest in the subsidiary companies	100%	100%	100%	100%	100%
2. Financial year of the subsidiary Companies	31.12.2010	31.03.2011	30.06.2010	31.03.2011	31.03.2011
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	AED (4753)	Euro (301716)	AUD (90972)	USD (2762303)	CHF (30770)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(4753)	(3747)	(279217)	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 31.03.2011	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-subsidiary company as the case may be and 31.03.2011					
a) Fixed Assets					
b) Investments					
c) Money lent by the subsidiary company.					
d) Moneys borrowed by the subsidiary company other than for meeting current	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise

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

Place: Mumbai
Mumbai, 14th June , 2011

AUDITOR'S REPORT

To the Members of,
ALKEM LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of ALKEM LABORATORIES LIMITED ('the Company') as at 31st March, 2011, and the related Profit and Loss Account and the Cash Flow Statement (together known as 'financial statements') of the company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ('the CARO Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with Companies (Accounting Standard) Rules, 2006, to the extent applicable;
 - e. On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant Accounting Policies, Other Notes and Schedules annexed thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

AUDITOR'S REPORT

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2011**;
- (ii) in the case of the Profit and Loss Account, 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 for the year ended on that date

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

SD/-

R.S. SANGHAI
Proprietor
Membership No.: 036931
Mumbai, 14th June, 2011

ANNEXURE TO THE AUDITOR'S REPORT

Re: Alkem Laboratories Limited (Referred to in Paragraph 3 of our Report of even date on the financial statements of the Company for the year ended 31st March, 2011)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) As explained to us, certain items of fixed assets have been physically verified by the management during the year, and there is a regular program of verification, 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) No substantial part of the fixed assets has been disposed off by the company during the year and therefore in our opinion and according to the information and explanations given to us the going concern concept is not affected.
2. (a) As explained to us, the inventories (excluding goods-in-transit) have been physically verified by the management at reasonable regular intervals during the year. In respect of inventories which are not physically verified being goods in transit, they are not material. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate considering the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records which have been properly dealt with in the books of account and were not material.
3. (a) The Company has not granted any loan in the nature of loan as such (other than advances in the normal course of its business), secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the requirements of clauses (iii-a), (iii-b), (iii-c) and (iii-d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
(b) The Company has taken unsecured loans from 24 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. 2925.26 Lakhs and the maximum amount involved during the year was Rs. 4211.12 Lakhs from these parties.
(c) The rate of interest, wherever applicable and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
(d) The company is regular in repayment of interest and principal amount of unsecured loans and there is no default.
4. In our opinion, and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories are for the company's specialized requirements and similarly certain goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control procedures commensurate with the size of the company and the nature of its business for 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, and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (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, these contracts or arrangements 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 para 4 hereinabove. However, on the basis of the information and explanation provided the same appears to be reasonable.

ANNEXURE TO THE AUDITOR'S REPORT

6. The company has not invited any deposit from public as such but has accepted unsecured loans from its directors, shareholders and their relatives and also trade deposits from stockiest and agents which are in the nature of deposits defined under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. In our opinion, and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, relevant to sections 58A, 58AA or other relevant provisions of the Act upon the Company.
7. In our opinion, the company has an internal audit system being carried out by firms of Chartered Accountants and also by its own internal audit department during the year, which in our opinion is commensurate with its size and the nature of its business.
8. We have broadly reviewed, the books of accounts and records maintained by the company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (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, 2011 for a period of more than six months from the date they became payable. Since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of customs duty, income-tax, wealth-tax, service-tax and cess which have not been deposited on account of any dispute. The particulars of dues of sales-tax and excise duty as at 31st March, 2011 which have not been deposited on account of dispute, are as follows-

Name of the Statute	Nature of Dues	Amount Rs. (In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty and Penalty there on	17.93	2004 to 2005	Supreme Court of India Central Excise & Service tax Appellate Tribunal Commissioner of Central Excise (Appeals)
		309.88	2003 to 2009	
		16.12	2007 to 2009	
Various States SalesTax/VAT Acts	Sales-Tax & Penalty thereon	50.78	2003 - 2004	Joint Sales Commissioner/Deputy Commissioner / Commissioner of Sales Tax (Appeals) of the respective states Sales Tax Appellate Tribunal
		56.54	2004 - 2005	
		21.21	2008 - 2009	
		3.83	2009 - 2010	
		29.78	2010 - 2011	
19.90	2002 - 2004			

ANNEXURE TO THE AUDITOR'S REPORT

10. In our opinion and according to the information and explanations given to us, the company does not have any accumulated losses as at the end of the financial year and has not incurred any cash loss in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of any dues to any bank or any debenture holder during the year. The company has not taken any financial assistance from any financial institution and does not have any debenture outstanding as on the balance sheet date.
12. In our opinion and according to the explanations given to us and based on the information available, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / societies are not applicable to the company and therefore the requirements of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
14. In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investments as such. However, the company has carried on transactions on account of investment and trading in shares, securities, debentures, bonds and mutual funds for which proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the company in its own name.
15. The Company has given guarantee for loan taken by others from the bank. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to interest of the Company.
16. The company has not taken any term loan and therefore the requirements of clause (xvi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
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

SD/-
R.S.SANGHAI
Proprietor
Membership No.: 36931
Mumbai, 14th June, 2011

**ALKEM**

BALANCE SHEET	Sch. No.	As at 31st March, 2011 Rs. in lakhs	As at 31st March, 2010 Rs. in lakhs
I. SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS :			
a) Share Capital	1	1,195.65	1,195.65
b) Reserves and Surplus	2	1,49,588.25	119,337.12
		<u>1,50,783.90</u>	<u>1,20,532.77</u>
2. LOAN FUNDS :			
a) Secured Loans	3	66,589.48	1,018.71
b) Unsecured Loans	4	6,582.05	5,935.93
		<u>73,171.53</u>	<u>6,954.64</u>
3. DEFERRED TAX LIABILITY (NET) (Refer note No.7 of Schedule 18 B)			
		3,089.24	3,020.00
TOTAL		<u>2,27,044.67</u>	<u>1,30,507.41</u>
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS :			
a) Gross Block	5	59,745.41	49,807.09
b) Less : Depreciation & Amortisation		<u>13,203.83</u>	<u>10,590.57</u>
c) Net Block		46,541.58	39,216.52
d) Capital WIP		<u>2,477.91</u>	<u>832.14</u>
		<u>49,019.49</u>	<u>40,048.66</u>
2. INVESTMENTS			
	6	5,323.04	1,968.59
3. CURRENT ASSETS, LOANS AND ADVANCES :			
a) Inventories	7	22,791.87	17,570.39
b) Sundry Debtors	8	16,022.40	11,680.99
c) Cash and Bank Balances	9	1,46,486.94	66,155.56
d) Loans & Advances	10	<u>25,696.82</u>	<u>18,510.27</u>
		<u>2,10,998.03</u>	<u>1,13,917.21</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS :			
a) Current Liabilities	11	24,214.67	17,441.41
b) Provisions	12	<u>14,081.22</u>	<u>7,985.64</u>
		<u>38,295.89</u>	<u>25,427.05</u>
NET CURRENT ASSETS		<u>1,72,702.14</u>	<u>88,490.16</u>
TOTAL		<u>2,27,044.67</u>	<u>1,30,507.41</u>
Singnificant Accounting Policies and Notes to Accounts			
	18		

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

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

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: 14th June, 2011

**ALKEM**

PROFIT AND LOSS ACCOUNT	Sch. No.	Year ended 31st March, 2011 Rs. in lakhs	Year ended 31st March, 2010 Rs. in lakhs
INCOME:			
Sales (Gross)		1,66,877.87	1,36,259.92
Less: Excise Duty		3,664.73	1,868.30
Sales (Net)		1,63,213.14	1,34,391.62
Other Income	13	13,013.05	7,841.07
	TOTAL	1,76,226.19	1,42,232.69
EXPENDITURE:			
Cost of Materials	14	71,241.09	60,829.41
Personnel Cost	15	23,810.36	20,555.18
Other Expenses	16	39,210.38	31,957.71
Interest and Financing Charges	17	3,738.79	2,040.20
Depreciation and Amortisation		2,704.61	2,343.12
	TOTAL	1,40,705.23	1,17,725.62
		35,520.96	24,507.07
		-	-
PROFIT BEFORE TAXATION		35,520.96	24,507.07
Provision for Taxation			
Current Tax		7,100.00	4,600.00
Less: MAT Credit Entitlement		(4,657.67)	(3,421.11)
Deferred Tax		69.24	(177.00)
		33,009.39	23,505.18
NET PROFIT AFTER TAX			
Less/ (Add) : Income Tax of earlier years (Including Wealth tax)		(666.89)	301.64
Add: Surplus brought forward for previous Year		9,284.75	2,226.49
		41,627.25	26,033.31
PROFIT AVAILABLE FOR APPROPRIATIONS			
APPROPRIATIONS:			
Transfer to General Reserve		15,000.00	15,000.00
Proposed Dividend on equity shares		1,793.48	-
Interim Dividend on equity		-	1,494.56
Corporate Dividend Tax		297.89	254.00
Balance Carried to Balance Sheet		24,535.88	9,284.75
	TOTAL	41,627.25	26,033.31
Earning Per Share (Basic & Diluted) (in Rs.)		276	197
(Refer note no. 09 of Schedule 18B)		10	10
Face Value of Equity Shares (in Rs.)			
Singnificant Accounting Policies			
NOTES TO THE ACCOUNTS			

18

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

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

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: 14th June, 2011

ALKEM LABORATORIES LIMITED
CASH FLOW STATEMENT
Year ended
31st March, 2011
Rs. in lakhs
Year ended
31st March, 2010
Rs. in lakhs

	Year ended 31st March, 2011 Rs. in lakhs	Year ended 31st March, 2010 Rs. in lakhs
A Cash Flow From Operating Activities		
Net Profit before tax	35,520.96	24,507.07
Adjustments for:		
Depreciation	2,704.61	2,343.12
Provision for gratuity	1,305.37	1,633.64
Provision for Diminution in value of investments	84.12	(133.73)
(Profit)/Loss on sale of investments	(1,153.29)	(1,221.44)
(Profit)/Loss on sale of assets	40.51	26.92
Dividend Received	(16.02)	(6.28)
Net Interest Received	(5,853.82)	(3,006.03)
Subtotal of Adjustments	(2,888.52)	(363.79)
Operating profit before working capital changes	32,632.44	24,143.29
Adjustments for:		
Trade and other receivables	(4,341.41)	(1,040.92)
Loans & Advances	(3,636.91)	(930.97)
Other current assets:		
Inventories	(5,221.48)	2,021.48
Trade payables	11,563.47	6,268.38
Bank Borrowings availed	65,570.77	(34,744.36)
Subtotal of Adjustments	63,934.44	(28,426.39)
Cash Generated from operations	96,566.89	(4,283.10)
Add:Interest received	101.48	60.37
Less:Direct taxes paid	6,658.86	4,186.55
Cash Flow before extraordinary items		
Net Cash (used)/ generated Operating Activities	90,009.51	(8,409.28)
B Cash Flow From Investing Activities		
Purchases of Fixed Assets (Net)	(11,715.94)	(2,804.44)
Sale of investments (Net)	(2,285.29)	2,007.05
Dividend Received	16.02	6.28
Interest Received	9,491.13	4,985.86
Net cash from / used in Investing Activities	(4,494.08)	4,194.74
C Cash Flow From Financing Activities		
Long Term Borrowings	646.11	1,371.08
Dividends and corporate dividend tax paid	(2,091.37)	(1,748.56)
Interest Paid	(3,738.79)	(2,040.20)
Net Cash (used) in Financing Activities	(5,184.04)	(2,417.69)
D Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	80,331.39	(6,632.22)
E Cash & Cash Equivalents as at 1st April 2010	66,155.56	72,787.78
F Cash & Cash Equivalents as at 31st March 2011 (D+E)	146,486.92	66,155.56

- Notes:** 1. Cash and Cash equivalents include cash and bank balances in current accounts and in deposit accounts (refer Schedule 9 of the Balance Sheet).
2. Additions to Fixed Assets (including movements in Capital Work-in-Progress) are considered as a part of investing activities.
3. Interest income on Bank Fixed Deposits is classified as cash flow from investing activities.
4. The above Cash Flow Statements has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (As-3) "Cash Flow Statement".
5. Previous year figures have been regrouped wherever necessary.

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

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

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, 14th June , 2011

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE BALANCE SHEETAs at 31st
March, 2011
Rs. in lakhsAs at 31st
March, 2010
Rs. in lakhs**Schedule - 1****SHARE CAPITAL :**

AUTHORISED :

1,50,00,000 (Previous year 1,50,00,000)

Equity Shares of Rs. 10/- each

1,500.00

1,500.00

ISSUED, SUBSCRIBED & PAID-UP :1,19,56,500 (Previous year : 1,19,56,500) equity
shares of Rs.10/- each fully paid up

1,195.65

1,195.65

TOTAL

1,195.651,195.65**Notes:**

Of the above Shares :

- (a) 88,69,450 (P. Y. 88,69,450) equity shares of Rs. 10.00 each have been allotted as fully paid-up bonus shares by way of capitalisation of General Reserve.
- (b) 24,78,250 (P. Y. 24,78,250) equity shares of Rs. 10.00 each were allotted as fully paid up pursuant to the Schemes of Amalgamations of Indo Propkem Ltd. & Startronic Pharmachem Pvt. Ltd. (without payment being received in cash).

Schedule -2**RESERVES & SURPLUS :**

1 CAPITAL RESERVE :

As per last Balance Sheet

52.37

52.37

2 GENERAL RESERVE :

As per last Balance Sheet

1,10,000.00

95,000.00

Add : Transferred from Profit & Loss

Account during the year

15,000.00

15,000.00

1,25,000.001,10,000.00

3 SURPLUS P/L ACCOUNT :

24,535.88

9,284.75

TOTAL

1,49,588.251,19,337.12

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE BALANCE SHEETAs at 31st
March, 2011
Rs. in lakhsAs at 31st
March, 2010
Rs. in lakhs**Schedule - 3****SECURED LOANS :**

External Commercial borrowing	6,689.25	-
Working Capital Loans From Bank		
Ruppee Loan	59,900.23	1,018.71
TOTAL	66,589.48	1,018.71

Notes :

1. Overdraft from Banks are secured against fixed deposits placed by the Company with the banks.
2. Cash Credit from State Bank of India is secured against hypothecation of Company's stocks and book Debtors.
3. External Commercial borrowing of US \$ 15 million from BNP Paribas Corporate and Investment Banking is secured against existing and future movable and imovable fixed assets of the company located at Mandva, Kachigam, Betalectum at Daman, Ankleshwar and Taloja R & D center ranking part-passu.
4. External Commercial Borrowing due for payment within a year Nil (P.Y. Nil)

Schedule - 4**UNSECURED LOANS :**

Working capital Loans from Bank		
Ruppee Loan	610.07	1,000.00
Foreign Currency Loan	2,452.73	1,346.03
Others Loans and advances		
From directors & Shareholders	3,149.06	3,233.82
From Others	370.19	356.08
TOTAL	6,582.05	5,935.93

ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

Schedule - 5
FIXED ASSETS:

(Rs. in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				Net Block	
	As at 1st April 2010	Additions	Deductions	As at 31st March 2011	Up to 31st March 2010	For the Year 2010 - 2011	Deductions	Up to 31st March 2011	As at 31st March 2011	As at 31st March 2010
Freehold Land	1,709.80	1,311.94	-	3,021.74	-	-	-	-	3,021.74	1,709.80
Buildings	14,620.97	5,393.47	8.02	20,006.42	2,187.34	483.53	0.69	2,670.18	17,336.24	12,433.63
Machineries and Equipments	30,442.46	2,932.22	35.50	33,339.18	7,328.45	1,963.44	9.70	9,282.19	24,056.99	23,114.01
Furniture & Fixtures	1,819.50	141.40	0.80	1,960.10	640.01	120.65	0.37	760.29	1,199.81	1,179.49
Vehicles	1,211.76	364.36	165.75	1,410.37	432.16	132.00	80.58	483.58	926.79	779.60
Trade Mark & Patents	2.60	5.00	-	7.60	2.60	5.00	-	7.60	-	-
TOTAL	49,807.09	10,148.39	210.07	59,745.41	10,590.56	2,704.62	91.34	13,203.83	46,541.58	39,216.52
Previous year	47,296.86	2,678.28	168.06	49,807.09	8,296.14	2,343.12	48.69	10,590.56	39,216.52	39,000.72
Capital Work-in-Progress									2,477.91	832.14
TOTAL									49,019.49	40,048.66

Note : 1. Capital Work-in-Progress includes capital advances paid, machinery under installation / in transit and construction and erection materials (including those lying with contractors).
2. Additions to fixed assets include items of fixed assets aggregating Rs. 795.93 Lakhs (P.Y. Rs. 456.21 Lakhs) located at Research & Development centres of the Company.

ALKEM LABORATORIES LIMITED
 SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Schedule - 6:						
INVESTMENTS:						
[At cost /carrying amount unless otherwise stated]						
A. Long Term						
In Shares of Subsidiary Companies unquoted: (Trade)						
Alkem Laboratories (Nig) Limited,Nigeria (Including 1 shares held by the nominee)	27156388 (27156388)	Naira 1	94.19		94.19	
Alkem Laboratories (Pty) Limited, South Africa (15890)	15890 (15890)	Rand 10	9.16		9.16	
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	94000 (94000)	Peso 100	95.72		95.72	
Alkem Laboratorios Do Brasil Ltda,Brazil (Including 1 shares held by the nominee) (refer note no. 20(b) of shedule 18B)	19236 (19236)	Real 10	46.87		46.87	
Alkem Pharma GmbH ,Germany (25000)	25000 (25000)	Euro 1	17.09		17.09	
Alkem Pharma FZC, Dubai (Including 1 shares held by the nominee) refer note no. 20 (a) of shedule 18B	NIL (150)	DHS 1000			19.67	
Alkem Laboratories B.V., Netherlands (1050000)	1050000 (1050000)	Euro 1	701.43		701.42	
					964.46	984.12
(2) In Equity Shares of Others						
a. Unquoted (Trade):						
Bharuch Eco-Aqua Infrastructure Ltd.	510000 (190000)		51.00		19.00	
Shivalik Solid Waste Management Ltd.	18000 (18000)		1.80		1.80	
b. Unquoted (Non Trade)						
The Saraswat Co-operative Bank Ltd.	2000 (2000)		0.20		0.20	
					53.00	21.00

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
B. Current:						
(a) Non Trade ,Quoted :						
(1) Mutual Funds:						
Axis Treasury Advantage	2688.4566	(Nil)	26.89	-	-	-
Bnp Paribas Fixed Term Fund Series 21H GR	1000000.0000	(Nil)	100.00	-	-	-
Bnp Paribas Fixed Term Fund Series 21G GR	9000000.0000	(Nil)	900.00	-	-	-
IDFC Money Manager Fund IP Inst Paln B Growth	6638519.3450	(Nil)	1,000.00	-	-	-
Tata Capital 10.25% 15Th Dec 2019 Bond	40.0000	(Nil)	221.56	-	-	-
HDFC Liquid Fund Growth	Nil	(6074.0900)	-	-	1.09	-
DSP Black Rock World Gold Fund	488997.5550	(488997.5550)	50.00	-	50.00	-
DSP Black Rock World energy Fund	977995.1000	(977995.1000)	100.00	-	100.00	-
SBI Magnum Sector Fund Umberalla contra	Nil	(179404.3800)	-	-	100.00	-
HDFC CM Treasury ADV Plan WD	Nil	(11364.4800)	-	-	1.14	-
IDFC Money Manager Fund TR DLY Div	514291.7270	(230574.2800)	51.79	-	23.22	-
			2,450.24	-	275.45	-
(2) Debentures:						
Non Convertible :						
Trent Limited - Series 07JL	Nil	500	-	-	1.00	-
(200.00)						
Shriram Transport Finance Company Limited	8457	1000	84.57	-	-	-
(Nil)						
Premier Finance & Trading Company Limited	8	50 Lakhs	400.00	-	-	-
(Nil)			484.57	-	-	1.00
Bonds						
Tata Capital Heaithcare Fund			250.00	-	-	-
			250.00	-	-	-

**ALKEM****ALKEM LABORATORIES LIMITED**

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Equity Shares (Fully Paid up):						
AIA Engineering Limited.	903 (Nil)	2	2.93	-	-	
Agre Developers Limited (Rs.612.00)	12 (12)	10	-	-	-	
Ankur Drugs & Pharma Limited	2950 (2950)	10	3.22	3.22	3.22	
Ansal Properties & Infra Limited.	6280 (6280)	5	3.42	3.42	3.42	
Axis Bank Limited	1296 (31)	10	17.47	0.13	0.13	
Bajaj Auto Limited	189 (131)	10	1.24	2.29	2.29	
Bajaj Electricals Limited.	328 (328)	10	0.25	0.25	0.25	
Benchmark Mutual Fund (Nifty Bees)	509 (509)	100	5.30	5.30	5.30	
Bharat Electronics Limited.	50 (367)	10	0.90	2.90	2.90	
Bharti Airtel Limited.	6122 (6391)	5	22.37	22.93	22.93	
BHEL	146 (158)	10	3.47	3.76	3.76	
Blue Star Limited.	Nil (818)	2	-	1.41	1.41	
Bosch Limited	261 (81)	10	13.25	2.77	2.77	
Britania Industries Limited	2425 (485)	10	7.96	7.96	7.96	
Castrol Limited.	2800 (1400)	10	3.98	3.98	3.98	
Central Bank of India Limited	554 (Nil)	10	1.31	-	-	
Coal India Limited	80785 (Nil)	10	201.78	-	-	
Container Corporation of India Limited	232 (Nil)	10	2.61	-	-	
Cox & Kings India Limited	3075 (3075)	10	10.15	10.15	10.15	
Crompton Greaves Limited	3436 (3436)	2	5.03	5.03	5.03	

ALKEM LABORATORIES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Cummins India Limited	Nil (667)	2	-		3.24	
D B Corp Limited	2000 (809)	10	4.82		2.09	
D Q Entertainment Limited	13110 (13110)	10	8.93		8.93	
Deccan Chronical Holdings Limited	256 (256)	2	0.20		0.20	
Dishman Pharmaceuticals Limited	125 (125)	2	0.29		0.29	
Eid Parry (India) Limited	2037 (Nil)	1	5.36		-	
Electrosteel casting Limited	18800 (9770)	1	8.80		4.36	
Elgi Equipment Limited	5525 (Nil)	1	4.65		-	
Exide Indutries Limited	1400 (Nil)	1	1.74		-	
Geodesic Information System Limited	9551 (5414)	2	9.25		5.94	
Glaxosmithkline Pharmaceutials Limited	655 (379)	10	10.93		4.78	
Godrej Properties Limited	440 (Nil)	10	3.12		-	
Great Eastern shipping Company Limited	700 (700)	10	2.59		2.59	
GVK Power & Infra Limited	Nil (3259)	1	-		1.38	
Grindwell Norton Limited	1508 (Nil)	5	3.19		-	
H T Media Limited.	4087 (2900)	2	5.95		3.94	
HDFC Bank Limited.	766 (542)	10	11.29		6.40	
HDFC Limited.	2751 (481)	10	10.10		7.77	
Hero Honda Motors Limited.	808 (711)	2	10.25		6.94	
Hindustan Construction Company Limited	9808 (4904)	1	5.22		5.22	

ALKEM LABORATORIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Hindustan Dorr-Oliver Limited	2216 (Nil)	2	2.77	-		
Hindustan Unilever Limited	1198 (Nil)	1	3.63	-		
Hindustan Zinc Limited	6000 (600)	2	2.00	2.00		
Hindustan Petroleum Corp. Limited	503 (536)	10	1.68	1.79		
ICICI Bank Limited.	960 (1111)	10	5.65	7.50		
IDFC Limited	2010 (1592)	10	3.19	2.64		
IL & FS Transportation Networks Limited	40947 (108630)	10	105.64	280.27		
Indian Bank Limited	236 (236)	10	0.40	0.40		
Indian Oil Corporation Limited	3330 (2167)	10	9.16	4.86		
Infosys Technologies Limited.	564 (453)	5	10.67	6.60		
Indiabulls Financial Services Limited	Nil (5660)	2	-	7.53		
India Infoline Limited	Nil (5097)	2	-	7.43		
ITC Limited.	5803 (3057)	1	6.42	6.82		
IVRCL INFRA & PROJ Limited.	138 (138)	2	0.24	0.24		
Jaiprakash Associates Limited	6339 (3816)	2	8.99	5.99		
Jindal Steel & Power Limited	630 (675)	1	4.42	4.74		
JSW Energy Limited	2867 (Nil)	1	3.41	-		
KSB Pumps Limited	1535 (1535)	10	6.02	6.02		
Larsen & Toubro Limited.	557 (404)	2	6.23	3.51		
Lupin Limited	75 (15)	10	0.19	0.19		
Marico Limited	7061 (Nil)	1	8.57	-		

ALKEM LABORATORIES LIMITED SCHEDULES FORMING PART OF THE BALANCE SHEET	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Maruti Suzuki I Limited	1007 (134)	5	12.62		1.94	
MRF Limited	38 (38)	10	2.47		2.47	
MPS Limited.	11210 (11210)	10	25.92		25.92	
Mindtree Limited	Nil (784)	10	-		4.12	
Nestle India Limited.	763 (713)	10	17.29		14.90	
On Mobile Global Limited	500 (500)	10	2.20		2.20	
Opto Circuits India Limited.	237 (237)	10	0.41		0.41	
Oriental Bank Of Commerce Limited	116 (116)	10	0.28		0.28	
Orissa Mineral Development Corporation Limited	310 (Nil)	10	121.91		-	
Pantaloon Retail India Limited	250 (Nil)	2	1.04		-	
Parsavnath Developers Limited	Nil (5036)	10	-		6.09	
Petronet LNG Limited	Nil (10811)	10	-		7.85	
Power Finance Corporation Limited	855 (Nil)	10	2.05		-	
Power Grid Corporation of India Limited	75629 (Nil)	10	68.42		-	
Punjab & Sind Bank Limited	6759 (Nil)	10	7.04		-	
REC Limited	958 (Nil)	10	2.40		-	
Redington (India) Limited	6469 (Nil)	2	5.20		-	
Reliance Communications Limited.	4213 (2692)	5	8.45		6.17	
Reliance Industries Limited.	1402 (582)	10	12.69		4.42	
Reliance Infrastructure Limited	649 (364)	10	7.02		4.22	

ALKEM LABORATORIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
Reliance Capital Limited.	667 (667)	10	6.11		6.11	
Selan Explorations Technology Limited.	128 (117)	10	0.13		0.13	
Shree Cements Limited	65 (71)	10	1.44		1.59	
Shree Renuka Sugars Limited	2079 (Nil)	1	2.14		-	
Shriram Transport Finance Company limited	2000 (2000)	10	6.21		6.21	
Sobha Developers Limited	Nil (1022)	10	-		2.85	
State Bank of India Limited	718 (472)	10	14.39		7.01	
State Bank of Travancore Limited	2000 (2000)	10	4.06		4.06	
Suzlon Energy Limited	13505 (4949)	2	6.87		2.78	
Tata Consultancy Services Limited	56 (56)	1	-		-	
Trent Limited	200 (200)	10	1.30		1.30	
Tata Motors DVR A Ord	1378 (1888)	10	6.45		8.73	
TATA Steel	Nil (893)	10	-		1.88	
Tata Global Beverages	7890 (Nil)	1	8.55		-	
TRF Limited	400 (Nil)	10	3.38		-	
Tube Investment of India Limited	3606 (Nil)	2	5.50		-	
The Jammu & Kashmir Bank Limited	Nil (571)	10	-		2.46	
Union Bank Of India Limited	Nil (914)	10	-		2.39	
VA Tech Wabag Limited	6651 (Nil)	5	85.67		-	
Zee News Limited.	Nil (13563)	1	-		5.82	
Whirlpool of India Limited	1837 (Nil)	10	5.21		-	
					1,057.42	622.41

**ALKEM****ALKEM LABORATORIES LIMITED**

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Number	Face Value Rs.	As at 31st March, 2011		As at 31st March, 2010	
			Rs.in lakhs	Rs.in lakhs	Rs.in lakhs	Rs.in lakhs
In Preference Share						
Quoted (Non Trade):						
0.1% Cumulative Compulsory Convertible Preference Shares in Trent Limited:						
a) Series A	22	1100			-	
(Rs.24,200.00)	(Nil)					
a) Series B	22	1100			-	
(Rs.24,200.00)	(Nil)					
Compulsory Convertible Preference Shares in GMR Energy Limited	2000	1000	20.00		-	
	(Nil)			20.48		
b) Unquoted (Non trade)						
Equity Shares :						
Persistenet Systems Limited	Nil (31501)	10	-		97.65	
Intravo Technologies	4299 (Nil)	10	8.64		-	
G R Infraprojects	5680 (Nil)	2	10.10		-	
One 97 Communication	5871 (Nil)	10	14.50		-	
				33.24	97.65	
				5,313.41	2,001.63	
				117.16	33.04	
Less: Provision for diminution in the value of Investments						
				5,196.25	1,968.59	
Investment in the Capital of Partnership Firm Alkem Healthscience (Refer note no. 21 of schedule 18B)				126.79	-	
				5,323.04	1,968.59	
	Total					

Notes:-

	Cost	Market Value	Cost	Market Value
1) Aggregate value of quoted investments	4,145.55	4,720.50	243.41	1,015.32
Aggregate value of unquoted investments	1,050.70	-	1,005.12	-
2) All Investments in Shares & Securities are fully paid up.				

ALKEM LABORATORIES LIMITED
INVESTMENT PURCHASED AND SOLD DURING THE YEAR (CONT.....)

Investment purchased and sold during the year			
Equity Shares (Quoted Non Trade) :	Nos	Face Value (Rs.)	Amount (Rs. in Lakhs)
Orissa Mineral Development Corporation Limited	80	10	21.98
Indosolar Limited	1724600	10	500.13
Va Tech Wabag Limited	2750	5	36.03
Coal India Limited	735199	10	1,801.24
Powergrid Corporation India Limited	1248078	10	1,123.27
Moil Limited	94596	10	354.74
Claris Lifesciences Limited	305908	10	697.47
Punjab & Sind Bank Limited	446200	10	535.44
Arvind Mills Limited	6549	10	2.98
Cairn India Limited	1575	10	5.19
D B Realty Limited	737	10	3.07
D B Corp Limited	86	10	0.21
EID Parry (India) Limited	495	1	1.30
Grindwell Norton Limited	401	5	0.84
Hi Tech Gears Limited	439	10	0.89
Hindustan Dorr Oliver Limited	605	2	0.76
Honeywell Automation India Limited	115	10	3.00
Jaiprakash Power Ventures Limited	9253	2	5.69
JSW Energy Limited	633	1	0.77
Nav Bharat Ventures Limited	1350	2	5.06
Oracle Financial Services Limited	240	5	4.98
Orient Paper & Industries Limited	5350	1	2.97
Ramky Infrastructure Limited	1330	10	4.82
Reliance Industries Limited	501	10	5.32
State Bank Of Travancore Limited	339	10	2.33
Sterlite Technologies Limited	5835	2	5.41
Va Tech Wabag Limited	44	5	0.58
Jindal Steel & Power Limited	701	1	4.51
Motilal Oswal Most Shares M50 Etf	3344		2.72
Bharati Airtel Limited	3	5	0.01
Great Eastern Shipping Company Limited	503	10	1.54
Icici Bank Limited	6	10	0.06
Reliance Industries Limited	22	10	0.22
Sobha Developers Limited	60	10	0.17
State Bank Of India	33	10	0.76
Trf Limited	70	10	0.06
Agre Developeres Limited	121	10	0.00
Dish T V India Limited	16588	1	6.28
GVK Power & Infrastructure Limited	11086	1	4.72
India Infoline Limited	3641	2	3.29
Mindtree Limited	892	10	4.56

ALKEM LABORATORIES LIMITED
INVESTMENT PURCHASED AND SOLD DURING THE YEAR (CONT.....)

Mphasis Limited	1112	10	6.43
Nagarjun Agrichem Limited	3430	10	8.62
Pantaloon Retail India Limited Class B	2437		8.42
State Bank Of India	245	10	5.02
Sterlite Industries India Limited	4650	1	7.31
Zee Learn Limited	0.158	1	-

Mutual Fund Quoted :-	Nos	Amount (Rs. in Lakhs)
Axis Liquid Fund-Inst Growth	2.4436	2500.00
Axis Treasury Advantage Fund-Inst Gr	2.4385	2500.31
Icici Prudential Liquid Super Inst Plan	54.9500	7500.00
Icici Prudential Flexibel Income Plan Pr Gr	29.0700	5000.70
Icici Prudential Ultra Short Term Plan Spgr	241.4962	2500.28
Icici Prudential Liquid I P Gr	2.1824	500.00
Icici Prudential Long Term Floating Rate Plan C Gr	49.9862	500.07
Idfc Cash Fund -Super Inst Plan C -Growth	222.9953	2500.00
Idfc Money Manager Fund -Tr Plan C Gr	228.5665	2500.31
Hdfc Cash Mgt Fund Saving Plan Gr	594.9557	11500.00
Hdfc Floating Rate Income Fund Stp Wh Gr	698.3464	11001.42
Hdfc Short Term Opportunity Fund Gr	50.0069	500.07
Dsp Blackrock Liquidity Fund Ip Gr	1.5176	2000.00
Dsp Blackrock Floating Ragte Fund-Ip Gr	1.5072	2000.24
Lic Mf Liquid Fund Growth	296.2305	5000.00
Lic Mf Floating Rate Fund Stp Gr	330.1519	5000.56
Lic Mf Saving Plus Fund-Gr Plan	341.1320	5033.23
Peerless Liquid Find-Super Inst Gr	99.6125	1000.00
Peerless Ultra Short Term Fund-Ip Gr	99.5292	1000.12
Reliance Liquidity Fund Growth	180.2178	2500.00
Reliance Money Manager Fund Ip Gr	7.9309	10001.26
Reliance Liquid Fund-Tr Plan Inst Option Gr	332.1413	7500.00
Birla Sunlife Cash Plus Inst Prem Gr	372.5823	5500.00
Birla Sunlife Saving Fund Insgt Gr	313.8221	5500.64
Baroda Pioneer Liquid Fund-Ip Gr	94.8173	1000.00
Baroda Pioneer Psu Bond Fund-Gr	98.2092	1000.12
J P Morgan India Liquid Fund-Super Inst Gr	418.9008	5000.00
J P Morgan India Treasury Fund Si Gr	415.3001	5000.71
Taurus Liquid Fund-Suoer Inst -Growth	4.9731	5000.00
Taurus Ultra Short Term Bond Fund-Super Inst	4.6204	5000.65
Uti Liquid Cash Plan Institutional Growth	4.2756	6500.00
Uti Floating Rate Fund -Stp Ip Gr	6.2429	6500.81
Principal Money Manager Fund Ip Gr Dec 07	47.3687	500.00
Canara Robaco Liquid Super Inst Gr Fund	428.0455	5000.00
Dws Treasury Fund Investment Ip Gr	465.8573	5000.00
Principal Pnb Fmp 66 91 Days Regular Gr	20.0000	200.00

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE BALANCE SHEETAs at 31st
March, 2011
Rs. in lakhsAs at 31st
March, 2010
Rs. in lakhs**Schedule - 7****INVENTORIES :**

Stock in trade

Raw and Packing Materials	9,271.98	6,406.16
Work in Process	1,862.83	1,228.74
Finished Goods	11,657.06	9,935.49
TOTAL	22,791.87	17,570.39

Schedule - 8**SUNDRY DEBTORS :**

Unsecured -

Debts outstanding for a period exceeding six months

Considered Good	612.36	2,125.76
Considered Doubtful	1,127.60	1,273.95
	1,739.96	3,399.71
Other Debts - Considered good	15,410.04	9,555.23
	17,150.00	12,954.94
Less: Provision for doubtful debts	1,127.60	1,273.95
TOTAL	16,022.40	11,680.99

Schedule - 9**CASH AND BANK BALANCES :**

Cash in Hand

27.07

31.83

Bank Balances :

With Scheduled Banks :

In Current Accounts

11,471.49

1,581.97

in Deposit Accounts

1,34,953.16

64,500.49

(See note (ii) below)

With Others

In Current Accounts

35.22

41.27

(See note (iii) below)

TOTAL**1,46,486.94****66,155.56**

Notes :-

- Bank balances in deposit accounts include interest accrued on fixed deposits amounting to Rs. 4123.57 Lakhs (P.Y Rs 1006.94 Lakhs)
- Deposit with Barclays Bank PLC Mumbai Branch aggregating Rs. 19250.00 Lakhs (P.Y Rs. Nil) is hypothicated against term loan of US\$ 35MN given by Barclays Bank PLC Singapore to our subsidiary company S & B Holdings B. V. Netherland.
- Bank balances include balances with non-scheduled bank as under

ALKEM LABORATORIES LIMITED
 SCHEDULES FORMING PART OF THE BALANCE SHEET

 As at 31st
 March, 2011
 Rs. in lakhs

 As at 31st
 March, 2010
 Rs. in lakhs

Name of the Bank & Country	Closing Balance as on		Maximum balance during the year ended	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010
SB Sberbank Jsc Almaty (Kazakstan), Tenge	10.76	0.08	9.21	1.15
SB Sberbank Jsc Almaty (Kazakstan), US \$	0.91	16.61	23.68	25.45
Southern Credit Bank Corp Ltd (Kenya), US \$	1.94	1.59	9.79	9.34
Vietcom Bank (Vietnam), US \$	0.43	1.20	0.46	1.30
First Ukranian International Bank (Ukraine), UAH	0.21	12.63	8.96	12.61
First Ukranian International Bank (Ukraine), CARD	0.13	0.18	0.14	0.26
First Ukranian International Bank (Ukraine), US \$	20.84	8.98	20.84	26.99

Schedule - 10
LOANS & ADVANCES :

 [Unsecured - Considered Good,
 unless otherwise stated]

Loan and Advances to Subsidiary Companies	292.06	127.51
Advances recoverable in cash or for value to be received Considered Good	2,494.77	2,711.79
Considered Doubtful	194.75	29.05
	<u>2,689.52</u>	<u>2,740.84</u>
Less: Provision for Doubtful Advances	194.75	29.05
	<u>2,494.77</u>	<u>2,711.79</u>
Deposits	473.65	447.30
Advances & Deposits with and receivables from Govt. Authorities	3,247.66	2,619.83
Advances payment of Income Tax (Net of Provision)	6,658.86	4,186.55
MAT Credit Entitlement	12,529.82	8,417.29
TOTAL	<u><u>25,696.82</u></u>	<u><u>18,510.27</u></u>

Schedule - 11
LIABILITIES :

Sundry Creditors:

Total outstanding due to Micro and Small Enterprises (Refer Note No. 2 of Schedule 18 B)	2,957.18	907.21
Total outstanding due of creditations other than Micro and Small Enterprises (Including Rs. 44.45 Lakhs (PY Rs. 30.46) due to subsidiary companies)	20,618.61	16,041.23
Other Liabilities	638.88	492.97
TOTAL	<u><u>24,214.67</u></u>	<u><u>17,441.41</u></u>

**ALKEM****ALKEM LABORATORIES LIMITED**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

As at 31st
March, 2011
Rs. in lakhsAs at 31st
March, 2010
Rs. in lakhs**Schedule - 12****PROVISIONS :**

For Taxation (Net of advance tax)	7,100.00	4,600.00
For Fringe Benefit Tax (Net of advance tax)	226.92	28.08
For Gratuity & Compensated Absences	4,662.93	3,357.56
For Proposed Dividend on Equity Shares	1,793.48	-
For Corporate Tax on Dividend	297.89	-
TOTAL	14,081.22	7,985.64

Schedule - 13**OTHER INCOME**

Interest on Bank Deposits [TDS Rs. 650.01 lakhs (P.Y Rs 664.15 lakhs)]	9,254.83	4,742.19
Others Interest [TDS Rs. 2.85 (P.Y.- Rs. 11.44)]	337.78	304.04
Manufacturing Charges (Gross) [TDS Rs. 3.48 lakhs (P.Y. Rs. 2.43 lakhs)]	187.02	116.86
Dividend on Long Term Investments (non trade)	6.20	1.28
Dividend on Current Investments (non trade)	9.82	5.00
Export Benefits & other Incentives	1,725.02	522.10
Profit on Sale of Current Investments (non trade)	1,135.91	982.51
Profit on Sale of Long term Investments (non trade)	17.38	238.93
Rent (Gross) [TDS Rs. 6.22 lakhs (P.Y. Rs. 9.91 lakhs)]	62.09	61.93
Exchange gains and losses (Net)	157.60	506.34
Write back of provisions on diminution in value of current investments	-	133.73
Insurance Claim Received	-	16.18
Excise Duty (Net)	-	128.03
Other Miscellaneous Receipts	119.40	81.95
TOTAL	13,013.05	7,841.07

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTAs at 31st
March, 2011
Rs. in lakhsAs at 31st
March, 2010
Rs. in lakhs**Schedule - 14****COST OF MATERIALS :**

Raw and Packing Material Consumed	54,197.44	43,192.85
Purchase of Traded Goods	19,399.31	15,205.22
Opening Stock :		
Work-in-Process	1,228.74	871.42
Finished Goods	9,935.49	12,724.15
	<u>11,164.23</u>	<u>13,595.57</u>
Less : Closing Stock:		
Work-in-Process	1,862.83	1,228.74
Finished Goods	11,657.06	9,935.49
	<u>13,519.89</u>	<u>11,164.23</u>
Decrease in stocks of finished goods (includes traded goods) and work in progress	(2,355.66)	2,431.34
TOTAL	<u>71,241.09</u>	<u>60,829.41</u>

Schedule - 15**PERSONNEL COST :**

Salaries, Wages, and Bonus	20,633.54	17,804.49
Contribution to Provident and Other Funds	2,054.82	1,842.08
Welfare Expenses	1,122.00	908.61
TOTAL	<u>23,810.36</u>	<u>20,555.18</u>

**ALKEM****ALKEM LABORATORIES LIMITED**
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT2010- 2011
Rs. in lakhs2009 - 2010
Rs. in lakhs**Schedule - 16****OTHER EXPENSES :**

Consumable Stores and Spares.	2,234.91	1,661.45
Electricity, Power & Fuel	3,777.48	3,006.19
Excise Duty (Net)	528.89	-
Processing charges and Manpower outsourcing charges	2,212.34	1,217.95
Rent	672.49	622.69
Rates & Taxes	81.80	73.66
Insurance	518.53	392.63
Advertisement & Marketing Expenses	11,533.25	10,053.11
Selling & Distribution Expenses	4,071.95	3,532.46
Sales-Tax & Octroi Duty	387.73	245.10
Commission & Discount	1,508.32	1,159.75
Travelling & Conveyance	5,666.14	4,373.77

Repairs:

Buildings	174.38	202.75
Plant & Machineries	468.57	280.71
Others	264.65	196.55
Loss on sale of Assets (net)	40.51	26.92
Provision for diminution in value of current investments	84.12	-
Donation	170.39	15.54
Communication and Printing Expenses	847.57	742.58
Vehicle Expenses	601.68	528.42
Clinical & Analytical Charges	1,647.95	1,681.87
Miscellaneous Expenses (includes office maintainence, product registration fees, audit fees, environmental expenses, etc)	1,716.73	1,963.61

TOTAL**39,210.38****31,957.71****Schedule - 17****INTEREST AND FINANCING CHARGES:**

Interest On debentures	1,034.42	1,388.61
Others	2,704.37	651.59

TOTAL**3,738.79****2,040.20**

ALKEM LABORATORIES LIMITED
SCHEDULE 18 NOTES TO THE ACCOUNTS :

PART- 'A':- SIGNIFICANT ACCOUNTING POLICIES:**1. Basis of preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards.

2. Use of Estimates:

The preparation of financial statements requires 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.

3. Fixed Assets and Depreciation:

(a) Fixed Assets are recorded and stated at cost of acquisition less accumulated depreciation and accumulated impairment losses if any. Fixed Assets are recorded and stated at cost, net of modvat/cenvat.

(b) 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.

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.

5. 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.

6. 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.

7. 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.

8. 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.

(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.

(d) Income from research and product registration (dossiers) services is recognised as revenue when earned in accordance with the terms of the relevant agreements.

(e) Dividend from investment is recognised as revenue when right to receive the payments is established.

(f) Interest income is recognised on time proportionate basis.

9. 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.

ALKEM LABORATORIES LIMITED
NOTES TO THE ACCOUNTS :

10. 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.

11. 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.

12. 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) 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.
- (d) 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.

13. 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.
 - (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.
- (c) Employee Termination Benefits Costs:
Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company is charged to the Profit and Loss account in the year of exercise of option by the employees.

14. Taxes on Income:

Income Taxes are 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 '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.