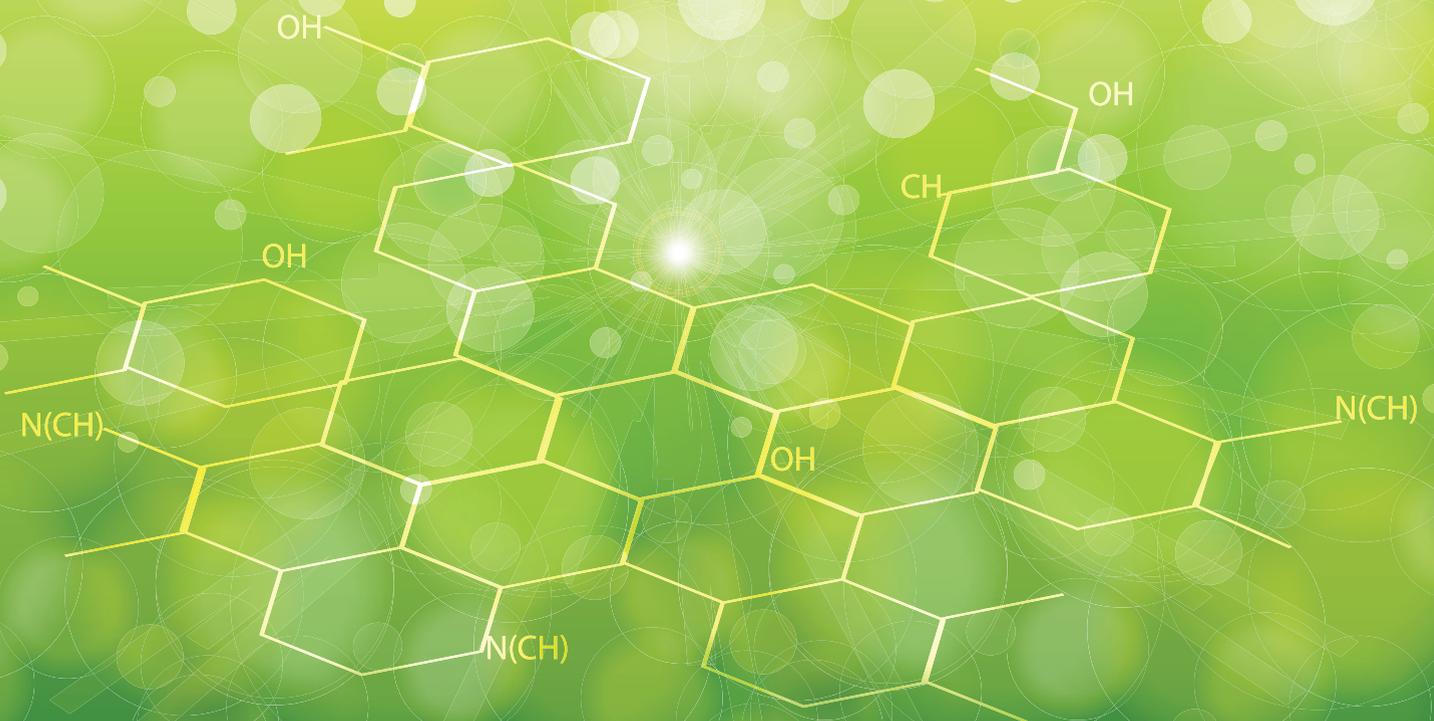




# ALKEM LABORATORIES LTD.

Annual Report 2013-14



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## ALKEM LABORATORIES LTD

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### 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*

*Vice President (Finance) - Mr. Rajesh Dubey*  
*AVP (Legal & Company Secretary) - Mr. Manish Narang*

### Bankers

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

### Statutory Auditors

*R S Sanghai & Associates*

### Registered Office

*Alkem House, Devashish, Senapati Bapat Marg,*  
*Lower Parel, Mumbai-400 013.*  
*Corporate identification no :- U00305MH1973PLC174201.*  
*Web site :- [www.alkemlabs.com](http://www.alkemlabs.com)*

### 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 Amliya, Dabhel, Daman*
- 6. Units 1 & 2 at Purana Barrier, Village-Thane, Baddi, Dist-Solan, H.P.*
- 7. Kumrek, Ragpokhola, East Sikkim*
- 8. Samardung, Karek Block, PO-Namthang, Dist-South Sikkim-737137.*

### R & D Centres

- 1. C 17/7, MIDC Industries Estate, Taloja, Dist-Raigad, Maharashtra*
- 2.473-D2, 13<sup>th</sup> Cross, IV Phase, Peenya Industrial Area, Bangalore, Karnataka*

**ALKEM LABORATORIES LIMITED**

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their 40<sup>th</sup> Annual Report along with the audited accounts for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS:**

**(Rs. in Lakhs)**

	<b>2013-2014</b>	<b>2012-13</b>
Sales (Gross)	2,72,645.20	2,33,528.73
Profit before tax	45,511.47	50,990.98
Less: Provision for Income Tax	(9,299.00)	(10,300.00)
(Add)/Less: Provision for Deferred Taxation	(1,101.13)	(1,348.75)
Add: MAT Credit Entitlement	9,299.00	10,270.76
Add/ (Less): Income Tax of earlier year	-	-
Profit after tax	44,410.34	49,612.99
Add: Balance of profit from previous years	66,138.53	44,304.77
Profit available for appropriation	1,10,548.87	93,917.76
Appropriations:		
Proposed Dividend	-	-
Interim Dividend	2,391.30	2,391.30
Corporate Tax on Dividend	406.40	387.93
General Reserve	25,000.00	25,000.00
Balance Carried Forward	82,751.27	66,138.53
	1,10,548.87	93,917.76

**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 31<sup>st</sup> March, 2014.

**OPERATIONS :**

The Company's sales (Gross) has increased to Rs. 2,72,645.20 lakhs as against Rs. 2,33,528.73 lakhs for the previous year resulting in an increase of 16.75% over the previous year.

**SUBSIDIARIES :**

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

**DIRECTORS :**

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

**PERSONNEL :**

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

**DIRECTORS RESPONSIBILITY STATEMENT :**

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

- 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, 2014 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:**

The Board of Directors has proposed M/s. BSR & Co. LLP as the Statutory Auditors of the Company in place of M/s R.S. Sanghai & Associates, Chartered Accountants who have shown their unwillingness to act as the Auditors of the Company to hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting of the Company.

#### **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**

**(SAMPRADA SINGH)**  
Chairman

Place:- Mumbai  
Date:- 7<sup>th</sup> July, 2014

## 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**

Particulars	Total 31.03.2014	PY 31.03.2013
<b>CONSERVATION OF ENERGY</b>		
1. Power & Fuel Consumption		
(a) Electricity Purchased :		
Units (Nos.Lacs)	499.84	447.04
Total Amount (Rs Lacs)	2915.39	2187.43
Unit Rate (Rs)	5.83	4.89
(b) Own Generation :		
(i) Through Diesel Generator		
(No.of units in Lacs)	23.50	37.85
Cost of HSD (Rs Lacs)	388.84	472.23
Cost / Unit (Rs)	16.54	12.48
(ii) Through Steam Turbine/		

Generator	0.00	0.00
Units per litre of Oil/Gas	0.00	0.00
Cost per Unit	0.00	0.00
2. Coal		
Quantity (M.T.)	2332.50	4025.94
Cost (Rs Lacs)	81.08	162.62
Average Rate / M.T. (Rs.)	3476.00	4039.31
3. Furnace Oil		
Quantity (Ltrs in Lacs)	7.11	19.57
Total Cost (Rs Lacs)	293.67	784.37
Average Rate / Litre (Rs.)	41.31	40.07
4. Others		
Quantity (M.T.)	171.12	130.96
Total Cost (Rs Lacs)	1473.53	1047.87
Average Rate (Rs.)	8.61	8.00

#### CONSUMPTION PER UNIT OF PRODUCTION

Electricity	}	Since the Company manufactures different types of
Coal	}	formulations (Capsules, Tablets, Ointment, Liquids &
Furnace Oil	}	Injectables) there is no specific standard as the consumption
Others	}	Per unit depends on the 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.
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 :	1564.26
	(ii) Recurring : (excluding depreciation of Rs. 511.49 lakhs)	14779.98
	(iii) Total :	16344.24
	(iv) Total R & D expenditure as percentage to total turnover :	5.99%

### **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 : Over the years Alkem has grown its international Business significantly. Export Business in Europe (Germany and UK), Africa (RSA, Nigeria, FWA), Asia and Latin American (Chile and Colombia) countries increased significantly during the previous year. Alkem will continue to strive to make its international business stronger, consistent and more profitable in years to come.
- b) Earnings in foreign exchange was equivalent to Rs. 30,947.89 lakhs and expenditure was Rs. 8348.03 lakhs.

Statement Relating to Subsidiary Companies Pursuant to section 212 of the Companies Act 1956

Sl. No	Name of the Subsidiary Company	Country of Incorporation	Percentage of holding	Reporting Currency	Exchange Rate as on March 2014	Share Capital of Subsidiary.	Reserves	Total Assets	Liabilities	Investment	Total Income	Profit Before Tax	Provision for Tax	Profit/(loss) After tax for the year ended march 2014
1	Alkem Laboratories (Nigeria) Limited	Nigeria	100%	Naira	0.35783	27,156,388	(208,669,322)	178,088,547	359,601,481		184,185,836	(57,862,600)	893,590	(56,969,010)
2	Alkem Laboratories Pty Ltd	South Africa	100%	Rand	5.646	158,900	-804,240	1,388,550	2,033,890		8,605,680	(677,616)	-	(677,616,000)
3	Alkem Laboratories Corporation	Philippines	100%	Pesos	1.33165	9,400,000	-37,004,739	52,620,309	80,225,048		33,573,482	(21,200,664)	6,688,350	(14,512,314,000)
4	Alkem Pharma GmbH	Germany	100%	Euro	82.1768	25,000	-40,851	3,411	19,262		0	(4,541)	-	(4,541,000)
5	S & B Holdings B.V (formerly known as Alkem Laboratories B V)	Netherlands	100%	Euro	82.1768	1,050,000	33,466,076	35,580,988	1,064,892	29,909,879	2,305,205	(418,293)	(309,003)	(727,296,000)
6	Pharmacor Ltd	Australia	100%	AUD	55.2564	2,305,000	(3,085,754)	7,137,990	7,918,744		9,311,216	(373,541)	-	(373,541,000)
7	The Pharma Network LLC	USA	100%	USD	59.758	47,459,954	(11,117,735)	80,534,485	44,192,266		69,674,853	6,751,738	-	6,751,738
8	Angelic Holdings SA	Switzerland	100%	CHF	67.361	0	-	-	-		5	(6,796)	-	(6,796,000)
9	Ascend Laboratories SPA	Chile	100%	CLP	0.10861	1,000,000	(81,791,600)	228,212,888	309,004,488		49,191,081	(52,171,542,000)	-	(52,171,542,000)
10	Ascend Laboratories Sdn Bhd	Malaysia	100%	RM	18.3149	2	0	-	-		0	0	-	-
11	Pharmacor Ltd	Kenya	100%	Shillings	0.67865	100000	-11030	88971	1		0	-5080	-	(5,080,000)
12	The Pharma Network LLP	Kazakhstan	100%	Tenge	0.32475	161,800	-38461788	261741816	300,041,804		21,853,179	-38461788	-	-38461788
13	Alkem Laboratories Kore, Inc	Korea	100%	Won	0.0558	1500000	0	1,500,000	-		0	0	-	-
14	S & B Pharma Inc	USA	49%	USD	59.758	1	4820091	13196482	8,376,390		11211362	509838	504,000	1,013,838,000
15	Erzene Biosciences Limited	India	80%	INR	1	11202500	-49103818	159478092	197,379,410		52040	-20304264	-	(20,304,264,000)

## Independent 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 **31<sup>st</sup> March, 2014**, the Statement of Profit and Loss 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:

Management 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') read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

Our responsibility is to express an opinion on these 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. 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 **31<sup>st</sup> March, 2014**;
- (ii) In the case of the Statement of Profit and Loss, of the **Profit** 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.

**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 of the Act read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014, 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

SD/-  
R.S.SANGHAI  
Partner  
Membership No.: 036931  
Mumbai: 7<sup>th</sup> July, 2014

**Annexure to the Independent Auditors' 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 of 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. 12444.72 lakhs and the year end balances of such loan amounted to Rs. 8580.26 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 facie, 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 31 parties covered in the register maintained under Section 301 of the Companies Act, 1956 being directors, their relatives and subsidiary company. The aggregate of the year end balances of such loans is Rs. 7042.48 Lakhs and the maximum amount involved during the year was Rs. 7414.07 Lakhs from these parties.
- (f) 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.
- (g) The Company is regular in repayment of interest and principal amount of unsecured loans wherever applicable and there is no default.
4. In our opinion, and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and similarly certain goods sold are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and also for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- (a) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in point (a) above and exceeding the value of Rs. 5 lakhs with any party during the year, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, except that reasonableness 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 Section 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 the firms of Chartered Accountants and also by its own internal audit department during the year, which in our opinion is commensurate with its size and the nature of its business.
8. We have broadly reviewed, the books of accounts and records maintained by the Company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing 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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014 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 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	Value Added Tax	50.78	2003-04	Deputy Commissioner of Sales Tax (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	56.54	2004-05	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 (Appeal)
Uttar Pradesh VAT Act, 2008	Value Added Tax	31.38	2012-2013	Additional Commissioner of Commercial Taxes (Appeal)
Bihar VAT Act, 2005	Value Added Tax	38.49 62.99	2010-2011 2011-2012	Joint Commissioner of Commercial Taxes (Appeals)
Income Tax Act, 1961	Income Tax	8.89 45.01	2008-09 2009-10	Commissioner of Income Tax (Appeal)

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 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 one of 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

SD/-

R.S.SANGHAI  
Partner  
Membership No.: 036931  
Mumbai: 7<sup>th</sup> July, 2014

**ALKEM LABORATORIES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH , 2014**

PARTICULARS	Note No.	As at 31st March, 2014 Rs. in Lakhs	As at 31st March, 2013 Rs. in Lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	1,195.65	1,195.65
Reserves and Surplus	2.2	277,803.54	236,190.90
		<b>278,999.19</b>	<b>237,386.55</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	2.3	5,392.35	9,228.45
Deffered Tax Liabilities (Net)	2.4	6,090.81	4,989.68
Long Term Provisions	2.5	2,768.24	3,141.14
		<b>14,251.40</b>	<b>17,359.27</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.6	85,447.36	110,328.27
Trade Payables	2.7	27,604.02	25,754.05
Other Current Liabilities	2.8	12,251.77	11,129.74
Short Term Provisions	2.9	4,653.29	2,862.57
		<b>129,956.44</b>	<b>150,074.63</b>
	<b>TOTAL</b>	<b>423,207.03</b>	<b>404,820.45</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	2.10		
Tangible Assets		83,489.11	75,529.42
Intangible Assets		381.67	425.33
Capital Work in Progress		7,068.13	7,253.75
Intangible Assets Under Development		-	1,395.07
Non Current Investments	2.11	60,983.23	23,566.07
Long Term Loans and Advances	2.13	50,424.68	40,504.67
		<b>202,346.82</b>	<b>148,674.31</b>
<b>Current Assets</b>			
Current Investments	2.12	33,095.82	34,372.76
Inventories	2.14	50,455.33	44,285.46
Trade Receivables	2.15	29,687.64	30,180.27
Cash and Cash Equivalents	2.16	89,080.82	125,691.63
Short Term Loans and Advances	2.17	13,853.12	12,783.10
Other Current Assets	2.18	4,687.48	8,832.92
		<b>220,860.21</b>	<b>256,146.14</b>
	<b>TOTAL</b>	<b>423,207.03</b>	<b>404,820.45</b>
Significant Accounting Policies	1		
Notes to Accounts	2		
The accompanying notes are an integral part of financial statements			

As per our Report attached of even date,  
For **R. S. SANGHAI & ASSOCIATES**  
Chartered Accountants

For & on behalf of the Board,

SD/-  
**R.S.Sanghai**  
Partner  
Mumbai  
Date : 07th July 2014

SD/-  
**Samprada Singh**  
Chairman

SD/-  
**B.N. Singh**  
Managing Director

SD/-  
**P.N. Singh**  
Director

SD/-  
**N.K. Singh**  
Director

SD/-  
**B.P. Singh**  
Director

SD/-  
**D.K. Singh**  
Director

SD/-  
**M.K.Singh**  
Director

SD/-  
**Sandeep Singh**  
Director

SD/-  
**R. M. Dubey**  
Vice President  
Finance

SD/-  
**Manish Narang**  
AVP - Legal &  
Company Secretary

SD/-  
**P V Damodaran**  
Vice President  
Business Finance

**ALKEM LABORATORIES LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	Note No.	For the year ended	For the year ended
		31st March, 2014	31st March, 2013
		Rs. in Lakhs	Rs. in Lakhs
<b>Income:</b>			
Revenue from Operations (Gross)	2.19	<b>281,361.31</b>	240,805.62
Less: Excise Duty		<b>10,521.60</b>	8,016.11
Revenue from Operations (Net)		<b>270,839.71</b>	232,789.51
Other Income	2.20	<b>16,934.44</b>	16,923.57
<b>Total Revenue</b>		<b>287,774.15</b>	249,713.08
<b>Expenses:</b>			
Cost of Materials Consumed	2.21	<b>75,139.53</b>	64,834.29
Purchase of Stock-in-Trade		<b>43,584.30</b>	37,531.21
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.22	<b>(5,263.68)</b>	(12,332.60)
Employee Benefits Expense	2.23	<b>44,215.47</b>	36,841.15
Finance Costs	2.24	<b>8,427.41</b>	7,921.55
Depreciation and Amortization Expense	2.10	<b>4,273.01</b>	3,601.52
Other Expenses	2.25	<b>71,886.64</b>	60,324.98
<b>Total Expenses</b>		<b>242,262.68</b>	198,722.10
<b>Profit Before Tax</b>		<b>45,511.47</b>	50,990.98
<b>Tax Expense:</b>			
Current Tax		<b>9,299.00</b>	10,300.00
Less: MAT Credit Entitlement		<b>(9,299.00)</b>	(10,270.76)
Net Current Tax Expense		-	29.24
Deferred Tax (Net)		<b>1,101.13</b>	1,348.75
Total Tax Expense		<b>1,101.13</b>	1,377.99
<b>Profit After Tax for the year</b>		<b>44,410.34</b>	49,612.99
Earnings per equity share (in Rs.):			
<b>Basic</b>		<b>371</b>	415
<b>Diluted</b>		<b>371</b>	415
Nominal Value of Equity Share (in Rs.)		<b>10.00</b>	10.00
<b>Significant Accounting Policies</b>	1		
<b>Notes to Accounts</b>	2		
<b>The accompanying notes are an integral part of financial statements</b>			

As per our Report attached of even date,  
For **R. S. SANGHAI & ASSOCIATES**  
Chartered Accountants

For & on behalf of the Board,

**R.S.Sanghai**  
Partner  
Membership No. 036931  
Mumbai  
Date : 7th July 2014

**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

**Sandeep Singh**  
Director

**R. M. Dubey**  
Vice President  
Finance

**Manish Narang**  
AVP - Legal &  
Company Secretary

**P V Damodaran**  
Vice President  
Business Finance

<b>ALKEM LABORATORIES LIMITED</b>		<b>For the year ended</b>	<b>For the year ended</b>
<b>CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014</b>		<b>31st March, 2014</b>	<b>31st March, 2013</b>
		<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>A. Cash Flow from Operating Activity:</b>			
Net Profit before Tax		45,511.47	50,990.98
<u>Adjustment for:</u>			
Depreciation		4,273.01	3,601.52
Provision for Gratuity & Compensated Leave & Other Employee Benefits		1,805.75	125.80
Provision for diminution in value of Investments		(5.36)	89.31
(Profit)/Loss on sale of Investments		(49.36)	(267.32)
(Profit)/Loss on sale of Assets		241.77	244.55
Dividend Received		(55.51)	(45.54)
Real Estate Income Received		(510.33)	-
Net Interest Received		(6,568.52)	(8,157.31)
ANDA & Outsourced Product Development Charges expensed out		1,405.94	-
Exhibit Batches expensed out		1,001.06	-
Provision for Doubtful Debts		102.90	152.04
Rent Received		(1,037.53)	(327.43)
<b>Subtotal of Adjustments</b>		<b>603.82</b>	<b>(4,584.36)</b>
<b>Operating profit before working capital changes</b>		<b>46,115.29</b>	<b>46,406.62</b>
<u>Adjustment for:</u>			
Trade and other Receivables		389.74	(4,576.64)
Loans & Advances & Other Current Assets		4,006.83	(5,503.35)
Inventories		(7,170.93)	(14,572.23)
Trade Payable & Other Liabilities		2,972.00	1,460.73
Bank Borrowings availed		(24,880.90)	42,693.25
<b>Subtotal of Adjustments</b>		<b>(24,683.26)</b>	<b>19,501.76</b>
Cash Generated from Operations		21,432.03	65,908.38
Less: Direct Taxes Paid		10,851.43	10,669.66
<b>Cash Flow before extraordinary items</b>			
<b>Net Cash (used)/ generated Operating Activities</b>		<b>10,580.60</b>	<b>55,238.72</b>
<b>B Cash Flow from Investing Activities:</b>			
Purchases of Fixed Assets (Net)		(12,256.07)	(21,958.03)
Sale of Investments (Net)		894.62	(15,199.87)
Investment in Real Estate Fund		(11,987.43)	-
Investments in Subsidiaries		(24,992.69)	(5,342.34)
(Investments)/Redemption of Bank Deposits having maturity of more than 3 months		35,440.53	(17,741.85)
Dividend Received		55.51	45.54
Interest Received		14,995.93	16,078.85
Rent Received		1,037.53	327.43
Real Estate Income Received		510.33	-
Net Cash from / used in investing Activities		3,698.25	(43,790.27)
<b>C Cash Flow from Financing Activities:</b>			
Long Term Borrowings		(3,836.10)	(3,490.30)
Dividends and Corporate Dividend Tax paid		(3,185.63)	(5,170.53)
Interest Paid		(8,427.41)	(7,921.55)
Net Cash (used) in Financing Activities		(15,449.14)	(16,582.38)
<b>D Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(1,170.29)</b>	<b>(5,133.92)</b>
<b>E Cash &amp; Cash Equivalents as at 1st April, 2013</b>		<b>2,899.27</b>	<b>8,033.19</b>
<b>F Cash &amp; Cash Equivalents as at 31st March, 2014 (D+E)</b>		<b>1,728.98</b>	<b>2,899.27</b>
<b>Notes:</b>			
1. Cash & Cash Equivalents include:			
Cash on hand		58.50	52.08
Cheque on Hand		585.59	540.12
Term Deposits with original maturity period of less than three months		-	-
Balance with Banks		1,084.89	2,307.08
Total Cash & Cash Equivalents		1,728.98	2,899.27
2. Other Bank balances include:			
Term Deposits with original maturity period of more than three months		87,351.84	122,792.36
2. Additions to Fixed Assets (Including movements in Capital Work In Progress) are considered as a part of investing activities.			
3. Interest Income on Bank Deposits is classified as cash flow from Investing Activities.			
4. Above Cash Flow Statements is prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) "Cash Flow Statement".			
5. Previous Year's figures have been regrouped/rearranged/reclassified wherever necessary to confirm to current year's groupings and classifications.			

As per our Report attached of even date,  
For **R. S. SANGHAI & ASSOCIATES**  
Chartered Accountants

For & on behalf of the Board,

**R.S.Sanghai**  
Partner  
Membership No. 036931  
Mumbai  
Date : 7th July 2014

**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

**Sandeep Singh**  
Director

**R. M. Dubey**  
Vice President  
Finance

**Manish Narang**  
AVP - Legal &  
Company Secretary

**P V Damodaran**  
Vice President  
Business Finance

## ALKEM LABORATORIES LIMITED

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

#### 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 (which continue to be applicable in respect of section 133 of the companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) 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.

## ALKEM LABORATORIES LIMITED

### 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.
- 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.

## ALKEM LABORATORIES LIMITED

### 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.

### 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

## ALKEM LABORATORIES LIMITED

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 reduced from related expenses 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**  
**NOTE - 2: NOTES TO ACCOUNTS**

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
	Rs. in Lakhs	Rs. in Lakhs
<b>2.1. : SHARE CAPITAL:</b>		
<u>Authorised Share Capital:</u> 1,50,00,000 equity shares of Rs.10/- each	<b>1,500.00</b>	1,500.00
	<b>1,500.00</b>	1,500.00
<u>Issued, Subscribed and Paid up:</u> 1,19,56,500 equity shares of Rs.10/- each fully paid up	<b>1,195.65</b>	1,195.65
<b>TOTAL</b>	<b>1,195.65</b>	1,195.65

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Numbers of shares outstanding as at the beginning of the year	<b>11,956,500</b>	11,956,500
Add: Shares issued during the year	<b>Nil</b>	Nil
Less: Shares bought back during the year	<b>Nil</b>	Nil
<b>Numbers of shares outstanding as at the end of the year</b>	<b>11,956,500</b>	11,956,500

**(b) Rights attached to Equity Shares:**

The Company has only one class of equity shares with voting rights having a par value of Rs. 10/- per share. The Company declares and pays dividends in Indian Rupees.

During the year ended 31 March, 2014, the amount of per share dividend paid as distributions to equity shareholders is Rs. 20/- (31st March, 2013 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, 2014		As at 31st March, 2013	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Mr. Basudeo Narain Singh	<b>952,860</b>	<b>7.97%</b>	952,860	7.97%
Mrs. Jayanti Sinha	<b>857,300</b>	<b>7.17%</b>	857,300	7.17%
Mr. Balmiki Prasad Singh	<b>621,576</b>	<b>5.20%</b>	621,576	5.20%

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.2. : RESERVES AND SURPLUS:</b>		
<b>Capital Reserve:</b>		
Investment Subsidies from State Governments		
Balance as per last Balance Sheet	52.37	52.37
<b>General Reserve:</b>		
Balance as per last Balance Sheet	170,000.00	145,000.00
Add: Transferred from Surplus in the Statement of Profit and Loss during the year	25,000.00	25,000.00
Closing Balance	195,000.00	170,000.00
<b>Surplus in the Statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	66,138.53	44,304.77
Add: Profit after tax for the year	44,410.34	49,612.99
Profit available for appropriation	110,548.87	93,917.76
Less: Appropriations:		
Transfer to General Reserve	25,000.00	25,000.00
Interim Dividend on Equity Shares	2,391.30	2,391.30
Corporate Dividend Distribution Tax	406.40	387.93
Balance carried forward	82,751.17	66,138.53
<b>TOTAL</b>	<b>277,803.54</b>	<b>236,190.90</b>
<b>2.3.: LONG TERM BORROWINGS:</b>		
<u>Secured:</u>		
Foreign Currency Term Loans from Banks	5,392.35	9,228.45
<b>TOTAL</b>	<b>5,392.35</b>	<b>9,228.45</b>
Notes:		
Long Term Foreign Currency Term Loans from Banks consist of loan of US \$ 9 Million (Rs. 5,392.35 Lakhs) (PY \$ 17 Million (Rs. 9,228.45))The loan bears interest @ LIBOR plus 1.40% and is repayable in two annual installments of US\$ 4.5 Millions (Rs. 2,696.18 Lakhs) each from the date of its origination on 28th October, 2015 and 28th October 2016.		
The Long Term Foreign Currency Term Loan from bank is 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.		
<b>2.4. : DEFERRED TAX LIABILITIES (NET):</b>		
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	4,989.68	3,640.93
Add: Tax effect of items constituting Deferred Tax Liabilities		
Other Timing Differences	1,199.76	1,402.48
Less: Tax effect of items constituting Deferred Tax Assets		
Provision for Gratuity and Compensated Leave	98.63	40.82
Other Timing Differences	-	12.91
<b>TOTAL</b>	<b>6,090.81</b>	<b>4,989.68</b>
<b>2.5. : LONG TERM PROVISIONS</b>		
Provisions for Employee Benefits		
Gratuity	1,773.19	1,849.14
Compensated Leave	995.05	1,292.00
<b>TOTAL</b>	<b>2,768.24</b>	<b>3,141.14</b>

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.6. : SHORT TERM BORROWINGS</b>		
<u>Secured</u>		
Loans repayable on demand from Banks	<b>63,831.42</b>	79,366.80
	<b>63,831.42</b>	79,366.80
<u>Unsecured</u>		
Working Capital Loan from Banks	<b>14,111.54</b>	25,410.79
Deposits	<b>925.27</b>	941.60
Loans and Advances from related parties	<b>6,579.13</b>	4,609.08
	<b>21,615.94</b>	30,961.47
<b>TOTAL</b>	<b>85,447.36</b>	110,328.27
Notes:		
1. Cash Credit from bank for Rs. 9,173.99 Lakhs (PY Rs. 9,435.66 Lakhs) is secured against charges created on stock and debt.		
2. Overdraft from Banks Rs 54,657.41Lakhs (PY Rs.69,931.14) are secured against pledge of Fixed Deposits with the banks.		
3. Cash Credit and Overdraft Facilities carries a rate of Interest in the range of 9.00% to10.75% 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. 14,080.02 Lakhs (P.Y. Rs. 24,183.97Lakhs).		
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 10% to 11% P.A.		
7. There is no default, as at the Balance Sheet date in repayment of any of the above loans.		
<b>2.7. : TRADE PAYABLES:</b>		
Total outstanding dues to Micro Enterprises & Small Enterprises	<b>4,687.88</b>	2,864.84
Total outstanding dues of Trade Payables other than Micro Enterprises & Small Enterprises	<b>22,916.14</b>	22,889.21
<b>TOTAL</b>	<b>27,604.02</b>	25,754.05
<b>Outstanding dues of Micro and Small Enterprise :</b>		
a. Principal amount outstanding to Micro and Small Enterprises Rs. 4,687.88 Lakhs (P.Y. Rs. 2,864.84 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.		

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.8. : OTHER CURRENT LIABILITIES:</b>		
Current Maturities of Long Term Borrowings in Foreign Currencies	<b>4,793.20</b>	4,342.80
Interest Accrued but not due on Borrowings	<b>52.19</b>	44.93
Due to Statutory Authorities	<b>1,295.96</b>	1,191.79
Advances from Customers	<b>525.85</b>	1,007.32
Other Payables	<b>5,584.57</b>	4,542.90
<b>TOTAL</b>	<b>12,251.77</b>	11,129.74
<p>Current Maturities of Long Term Borrowings in Foreign Currency from Banks consist of two loans of US \$ 5 Million (Rs. 2,995.75 Lakhs) and US \$ 3 Million (Rs.1,797.45 Lakhs) each. One of the loans carries interest @ LIBOR plus 1.50% and is repayable in installment of US \$ 5 Million (Rs. 2,995.75 Lakhs) on 16th September, 2014.</p> <p>Second loan bears interest @ LIBOR plus 1.40% and is repayable in installment of US\$ 3 Millions (Rs.1,797.45 Lakhs) on 28th October, 2014.</p> <p>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.</p>		
<b>2.9. : SHORT TERM PROVISIONS:</b>		
For Wealth Tax	<b>8.00</b>	8.00
For Corporate Dividend Distribution Tax	<b>-</b>	387.93
Provision for Employee Benefits:		
Gratuity	<b>2,320.43</b>	1,812.33
Compensated Leave	<b>157.33</b>	164.37
Other Benefits	<b>2,167.53</b>	489.94
<b>TOTAL</b>	<b>4,653.29</b>	2,862.57

**ALKEM LABORATORIES LIMITED**
**NOTE - 2 : NOTES TO ACCOUNTS**
**2.10. - FIXED ASSETS**

P A R T I C U L A R S	GROSS BLOCK						DEPRECIATION AND AMORTISATION						NET BLOCK		Rs. In lakhs				
	As at 1st April 2013	Additions	Deductions	As at 31st March 2014	Up to 31st March 2013	For the Year	Deductions	Up to 31st March 2014	As at 31st March 2014	As at 31st March 2013									
<b>TANGIBLE ASSETS</b>																			
Freehold Land	3,222.48	264.43	-	3,486.91	-	-	-	-	3,486.91	-	-	-	-	3,486.91	-	3,222.48			
Leasehold Land	1,285.36	-	-	1,285.36	37.72	12.98	-	50.70	1,234.66	50.70	12.98	-	50.70	1,234.66	50.70	1,247.64			
Buildings	27,552.71	3,714.41	32.60	31,234.52	3,864.64	779.47	9.32	4,634.79	26,599.73	4,634.79	779.47	9.32	4,634.79	26,599.73	4,634.79	23,688.07			
Plant and Machinery	54,195.23	7,791.41	757.70	61,228.94	10,710.82	2,768.42	251.57	13,227.67	48,001.27	13,227.67	2,768.42	251.57	13,227.67	48,001.27	13,227.67	43,484.41			
Furniture and Fixtures	2,696.42	277.28	5.26	2,968.44	1,041.45	180.62	1.56	1,220.51	1,747.93	1,220.51	180.62	1.56	1,220.51	1,747.93	1,220.51	1,654.97			
Vehicles	1,700.06	259.41	46.08	1,913.39	531.72	182.91	23.93	690.70	1,222.69	690.70	182.91	23.93	690.70	1,222.69	690.70	1,168.34			
Office Equipments	1,786.50	348.53	21.29	2,113.74	722.99	204.80	9.98	917.81	1,195.93	917.81	204.80	9.98	917.81	1,195.93	917.81	1,063.51			
	<b>92,438.76</b>	<b>12,655.47</b>	<b>862.93</b>	<b>104,231.30</b>	<b>16,909.34</b>	<b>4,129.20</b>	<b>296.36</b>	<b>20,742.18</b>	<b>83,489.12</b>	<b>20,742.18</b>	<b>4,129.20</b>	<b>296.36</b>	<b>20,742.18</b>	<b>83,489.12</b>	<b>20,742.18</b>	<b>75,529.42</b>			
<b>INTANGIBLE ASSETS</b>																			
Computer Software	2,609.32	100.16	-	2,709.48	2,183.99	143.82	-	2,327.81	381.67	2,327.81	143.82	-	2,327.81	381.67	2,327.81	425.33			
Trade Mark & Patents	7.60	-	-	7.60	7.60	-	-	7.60	-	7.60	-	-	7.60	-	7.60	-	-		
	<b>2,616.92</b>	<b>100.16</b>	<b>-</b>	<b>2,717.08</b>	<b>2,191.59</b>	<b>143.82</b>	<b>-</b>	<b>2,335.41</b>	<b>381.67</b>	<b>2,335.41</b>	<b>143.82</b>	<b>-</b>	<b>2,335.41</b>	<b>381.67</b>	<b>2,335.41</b>	<b>425.33</b>			
<b>Capital Work in Progress</b>																			
Intangible assets under Development																			
<b>T O T A L</b>	<b>95,055.68</b>	<b>12,755.63</b>	<b>862.93</b>	<b>106,948.38</b>	<b>19,100.93</b>	<b>4,273.02</b>	<b>296.36</b>	<b>23,077.59</b>	<b>90,938.92</b>	<b>23,077.59</b>	<b>4,273.02</b>	<b>296.36</b>	<b>23,077.59</b>	<b>90,938.92</b>	<b>23,077.59</b>	<b>84,603.57</b>			
Previous year	73,811.34	21,963.49	719.15	95,055.68	15,840.93	3,601.52	341.52	19,100.93	84,603.57	19,100.93	3,601.52	341.52	19,100.93	84,603.57	19,100.93	84,603.57			

**Notes :**

1. Addition to fixed assets include items of fixed assets aggregating Rs. 1784.77 (P.Y. Rs. 3499.57) located at Research & Development Centres of the Company
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised Rs. 2070.50 (P.Y. Rs. 1241.87)

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March 2014		As at 31st March 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>2.11: NON CURRENT INVESTMENTS:</b>						
<b>[At Cost / Carrying Amount unless otherwise stated]</b>						
<b>1) In Shares of Subsidiary Companies Unquoted (Trade):</b>						
<b>a) Wholly owned Subsidiaries:</b>						
Alkem Laboratories (NIG) Limited, Nigeria (Including 1 share held by the nominee)	27156388 (27156388)	Naira 1	<b>94.19</b>		94.19	
Alkem Laboratories (Pty.) Limited, South Africa	15890 (15890)	Rand 10	<b>9.16</b>		9.16	
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	94000 (94000)	Peso 100	<b>95.72</b>		95.72	
Alkem Pharma GmbH, Germany (One Share of Euro 24,750 & Second share of Euro Ascend Laboratories Sdn. Bhd., Malaysia '(Rs. 91)	2 (2)	Euro	<b>17.09</b>		17.09	
S & B Holdings B.V., Netherlands	1050000 (1050000)	Ringett 1 Euro 1	<b>701.43</b>		701.43	
S & B Holdings B.V., Netherlands (Share Premium)			<b>28,270.74</b>		3,278.05	
Alkem Laboratories Korea INC	15000 (15000)	Korean 100	<b>0.79</b>		0.79	
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	1000 (1000)	Chilean	<b>1.14</b>		1.14	
Pharmacor Ltd., Kenya	1000 (1000)	Shilings 100	<b>0.66</b>		0.66	
Pharmacor Pty Ltd., Australia	68313954 (68313954)	AUD	<b>2,246.68</b>		2,246.68	
<b>b) Other Subsidiary:</b>						
Enzene Biosciences Limited, India	896200 (896200)	INR 10	<b>750.00</b>		750.00	
Enzene Biosciences Limited, India (Share Application Money)			<b>85.57</b>		85.57	
S&B Pharma, Inc, USA '(Rs. 26.97)	49 (49)	USD 0.01				
S&B Pharma, Inc, USA (Share Premium)			<b>3,006.90</b>		3,006.90	
				<b>35,280.07</b>		10,287.38
<b>2) In Equity Shares of Other Companies:</b>						
<b>a) Unquoted (Trade):</b>						
Bharuch Eco-Aqua Infrastructure Limited	510000 (510000)	INR 10	<b>51.00</b>		51.00	
Shivalik Solid Waste Management Limited	18000 (18000)	INR 10	<b>1.80</b>		1.80	
<b>b) Unquoted (Non Trade):</b>						
The Saraswat Co-operative Bank Limited	2000 (2000)	INR 10	<b>0.20</b>		0.20	
				<b>53.00</b>		<b>53.00</b>
<b>3) Investment in Limited Liability Partnership Firm:</b>						
The PharmaNetwork LLP, Kazakhstan				<b>0.60</b>		0.60
<b>4) Investment In Fund Unquoted(Non Trade) :</b>						
Asia Healthcare Fund Investment Trust			<b>96.00</b>		50.00	
Tata Capital Healthcare Fund			<b>445.72</b>		250.00	
Avenue Venture Real Estate Fund			<b>24487.43</b>		12,500.00	
India Business Excellence Fund			<b>225.09</b>		225.09	
India Business Excellence Fund-II			<b>200.00</b>		200.00	
Yournest Angel Fund-Scheme 1			<b>64.73</b>		-	
Indusage Technology Venture Fund I			<b>50.00</b>		-	
Wagholi Properties Pvt. Limited			<b>80.58</b>	<b>25649.55</b>		<b>13225.09</b>
				<b>60,983.23</b>		<b>23,566.07</b>
Less: Provision for diminution in the value of Investments				-		-
<b>Total</b>				<b>60,983.23</b>		<b>23,566.07</b>
<b>Notes:</b>						
1) Aggregate value of Unquoted Investments:			<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Rs. in Lakhs</b> <b>Market Value</b>
2) All Investments in Shares & Securities are fully paid up.			<b>60,983.23</b>	-	23,566.07	-
3) Details of M/s The PharmaNetwork LLP, Kazakhstan:						
Name of the Partners	2013-14			2012-13		
	Profit Sharing Ratio	Rs. in Lakhs Capital Accounts as on 31.03.2014		Profit Sharing Ratio	Rs. in Lakhs Capital Accounts as on 31.03.2013	
M/s Alkem Laboratories Limited	100.00%	0.60		100.00%	0.60	
<b>TOTAL</b>	<b>100.00%</b>	<b>0.60</b>		<b>100.00%</b>	<b>0.60</b>	

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>2.12. : CURRENT INVESTMENTS:</b>						
<b>a) Quoted (Non Trade):</b>						
<b>1) Mutual Funds:</b>						
Benchmark Liquid Bees Rs.784.10 (P.Y.Rs. 743.01)	0.7840 (0.7430)	1,000.00				
DSP Black Rock World Gold Fund	Nil (488997.5550)	10.00	-		50.00	
DSP Black Rock World energy Fund	Nil (488995.1100)	10.00	-		50.00	
Benchmark Mutual Fund (Nifty Bees)	209 (509)	1,000.00	1.06		5.30	
IDFC Money Manager Fund-DIR-DLY	46413.7640 (79157.2110)	10.00	4.67		7.98	
				<b>5.73</b>		<b>113.28</b>
<b>2) Debentures :</b>						
<b>Non Convertible</b>						
8% Indian Railway Finance Corporation Limited	108754 (108754)	1,000.00	1,087.54		1,087.54	
12.75% Muthhot Finance Limited	Nil (200)	1 Lakh	-		200.00	
12.50% Cholamandalam Investment & Finance Limited	40 (40)	5 Lakh	200.00		200.00	
9% Shriram Transport Finance Company Limited	Nil (8457)	1,000.00	-		84.57	
11.10% Shriram Transport Finance Company Limited	5000 (5000)	1,000.00	50.00		50.00	
12.15% Religare Finvest Limited	50000 (50000)	1,000.00	500.00		500.00	
12.25% Religare Finvest Limited	50000 (50000)	1,000.00	500.00		500.00	
13.09% Manapuram Finance Limited	50 (50)	873.50 Lakhs	436.58		436.58	
10.17% HDB financial Service Limited	200 (Nil)	10 Lakhs	2024.73		-	
8.63% NHB Limited	7220 (NIL)	0.05	361.00		-	
9.01% NHB Limited	4000 (Nil)	0.05	201.71		-	
				<b>5,361.56</b>		<b>3,058.69</b>
<b>3) Bonds :</b>						
10.25% Tata Capital Limited.	40 (40)	5 Lakh	221.56		221.56	
9.8% LIC Housing Finance Limited . (Refer Note No 3)	1300 (1300)	10 Lakh	13,000.00		13,000.00	
9.68% HDFC Limited. (Refer Note No 3)	200 (200)	10 Lakh	2,014.36		2,014.36	
9.70% HDFC Limited. (Refer Note No 3)	650 (650)	10 Lakh	6,528.25		6,528.25	
11.5 % Tata Steel Limited	100 (100)	10 Lakh	1,054.97		1,054.97	
11.25% Tata Motors Finance Limited	100 (Nil)	5 Lakh	500.00		500.00	
11.03% Tata Motors Finance Limited	100 (Nil)	10 Lakh	1,000.00		-	
11.80 % Tata Steel Limited	500 (500)	10 Lakhs	543.24		543.24	
11.40% Tata Power Limited	50 (50)	10 Lakh	505.83		505.83	
				<b>25,368.21</b>		<b>24,368.21</b>
<b>4) Equity Shares:</b>						
Adani Ports & Special Economic Zone Limited	6297 (6297)	10	8.60		8.60	
ACC Limited	549 (549)	10	7.62		7.62	
Asian Paints Limited	7358 Nil	1	36.48		-	
Bajaj Auto Limited	101 (Nil)	10	1.93		-	
Bajaj Electricals Limited	2507 (2507)	2	4.33		4.33	
Bajaj Corp Limited	2538 (1099)	1	5.56		1.90	
Bajaj Finance Limited	5107 (5014)	10	53.91		48.15	

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<i>Equity Shares : Contd...</i>						
Bajaj Finance Services Limited	Nil (1000)	5	-		5.43	
Bajaj Holding and Investment Limited	426 (Nil)	10	3.30		-	
Bata India Limited	298 (408)	10	2.66		3.58	
Bank of Baroda Limited	804 (272)	10	5.62		2.15	
Bharat Heavy Electricals Limited	Nil (900)	10	-		3.82	
Bosch Limited	1496 (1374)	10	121.28		106.59	
Britania Industries Limited	Nil (802)	10	-		3.92	
Cairn India Limited	8902 (8902)	1	28.74		28.74	
Castrol India Limited	5040 (5600)	10	2.38		3.98	
Coal India Limited	24723 (78298)	10	62.62		193.88	
Container Corporation of India Limited	1855 (958)	10	12.53		9.49	
Credit Analysis & Research Limited (Care)	12000 (18000)	10	90.00		135.00	
Cipla Limited	1387 (Nil)	2	5.37		-	
City Union Bank Limited	83433 (61434)	1	46.07		34.68	
Century Textiles & Industries Limited	1445 (1445)	10	4.58		4.58	
CMC Limited	Nil (735)	10	-		6.19	
Cox & Kings India Limited	5535 (6150)	5	8.12		10.15	
Crompton Greaves Limited	5792 (5792)	2	7.57		7.57	
Cummins India Limited	10367 (8090)	2	49.20		38.58	
DCB Bank Limited	23000 (Nil)	10	11.94		-	
D Q Entertainment Limited	12958 (13110)	10	8.83		8.93	
Deccan Chronical Holdings Limited	256 (256)	2	0.20		0.20	
Divis Laboratories Limited	2691 (2691)	2	31.53		31.53	
Eid Parry (India) Limited	2875 (3475)	1	7.60		9.18	
Eicher Motors Limited	3709 (3177)	10	88.27		70.37	
Elgi Equipment Limited	4575 (5525)	1	3.85		4.65	
Engineers India Limited	10230 (7984)	5	22.76		18.97	
Emami Limited	7305 (3818)	1	29.35		22.50	
Exide Industries Limited	6526 (6526)	1	8.47		8.47	
Financial Technologies Limited	Nil (2898)	2	-		30.99	
Future Lifestyle Fashion Limited	3048 (Nil)	2	3.24		-	
Future Market Networks Limited	12 (12)	10	-		-	
Gail (India) Limited	Nil (2293)	10	-		8.03	
Gateway Distriparks Limited	3587 (3587)	10	5.40		5.40	
Glaxosmithkline Pharmaceuticals Limited	Nil (1823)	10	-		35.64	

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<i>Equity Shares : Contd...</i>						
Glaxosmithkline Consumer Healthcare Limited	1683 (1333)	10	<b>54.18</b>		39.55	
Godrej Industries Limited	11287 (8824)	1	<b>30.61</b>		23.26	
Great Eastern shipping Company Limited	600 (700)	10	<b>2.22</b>		2.59	
Grasim Industries Limited	261 (261)	10	<b>8.13</b>		8.13	
H T Media Limited	Nil (2900)	2	-		3.94	
HDFC Bank Limited	11905 (13231)	10	<b>59.55</b>		62.59	
HDFC Limited	8086 (8236)	10	<b>47.36</b>		47.82	
Hero Motocorp Limited	1812 (1842)	2	<b>36.76</b>		37.29	
Heidelberg Cement Limited	40000 (56850)	10	<b>17.62</b>		25.05	
Hindustan Unilever Limited	943 (1193)	1	<b>5.28</b>		5.65	
Hindustan Zinc Limited	Nil (6000)	2	-		2.00	
Hindustan Petroleum Corp. Limited	1378 (9386)	10	<b>3.55</b>		34.82	
ICICI Bank Limited	891 (338)	10	<b>9.47</b>		2.77	
IL & FS Transportation Networks Limited	20000 (30000)	10	<b>51.60</b>		77.40	
Indian Oil Corporation Limited	3436 (Nil)	10	<b>6.89</b>		-	
Infosys Technologies Limited	2269 (2112)	5	<b>54.23</b>		48.58	
Indiabulls Infrastructure and Power Limited	9988 (9988)	10	<b>0.39</b>		0.39	
ING Vyasya Bank Limited	7855 (5871)	10	<b>36.02</b>		24.37	
Indusind Bank Limited	Nil (631)	10	-		2.70	
IRB Infrastructure Developers Limited	7904 (7904)	10	<b>12.13</b>		12.13	
ISMT Limited	16795 (16795)	5	<b>5.38</b>		5.38	
ITC Limited	3179 (1089)	1	<b>8.79</b>		1.60	
IPCA Lab Limited	10881 (4973)	2	<b>67.88</b>		22.09	
Jaiprakash Associates Limited	Nil (6339)	2	-		8.99	
Jammu and Kashmir Bank Limited	4911 (3825)	10	<b>53.56</b>		39.82	
Jubilant Foods Works Limited	380 (Nil)	10	<b>3.95</b>		-	
La Opala RG Limited	5510 (Nil)	10	<b>21.79</b>		-	
Larsen & Toubro Limited	5254 (3469)	2	<b>45.24</b>		44.76	
Lupin Limited	192 (571)	10	<b>1.82</b>		3.31	
Maruti Suzuki (I) Limited	Nil (249)	5	-		2.85	
Marico Limited	1651 (Nil)	1	<b>2.97</b>		-	
MPS Limited	9540 (11210)	10	<b>22.05</b>		25.92	

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<i>Equity Shares : Contd...</i>						
McLeod Russel India Limited	14233 (11135)	5	41.42		32.23	
MCX Limited	Nil (266)	10	-		3.56	
Nava Bharat Ventures Limited	3966 (3966)	2	7.73		7.73	
Nestle India Limited	1437 (1642)	10	51.69		58.00	
NTPC Limited	13600 (40000)	10	20.06		59.00	
NMDC Limited	13293 (3693)	1	17.48		5.91	
Orient Papers Industries Limited	Nil (10882)	1	-		0.86	
Orient Cement Limited	10882 (10882)	1	3.56		5.29	
Oil India Limited	1453 (1453)	10	7.71		7.71	
On Mobile Global Limited	42400 (51000)	10	18.00		23.68	
Orissa Mineral Development Corporation Limited	450 (742)	10	23.19		38.25	
Pantaloon Fashion & Retail Limited	660 (Nil)	10	0.65		-	
Pantaloon Retail India Limited (Future Retail Limited)	2970 (Nil)	2	2.93		-	
Pantaloon Retail India Limited Class B (Future Retail Limited)	5845 (5845)	2	4.45		6.61	
Page Industries Limited	2831 (2928)	10	98.51		90.17	
Pidilite Industries Limited	18754 (15305)	10	42.27		32.70	
Punjab National Bank	1226 (830)	10	8.19		6.34	
Petronet LNG Limited	3833 (3833)	10	6.12		6.12	
Power Grid Corporation of India Limited	Nil (40629)	10	-		36.92	
Punjab & Sind Bank Limited	6759 (6759)	10	7.04		7.04	
Sanghavi Movers Limited	4122 (4122)	2	4.34		4.34	
State Bank of India Limited	3126 (3064)	10	69.24		68.29	
Shanti Gears Limited	10000 (15000)	1	6.67		9.99	
State Bank of Travancore Limited	2025 (2670)	10	6.23		7.54	
Shipping Corporation India Limited	Nil (13350)	10	-		7.49	
State Bank of Mysore Limited	927 (927)	10	4.73		4.73	
Steel Authority of India Limited	Nil (8492)	10	-		5.16	
Speciality Restaurant Limited	11395 (11192)	10	21.20		21.88	

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>Equity Shares : Contd...</b>						
Sesa Sterlite Limited	3454 (5758)	1	6.76		6.76	
Sun TV Network Limited	1497 (Nil)	5	5.55		-	
Tata Consultancy Services Limited	270 (Nil)	1	6.22		-	
Tech Mahindra Limited	3216 (Nil)	10	50.62		-	
Trent Limited	Nil (288)	10	-		1.78	
Tata Motors DVR A Ord	Nil (4531)	10	-		4.35	
Tata Global Beverages Limited	3499 (Nil)	1	5.20		-	
Tara Jewels Limited	93227 (100000)	10	214.42		230.00	
Torrent Power Limited	2490 (2490)	10	4.79		4.78	
Tata Steel Limited	Nil (1689)	10	-		5.13	
Tube Investment of India Limited	Nil (3606)	2	-		5.50	
Tulip Telecom Limited	2878 (2878)	10	4.28		4.28	
Titan Industries Limited	Nil (973)	10	-		1.39	
United Phosphorus Limited	Nil (15000)	2	-		20.68	
United Spirits Limited	152 (Nil)	10	3.99		-	
Union Bank of India Limited	5703 (Nil)	10	6.60		-	
VA Tech Wabag Limited	4637 (4637)	5	22.85		22.85	
Voltas Limited	37520 (29400)	1	39.21		32.25	
				2303.23		2436.83
<b>5) In Preference Shares:</b>						
<b>Quoted (Non Trade):</b>						
0.1% Cumulative Compulsory Convertible Preference Shares in Trent Limited:						
a) Series A	Nil (22)	1100	-		-	
(P.Y. Rs.24,200.00)						
a) Series B	Nil (22)	1100	-		-	
(P.Y. Rs.24,200.00)						
Saraswat Bank-NCPS	500000 (Nil)	10.00	50.00	50.00	-	-
<b>b) Unquoted (Non Trade):</b>						
<b>1) In Funds:</b>						
HDFC CMF Treasury Advantage Retail -WD	11593.72 -	10.00	1.17		-	
Cap Veda Absolute Return Fund	100000 -	10.00	111.35	112.52	-	-
<b>2) In Debenture</b>						
Barclays Investment & Loans(India) Limited 10.82%	Nil (400)	10 Lakh	-		4,000.00	
Citi Bank Index Linked	Nil 25	1 Lakh	-		25.19	
19% Wadhwa Group Holdings Private Limited	Nil (50)	10 Lakhs	-		526.87	
Propstack Services Private Limited	45 (Nil)	1 Lakh	45.00		-	
				45.00		4552.06

**ALKEM LABORATORIES LIMITED**  
**NOTE - 2: NOTES TO ACCOUNTS**

	Number	Face Value	As at 31st March, 2014		As at 31st March, 2013	
			Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>3) Equity Shares:</b>						
G R Infraprojects Limited	6626 (6626)	2	13.46		13.46	
One 97 Communication Limited	5871 (5871)	10	14.50		14.50	
Intarvo Technologies Limited	4299 (4299)	10	8.64		8.64	
GMR Energy Limited	16531 (Nil)	10	2.01		-	
Marico Kaya Enterprises Limited	33 (Nil)	10	0.52		-	
				39.13		36.60
<b>4) Preference Shares:</b>						
Intarvo Technologies Limited -CCPS	1616 (1616)	10	1.09		1.09	
Regen Powertech Private-CCPS	4328 (4328)		30.53		30.53	
GMR Energy Limited-CCPS	1799 (2000)	10	17.99		20.00	
				49.61		51.62
				33,334.99		34,617.29
<b>Less:</b> Provision for diminution in the value of Investments				239.17		244.53
<b>Total</b>				<b>33,095.82</b>		<b>34,372.76</b>
<b>Notes:</b>						
1) Aggregate value of quoted investments			<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
Aggregate value of unquoted investments			33,088.73	33,546.01	29,977.01	30,032.05
2) All Investments in Shares & Securities are fully paid up.			246.26	-	4,640.28	-
3) Bonds 9.80 % LIC Housing Finance Limited, 9.68% HDFC Limited and Bond with 9.70% HDFC Limited aggregating to Rs. 21542.61 Lakhs (P.Y. Nil) is pledged against issuance of SBLC required for term loan of US\$ 29.80 Million advanced by Citi Bank USA to The Pharma Network LLC (USA) , a 100% step down subsidiary of the company.						
4) Bonds 9.80 % LIC Housing Finance Limited and 9.68% HDFC Limited aggregating Rs. Nil (P.Y. Rs. 15,014.36 Lakhs) 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.						
5) Bonds with 9.70% HDFC Limited and 8% Indian Railway Finance Corporation Limited aggregating Rs. Nil (P.Y. Rs. 7615.79 Lakhs) is Pledged against overdraft facility loan of Rs. 5800.00 Lakhs						

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.13 : LONG TERM LOANS AND ADVANCES:</b>		
(Unsecured, Considered Good)		
Capital Advances	<b>579.24</b>	3,577.91
Loans and Advances to Subsidiary Companies	<b>8,582.39</b>	4,773.33
Security Deposits	<b>644.00</b>	631.76
MAT Credit Entitlement	<b>38,907.79</b>	29,608.79
Loans and Advances to Employees	<b>1,144.09</b>	1,280.30
Other Loans and Advances	<b>567.17</b>	632.58
<b>TOTAL</b>	<b>50,424.68</b>	40,504.67
<b>2.14. : INVENTORIES:</b>		
Valued at Lower of Cost or Net realisable value (Refer Note 1.8)		
Raw and Packing Materials	<b>13,462.44</b>	12,537.70
Goods-in-Transit	<b>6.52</b>	25.07
	<b>13,468.96</b>	12,562.77
Work-in-Progress	<b>2,148.19</b>	2,023.78
Finished Goods	<b>23,127.66</b>	16,991.43
Goods-in-Transit	<b>1,857.91</b>	1,635.66
	<b>24,985.57</b>	18,627.09
Stock-in-Trade	<b>9,025.80</b>	10,421.09
Goods-in-Transit	<b>826.81</b>	650.73
	<b>9,852.61</b>	11,071.82
<b>TOTAL</b>	<b>50,455.33</b>	44,285.46
<b>2.15. : TRADE RECEIVABLES:</b>		
Unsecured:		
Outstanding for a period exceeding six months:		
Considered Good	<b>14,528.76</b>	13,421.33
Considered Doubtful	<b>1,286.39</b>	1,245.58
Less: Provision for doubtful trade receivables	<b>(1,286.39)</b>	(1,245.58)
	<b>14,528.76</b>	13,421.33
Other Trade Receivables:		
Considered Good	<b>15,158.88</b>	16,758.94
Considered Doubtful	<b>315.45</b>	40.81
Less: Provision for doubtful trade receivables	<b>(315.45)</b>	(40.81)
	<b>15,158.88</b>	16,758.94
<b>TOTAL</b>	<b>29,687.64</b>	30,180.27
Note :		
Above Trade Receivables include amount due from related parties Rs.6,503.24 Lakhs (P.Y. Rs. 6,266.66 Lakhs)		

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2014</b>	<b>31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.16. : CASH AND CASH EQUIVALENTS:</b>		
Balance with Banks:		
In Current Accounts	<b>1,051.44</b>	2,305.49
In EEFC Accounts	<b>33.45</b>	1.58
In Deposit Accounts:		
In Deposits Accounts maturity beyond 12 months	<b>10,546.74</b>	29,272.20
In Deposits Accounts maturity within 12 months	<b>76,805.10</b>	93,520.16
Cheques & Drafts on hand	<b>585.59</b>	540.12
Cash on hand	<b>58.50</b>	52.08
<b>TOTAL</b>	<b>89,080.82</b>	125,691.63
Notes:		
1. Bank Deposits of Rs.77,251.84 Lakhs (P.Y. Rs.88,235.01 Lakhs) is under lien with the Banks against Over Draft Facility.		
2. Deposit with Barclays Bank PLC Mumbai Branch aggregating Rs. Nil ( P.Y. Rs. 23,250.00 Lakhs) is hypothicated against term loan of US\$ 35 Million given by Barclays Bank PLC Singapore to S & B Holdings B.V., Netherland a wholly onwed subsidiary of the Company.		
<b>2.17. : SHORT TERM LOANS AND ADVANCES:</b>		
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	<b>6,125.33</b>	5,647.95
(VAT/Cenvat/Service Tax credit receivable)		
Advance payment of Income Tax (Net of Provisions)	<b>2,531.31</b>	830.01
Advance to Suppliers:		
Cosidered Good	<b>3,709.53</b>	4,644.81
Cosidered Doubtful	<b>102.90</b>	152.04
	<b>3,812.43</b>	4,796.85
Less: Provision for Doubtful Advances	<b>(102.90)</b>	(152.04)
	<b>3,709.53</b>	4,644.81
Prepaid Expenses	<b>1,486.95</b>	1,660.33
<b>TOTAL</b>	<b>13,853.12</b>	12,783.10
<b>2.18. : OTHER CURRENT ASSETS:</b>		
Interest Accrued on Bank Deposits	<b>2,714.86</b>	7,911.59
Export Incentives Receivable	<b>1,101.34</b>	841.53
Other Receivables	<b>871.28</b>	79.80
<b>TOTAL</b>	<b>4,687.48</b>	8,832.92

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>For the year ended 31st March, 2014</b>	<b>For the year ended 31st March, 2013</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>2.19. : REVENUE FROM OPERATIONS:</b>		
Sale of Products	272,645.20	233,528.73
Other Operating Revenue:		
Manufacturing Charges	411.70	243.33
Technology Income	2,727.74	2,701.25
Export Incentives and Excise Refunds	4,225.63	4,094.34
Foreign Currency Transactions and Translation gain (Net)	451.06	-
Insurance Claim/Subsidy	75.84	83.24
Excise Duty (Net)	678.16	-
Miscellaneous Receipts	145.98	154.73
	8,716.11	7,276.89
<b>TOTAL</b>	<b>281,361.31</b>	<b>240,805.62</b>
<b>2.20. : OTHER INCOME:</b>		
Interest on Bank Deposits	10,700.84	12,247.72
Other Interest	4,295.08	3,831.13
Dividend Income	55.51	45.54
Income from Real Estate Fund	510.33	-
Compensation Received	726.63	-
Provision Written back	283.54	202.37
Rent	313.15	329.49
Net Gain on sale of Investments	49.36	267.32
<b>TOTAL</b>	<b>16,934.44</b>	<b>16,923.57</b>
<b>2.21. : COST OF MATERIAL CONSUMED</b>		
Raw Material Consumed	54,122.74	46,281.51
Packing Material Consumed	21,016.79	18,552.78
	75,139.53	64,834.29
<b>2.22. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b>		
Opening 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
	31,722.69	19,390.09
Less: Closing Stock:		
Finished Goods	24,985.57	18,627.09
Stock-in-Trade	9,852.61	11,071.82
Work-in-Progress	2,148.19	2,023.78
	36,986.37	31,722.69
<b>TOTAL</b>	<b>(5,263.68)</b>	<b>(12,332.60)</b>
<b>2.23. : EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries, Wages and Bonus	39,597.54	32,944.87
Contribution to Provident and Other Fund	2,579.17	1,998.25
Employees' Welfare Expenses	2,038.76	1,898.03
<b>TOTAL</b>	<b>44,215.47</b>	<b>36,841.15</b>
<b>2.24. : FINANCE COST:</b>		
Interest on Borrowings	8,255.35	7,768.76
Other Borrowing Costs	172.06	152.79
<b>TOTAL</b>	<b>8,427.41</b>	<b>7,921.55</b>

<b>ALKEM LABORATORIES LIMITED</b>		
<b>NOTE - 2: NOTES TO ACCOUNTS</b>		
<b>Particulars</b>	<b>For the year ended 31st March, 2014 Rs. in Lakhs</b>	<b>For the year ended 31st March, 2013 Rs. in Lakhs</b>
<b>2.25. : OTHER EXPENSES:</b>		
Consumption of Stores and Spares	3,668.64	3,699.28
Power and Fuel	6,009.58	5,311.13
Excise Duty (Net)	-	744.60
Processing Charges	1,099.90	1,240.60
Rent	999.71	820.49
Rates & Taxes	304.61	118.09
Insurance	648.39	549.97
Advertisement & Marketing Expenses	23,117.86	19,863.60
Selling & Distribution Expenses	7,628.22	5,753.39
Legal & Professional Charges	4,687.16	3,045.76
Sales-Tax & Octroi Duty	1,256.71	975.46
Commission & Discount	3,558.73	2,320.47
Travelling & Conveyance	8,924.23	7,771.60
Repairs:		
- Buildings	256.14	375.27
- Plant & Machineries	894.94	897.38
- Others	510.27	439.28
Loss on sale of Assets (net)	241.77	244.55
Provision for diminution in value of investments	-	89.31
Donation	85.08	125.42
Communication and Printing Expenses	1,266.37	1,190.73
Vehicle Expenses	1,118.87	933.95
Clinical & Analytical Charges	1,973.85	1,144.02
Loss on Foreign Currency Transactions and Translation (Net)	-	416.00
Miscellaneous Expenses	3,635.61	2,254.63
<b>TOTAL</b>	<b>71,886.64</b>	<b>60,324.98</b>

**ALKEM LABORATORIES LIMITED**
**Note No.**
**2.26. Contingent Liabilities not provided for:**

S.N.	Particulars	Rs . in Lakhs	
		31 <sup>st</sup> March ,2014	31 <sup>st</sup> March, 2013
1.	Letter of Credit opened by the Banks	<b>1,835.59</b>	2,316.37
2.	Outstanding Bank Guarantees	<b>476.83</b>	283.54
3.	Central Excise demand disputed in appeal {advances paid <b>Rs.355.05 Lakhs</b> (P.Y. Rs. 241.80 Lakhs)}	<b>640.00</b>	784.81
4.	Sales Tax demand disputed in appeal {advances paid <b>Rs.86.65 Lakhs</b> (P.Y. Rs. 99.86 Lakhs)}	<b>345.57</b>	388.13
5.	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid <b>Rs. 78.53 Lakhs</b> (P.Y. Rs. 1,896.50 Lakhs)}	<b>195.86</b>	3,717.11
6.	Pending Export Obligation under advance licence/ EPCG Scheme	<b>37.32</b>	82.81
7.	Claims against the Company not acknowledged as debt	<b>7,142.60</b>	5,892.34
8.	Corporate Guarantee given in respect of credit facility sanctioned by a bank of subsidiary company aggregating <b>US \$ NIL</b> (P.Y. US \$ 40 Million)	-	21,714.00
	<b>Total</b>	<b>10,673.77</b>	35,179.11

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

- Principal amount outstanding to Micro and Small enterprises as at the year ended 31<sup>st</sup> March, 2014 is **Rs. 4,687.88 Lakhs** (Rs. 2,864.84 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.

**2.28. 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. During the year the Company recognised **Rs.1,106.30 Lakhs** (P.Y. Rs. 934.77 Lakhs) for provident fund contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, The Company is required to contribute pre determined percentage of payoff cost of the

**ALKEM LABORATORIES LIMITED**

eligible employee to the superannuation plan to fund the benefit. During the year Company recognised **Rs.26.52 Lakhs** (P.Y. Rs.24.40 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:

a) 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.

b) On death in service:

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2014 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2014

		<b>Rs. in Lakhs</b>	
<b>Sr. No.</b>	<b>Particulars</b>	<b>Gratuity 31<sup>st</sup> March, 2014</b>	<b>Gratuity 31<sup>st</sup> March, 2013</b>
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	Current Service Cost	<b>545.34</b>	537.54
	Interest Cost	<b>284.04</b>	272.69
	Actuarial (gain) / losses	<b>(175.36)</b>	(480.34)
	Benefits paid	<b>(221.88)</b>	(154.01)
	PVO at the beginning of the year	<b>3,661.48</b>	3,485.59
	PVO at end of the year	<b>4,093.62</b>	3,661.48
II)	<b>Change in fair value of plan assets</b>		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	<b>221.88</b>	154.01
	Benefits paid	<b>(221.88)</b>	(154.01)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of period	<b>4,093.62</b>	3,661.48
	Fair Value of planned assets at end of year	-	-
	Funded status	<b>(4,093.62)</b>	(3,661.48)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	<b>(4,093.62)</b>	(3,661.48)
IV)	<b>Net cost for the year ended Mar 31<sup>st</sup>, 2014 :</b>		
	Current Service cost	<b>545.34</b>	537.54
	Interest cost	<b>284.04</b>	272.69
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	<b>(175.36)</b>	(480.34)
	Net cost	<b>654.02</b>	329.89
V)	<b>Assumption used in accounting for the gratuity plan:</b>		

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	Discount rate (%)	<b>10.95</b>	8.00
	Salary escalation rate (%)	<b>5.00</b>	5.00

**2.29. Details of un-hedged foreign currency exposure:**

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

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

Particulars	As on 31.03.2014		As on 31.03.2013		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
<b>Export of goods:</b>					
	<b>1,175.18</b>	<b>14,21,272.85</b>	1,593.02	22,92,284.08	EURO
	<b>54.78</b>	<b>54,911.10</b>	180.56	2,19,584.90	GBP
	<b>11,731.12</b>	<b>1,95,79,611.11</b>	13,079.28	2,40,93,727.39	USD
	<b>65.28</b>	<b>1,18,061.00</b>	82.23	1,45,223.00	AUD
<b>Loans &amp; Advance:</b>					
	<b>557.47</b>	<b>10,08,121.72</b>	264.42	4,66,964.00	AUD
	<b>8.57</b>	<b>15,500.00</b>	7.30	10,500.00	EUR
	<b>6,477.43</b>	<b>1,08,11,039.87</b>	3,703.52	68,22,366.64	USD

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

Particulars	As on 31.03.2014		As on 31.03.2013		Currency
	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	
<b>Import of Goods and Services:</b>					
	<b>2,130.72</b>	<b>35,56,245</b>	1,514.67	27,90,224.48	USD
	<b>22.40</b>	<b>27,085</b>	38.76	55,777.92	EURO
	<b>38.97</b>	<b>70,480</b>	81.66	1,44,218.83	AUD
	<b>7.22</b>	<b>7,236</b>	7.10	8,634.28	GBP
	<b>-</b>	<b>-</b>	7.22	12,659.37	CHF
	<b>5.97</b>	<b>12,554</b>	5.49	12,554.36	SGD
Unsecured Loans	<b>14,082.13</b>	<b>2,35,03,519.48</b>	24,185.88	4,45,53,519.48	USD
Secured Loans	<b>10,234.76</b>	<b>1,70,82,132.46</b>	13,571.25	2,50,00,000.00	USD

2.30. The Company has taken certain assets on operating lease and has paid lease rentals amounting to **Rs.1,498.70 Lakhs** (P.Y. Rs. 1,175.01 Lakhs) which has been debited to the Profit and Loss Account. The future minimum lease payments are as under:

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**Rs. in Lakhs**

Particulars	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Not later than one year	822.01	1,054.30
Later than one year but not later than five years	2,244.93	2,304.56
Later than five years	1,208.15	649.43
<b>Total</b>	<b>4,275.09</b>	<b>4,008.29</b>

**2.31. Segmental Reporting as required by Accounting Standard – 17 (AS-17):-**
**i) Primary Business Segment:**

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 disclosure required as per Accounting Standard -17 (AS-17) for the segment reporting is as under.

**Rs.in Lakhs**

Particulars	Pharma Business		Others (Investing & Real Estate)		Unallocable		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>REVENUE</b>								
Revenue (net)	270,839.71	2,32,789.51	-	-	-	-	270,839.71	2,32,789.51
Other Income	899.17	748.16	16,035.27	16,175.41	-	-	16,934.44	16,923.57
<b>Total Revenue</b>	<b>271,738.88</b>	<b>2,33,537.67</b>	<b>16,035.27</b>	<b>16,175.41</b>	<b>-</b>	<b>-</b>	<b>287,774.15</b>	<b>2,49,713.08</b>
<b>RESULT</b>								
<b>Profit before Interest, Depreciation and Tax</b>	<b>42,181.39</b>	<b>46,431.46</b>	<b>16,030.50</b>	<b>16,082.58</b>	<b>-</b>	<b>-</b>	<b>58,211.89</b>	<b>62,514.04</b>
Less ( Interest)			5,618.27	5,281.03	2,809.14	2,640.52	8,427.41	7,921.55
Less ( Depreciation)	4,222.88	3,510.77	50.13	90.75		-	4,273.01	3,601.52
<b>Profit before tax</b>	<b>37,958.51</b>	<b>42,920.69</b>	<b>10,362.10</b>	<b>10,710.81</b>		-	<b>45,511.47</b>	<b>50,990.98</b>
Less: Tax				-	-	29.24	-	29.24
Less: Deferred Tax Liability/(Asset)				-	1101.13	1,348.75	1,101.13	1,661.34
<b>Profit after tax</b>	<b>37,958.51</b>	<b>42,920.69</b>	<b>10,362.10</b>	<b>10,710.81</b>	<b>(3,910.27)</b>	<b>(4,018.51)</b>	<b>44,410.34</b>	<b>49,612.99</b>
<b>OTHER INFORMATION</b>								
Segmental Assets	232,883.51	198,774.03	148,884.42	175,607.62	41,439.10	30,438.80	423,207.03	4,04,820.45
Segmental Liabilities	105,208.60	100,431.70	32,908.42	61,616.59	285,090.01	242,772.16	423,207.03	4,04,820.45
Capital Expenditure	13,214.64	21,963.49	-	-			13,214.64	21,963.49
Depreciation	4,222.88	3,510.77	50.13	90.75			4,273.01	3,601.52
Non Cash Expenditure Other Than Depreciation	128.16	125.80	-	89.31	-	-	128.16	215.11

**ii) Secondary Geographical Segment:-**

The Segment Revenue in the geographical segments considered for disclosure are on the basis of customer location. In case of Segment asset and segment capital expenditure the amount attributable to geographical segment "Outside India" is less than 10% of the respective Total Assets and Total Capital Expenditure of the reporting enterprise and hence not disclosed separately.

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Particulars	India	Outside India	Total
Segment Revenue- Current Year	<b>2,43,900.88</b>	<b>27,838.00</b>	<b>2,71,738.88</b>
- Previous Year	2,10,897.04	22,640.29	2,33,537.33

2.32. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is **15,291.47 Lakhs** (P.Y. Rs. 9,873.01 Lakhs).

**2.33. Earnings per Share (EPS):-**

Particulars	Rs.in Lakhs	
	2013-14	2012-13
Profit attributable to equity shareholders	<b>44,410.34</b>	49,612.99
Weighted Average number of equity shares	<b>1,19,56,500</b>	1,19,56,500
Earnings per Share (in Rs) - Basic and Diluted	<b>371.43</b>	414.95

2.34. 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 ( <b>Up to 26<sup>th</sup> February, 2014</b> )	Switzerland
ThePharmanetwork, LLC	United States of America
Ascends Laboratories SDN BHD.	Malaysia
Ascends Laboratories SpA	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 ( <b>In the process of Closure</b> )	Italy
TPN China, Inc. ( <b>In the process of Closure</b> )	China

**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. Sandeep Singh	Director
Mr. Ravindra.Y.Shenoy	Chief Operating Officer
<b>(Up to 31<sup>st</sup> July, 2013)</b>	

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**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. Sarvesh Singh, Mrs. Manju Singh, Mrs. Premlata 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., Travelon Services Pvt. Ltd.

**D. Transactions with related parties:**
**Rs. in Lakhs**

Sr. No	Transactions	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
1.	Remuneration	- (-)	<b>3,564.66</b> (1,411.34)	<b>90.00</b> (92.51)	- (-)	<b>3,654.66</b> (1,503.85)
2.	Loans Taken	- (-)	<b>1,989.00</b> (921.00)	<b>787.00</b> (292.00)	<b>10.00</b> (-)	<b>2,786.00</b> (1,213.00)
3.	Loans Repaid	- (-)	<b>471.00</b> (257.76)	<b>7.00</b> (-)	- (-)	<b>478.00</b> (257.76)
4.	Interest expense on loans taken	- (-)	<b>270.32</b> (173.19)	<b>242.16</b> (192.04)	- (-)	<b>512.48</b> (365.23)
5.	Purchase of Goods	- (-)	- (-)	- (-)	<b>15,801.62</b> (16,207.55)	<b>15,801.62</b> (16,207.55)
6.	Sale of Goods	<b>10,233.28</b> (4,644.86)	- (-)	- (-)	<b>2,007.65</b> (2,501.69)	<b>12,240.93</b> (7,146.55)
7.	Sale of Raw & Packing Materials	- (-)	- (-)	- (-)	<b>230.79</b> (94.56)	<b>230.79</b> (94.56)
8.	Purchase of Raw & Packing Materials	- (-)	- (-)	- (-)	<b>411.96</b> (588.22)	<b>411.96</b> (588.22)
9.	Receiving of Services	- (-)	- (-)	- (-)	<b>2,073.20</b> (4,522.07)	<b>2,073.20</b> (4,522.07)
10.	Rendering of Services	- (-)	- (-)	- (-)	<b>228.31</b> (243.33)	<b>228.31</b> (243.33)
11.	Receipt of Rent	- (-)	- (-)	- (-)	<b>124.13</b> (65.02)	<b>124.13</b> (65.02)
12.	Investments	<b>24,992.70</b> (5,342.34)	- (-)	- (-)	- (-)	<b>24,992.70</b> (5,342.34)
13.	Final/Interim Dividend paid	- (-)	<b>923.27</b> (1,767.03)	<b>1,468.03</b> (3,015.57)	- (-)	<b>2,391.30</b> (4,782.60)
14.	Loans Given (net)	<b>3,413.03</b> (804.26)	- (-)	- (-)	- (-)	<b>3,413.03</b> (804.26)
15.	Sale of Assets	- (-)	- (-)	- (-)	<b>2.84</b> (65.74)	<b>2.84</b> (65.74)
16.	Purchase of Assets	- (713.52)	- (-)	- (-)	<b>135.00</b> (-)	<b>135.00</b> (713.52)
17.	Gas Sales	- (-)	- (-)	- (-)	<b>28.41</b> (34.68)	<b>28.41</b> (34.68)
18.	Scrap Sales	- (-)	- (-)	- (-)	<b>4.44</b> (-)	<b>4.44</b> (-)
19.	Reimbursement of Expenses by us	<b>504.34</b> (95.66)	- (-)	- (-)	<b>49.21</b> (-)	<b>589.55</b> (95.66)

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20.	Reimbursement of Expenses by subsidiaries	<b>211.53</b> (-)	- (-)	- (-)	- (-)	<b>211.53</b> (-)
21.	Interest Received	<b>312.98</b> (134.71)	- (-)	- (-)	- (-)	<b>312.98</b> (134.71)
22.	Bonds pledged against loan taken by a Wholly owned Stepdown Subsidiary/ subsidiary	<b>21,542.61</b> (15,014.36)	- (-)	- (-)	- (-)	<b>21,542.61</b> (15,014.36)

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

Sr. No.	Transactions	Related Party relation	Rs. In Lakhs	
			2013-14	2012-13
1.	<b>Remuneration</b>			
	Mr. Samprada Singh	Key Management Personnel	<b>1,417.92</b>	505.10
	Mr. Basudeo Narayan Singh	Key Management Personnel	<b>1,419.13</b>	507.35
2.	<b>Loans Taken</b>			
	Mr. Basudeo Narayan Singh	Key Management Personnel	<b>787.00</b>	403.00
	Mr. Dhananjay Kumar Singh	Key Management Personnel	<b>200.00</b>	120.00
	Mr. Samprada Singh	Key Management Personnel	<b>640.00</b>	350.00
	Mr. Balmiki Prasad Singh	Key Management Personnel	<b>350.00</b>	45.00
	Mrs. Rekha Singh	Spouse of Director	<b>225.00</b>	182.00
3.	<b>Loans Repaid</b>			
	Mr. Basudeo Narayan Singh	Key Management Personnel	<b>415.00</b>	8.99
	Mr. Samprada Singh	Key Management Personnel	<b>56.00</b>	239.39
4.	<b>Interest Expenses on Loans Taken</b>			
	Mr. Balmiki Prasad Singh	Key Management Personnel	<b>72.99</b>	53.73
	Mr. Basudeo Narayan Singh	Key Management Personnel	<b>97.15</b>	56.71
	Mrs. Rekha Singh	Spouse of Director	<b>84.28</b>	66.58
	Mr. Samprada Singh	Key Management Personnel	<b>37.47</b>	12.61
	Mr. Dhananjay Kumar Singh	Key Management Personnel	<b>55.64</b>	42.91
	Mrs. Madhurima Singh	Spouse of Director	<b>33.20</b>	-
	Mrs. Manju Singh	Spouse of Director	<b>25.31</b>	-
	Mr. Sarandhar Singh	Son of Director	<b>26.58</b>	-
	Mr. Srinivas Singh	Son of Director	<b>27.34</b>	-
5.	<b>Purchase of Goods</b>			
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>6,133.27</b>	6,162.35
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>6,463.46</b>	7,062.24
	Galpha Laboratories Limited	Others	<b>3,204.88</b>	2,982.96
6.	<b>Sale of Goods</b>			
	Ascend Laboratories, LLC	Step Down Subsidiary	<b>8,434.80</b>	3,997.37
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>1,922.86</b>	2,148.62
7.	<b>Sale of Raw &amp; Packing Materials</b>			
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>33.81</b>	27.92
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>143.60</b>	37.09
	Galpha Laboratories Limited	Others	<b>53.38</b>	29.54
8.	<b>Purchase of raw &amp; Packing Materials</b>			

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	Galpha Laboratories Limited	Others	<b>396.95</b>	555.93
9.	<b>Receiving of Services</b>			
	Travelon Services Pvt. Ltd	Others	<b>978.64</b>	3,494.99
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>794.25</b>	711.38
10.	<b>Rendering of Services</b>			
	Galpha Laboratories Limited	Others	<b>225.85</b>	241.44
11.	<b>Receipt of Rent</b>			
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>75.93</b>	31.11
	Galpha Laboratories Limited	Others	<b>33.09</b>	24.46
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>15.11</b>	9.45
12.	<b>Investments</b>			
	S & B Holdings B.V., Netherlands	Subsidiary	<b>24,992.70</b>	-
	S & B Pharma Inc. USA	Subsidiary	-	3,006.90
	Pharmacor Limited, Australia	Subsidiary	-	2,246.67
13.	<b>a) Loans Given</b>			
	S&B Holdings B.V. Netherland	Subsidiary	<b>4,952.21</b>	2,332.76
	Alkem Laboratories (NIG) Limited	Subsidiary	-	13.13
	Enzene Biosciences Ltd. India	Subsidiary	<b>831.42</b>	684.68
	S&B Pharma Inc. USA	Subsidiary	<b>1,394.42</b>	2,360.96
	<b>b) Loans Repayment</b>			
	S&B Holdings B.V. Netherland	Subsidiary	<b>4,730.48</b>	4,426.68
	Enzene Biosciences Ltd. India	Subsidiary	-	727.74
14.	<b>Sale of Assets</b>			
	Cachet Pharmaceuticals Pvt. Ltd.	Others	-	6.30
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>2.84</b>	59.44
15.	<b>Purchase of Assets</b>			
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>135.00</b>	
	Enzene Biosciences Ltd. India	Subsidiary	-	713.52
16.	<b>Gas Sales</b>			
	Cachet Pharmaceuticals Pvt. Ltd.	Others	<b>10.16</b>	12.45
	Indchemie Health Specialties Pvt. Ltd.	Others	<b>11.34</b>	13.66
	Galpha Laboratories Limited	Others	<b>6.91</b>	8.57
17.	<b>Scrap Sales</b>			
	Galpha Laboratories Limited	Others	<b>3.80</b>	-
	Indchemie Healthspecialities Limited	Others	<b>0.64</b>	-
18.	<b>Reimbursement of Expenses by us</b>			
	Ascend Laboratories, LLC USA	Step Down Subsidiary	<b>100.13</b>	95.66
	Pharmacor Pty Limited	Subsidiary	<b>373.95</b>	-

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19.	<b>Reimbursement of Expenses by Subsidiaries</b>			
	The PharmaNetwork LLC	Step Down Subsidiary	<b>211.53</b>	-
20.	<b>Interest Received from Subsidiary Company</b>			
	Enzene Biosciences Ltd. India	Subsidiary	<b>132.12</b>	104.35
	S & B Pharma Inc, USA	Subsidiary	<b>157.36</b>	29.69
21.	<b>Bonds pledged against loan taken by a Wholly owned subsidiary</b>			
	The PharmaNetwork LLC	Step Down Subsidiary	<b>21,542.61</b>	-
	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 Receivables	<b>5,386.59</b> (5,242.51)	- (-)	- (-)	<b>1,116.65</b> (1,024.15)	<b>6,503.24</b> (6,266.66)
2.	Outstanding Payables	<b>255.71</b> (75.31)	- (-)	- (-)	<b>3,019.16</b> (1,487.99)	<b>3,274.87</b> (1,563.30)
3.	Investments	<b>35,280.68</b> (10,287.98)	- (-)	- (-)	- (-)	<b>35,280.68</b> (10,287.98)
4.	Loans Payable	<b>2.11</b> (1.91)	<b>3,607.50</b> (2,245.38)	<b>2,971.63</b> (2,363.70)	- (-)	<b>6,581.24</b> (4,610.99)
5.	Loans Receivable	<b>8,580.26</b> (4,775.24)	- (-)	- (-)	- (-)	<b>8,580.26</b> (4,775.24)
6.	Interest Payable on Loan	- (-)	<b>243.29</b> (-)	<b>217.95</b> (-)	- (-)	<b>461.24</b> (-)

**2.35. Managerial Remuneration:-**
**Rs. in Lakhs**

Particulars	2013-14	2012-13
Salaries & Allowances	<b>1,492.66</b>	1,127.75
Contribution to Provident Fund and other funds	<b>165.26</b>	124.92
Perquisites	<b>76.92</b>	82.87
Commission to wholetime director	<b>1,600.00</b>	-
<b>Total</b>	<b>3,334.84</b>	1,335.54

**2.36. Auditors' Remuneration: -**
**Rs. In Lakhs**

	Particulars	2013-14*	2012-13*
a.	As Audit Fees	<b>23.00</b>	23.00
b.	As Tax Audit Fees	<b>8.00</b>	8.00
c.	As advisor or in any other capacity or in respect of Taxation matters	<b>7.00</b>	7.00
d.	In any other services such as certification, etc.	<b>7.53</b>	6.80
e.	Reimbursement of out of pocket expenses	<b>2.83</b>	7.94
	<b>Total</b>	<b>48.36</b>	<b>52.74</b>

\* Excluding service taxes.

**ALKEM LABORATORIES LIMITED**

2.37. 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:**

Items	Rs. in Lakhs	
	2013-2014	2012-13
Antibiotics	36,929.76	31,532.08
Analgesics	631.50	597.82
Others	16,561.48	14,151.61
<b>Total</b>	<b>54,122.74</b>	<b>46,281.51</b>

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

(i) Raw Materials:	Value Rs. in Lakhs	% of total Consumption
Imported	10,904.65 (7,062.87)	20.15% (15.26%)
Indigenous	43,218.09 (39,218.64)	79.85% (84.74%)
<b>Total</b>	<b>54,122.74</b> (46,281.51)	<b>100.00%</b> (100.00%)

(ii) Stores & Spares:	Value Rs. in Lakhs	% of total Consumption
Imported	401.78 (467.88)	10.95% (12.65%)
Indigenous	3,226.86 (3,231.40)	89.05% (87.35%)
<b>Total</b>	<b>3,668.64</b> (3,699.28)	<b>100.00%</b> (100.00%)

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

Particulars	Rs. In Lakhs	
	2013-14	2012-13
Raw Materials	12,041.50	6,067.21
Components, Stores and Spare Parts & Others	835.55	898.19
Capital Goods	615.39	2,608.03
<b>Total</b>	<b>13,492.44</b>	<b>9,573.43</b>

**(d) Earning in Foreign Exchange:**

Particulars	Rs. In Lakhs	
	2013-14	2012-13
Export of goods (at F.O.B.)	27,751.34	22,538.25
Freight	86.34	101.48
Insurance	0.32	0.56
Technology Income	2,727.74	2,701.25
Interest	180.86	-
Manufacturing Charges	183.39	-

**ALKEM LABORATORIES LIMITED**

RM/PM Sales	17.90	-
<b>Total</b>	<b>30,947.89</b>	25,341.54

**(e) Expenditure in Foreign Currency:**

<b>Particulars</b>	<b>Rs. in Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Travelling Expenses	362.98	228.39
Salaries	1,177.68	838.71
Legal and Professional Fees	1,536.55	988.48
License Fees and Product Registrations	1,619.40	1,199.94
Reference Samples	485.63	256.18
Other Expenses	3,165.79	2,138.55
<b>Total</b>	<b>8,348.03</b>	5,650.25

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

<b>Classification</b>	<b>Rs. In Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Tablets	11,981.46	8,840.58
Capsule	7,936.43	7,544.86
Dry Syrup	753.20	611.54
Liquid	9,421.20	9,463.55
Injection	6,132.91	6,192.98
Other	7,359.10	4,877.70
<b>Total</b>	<b>43,584.30</b>	37,531.21

**B) Details of Turnover:**

<b>Classification</b>	<b>Rs. In Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Tablets	1,16,110.56	99,458.75
Capsules	49,843.38	39,135.20
Dry Syrups	14,646.34	12,478.99
Liquids	21,877.54	19,068.38
Injections	54,255.07	50,609.13
Bulk Drugs	403.26	80.92
Drops	4,633.78	3,783.66
Gel/Creams	5,708.34	4,012.62
Others	5,166.93	4,901.08
<b>Total</b>	<b>272,645.20</b>	233,528.73

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

<b>Classification</b>	<b>Rs. in Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Tablets	10,306.89	9,641.07
Capsule	7,078.45	4,171.03
Dry Syrup	1,748.79	1,235.32
Liquid	3,212.35	3,322.92
Injection	9,923.68	8,517.41
Bulk	131.63	298.33
Other	2,436.39	2,512.83
<b>Total</b>	<b>34,838.18</b>	29,698.91

**ALKEM LABORATORIES LIMITED**
**D) Details of Inventories (Work-in-Progress):**

<b>Classification</b>	<b>Rs. in Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Formulations	<b>2,083.21</b>	1,945.59
Bulk Drugs	<b>64.98</b>	78.19
<b>Total</b>	<b>2,148.19</b>	2,023.78

- 2.39. During the year, the Company has expensed out **Rs.5,186.18 Lakhs** towards expenses incurred on product filling fees, cost of exhibit batch and outsourced product development charges. The said amount includes **Rs.2,407.00 Lakhs** which was recognised as assets in the earlier year. Accordingly profit for the year is reduced by **Rs.5,186.18 Lakhs**.
- 2.40 Debtors include debts from company under the same management as per Section 370 (1B) of the Companies Act, 1956 of **Rs. 6,503.24 Lakh** (P.Y. Rs. 6,266.66 Lakhs).
- 2.41. 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.
- 2.42. Figures in brackets indicate corresponding figures of previous year.

**ALKEM LABORATORIES LIMITED**

Signatures to Notes 1 to 2.41

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

For and on behalf of the Board,

SD/-

**R. S. Sanghai**  
Partner  
Membership No. 036931  
Date : 7th July 2014  
Mumbai

SD/-

**Samprada Singh**  
Chairman

SD/-

**B.N.Singh**  
Managing Director

SD/-

**P.N.Singh**  
Director

SD/-

**N.K.Singh**  
Director

SD/-

**B.P.Singh**  
Director

SD/-

**D.K.Singh**  
Director

SD/-

**M.K.Singh**  
Director

SD/-

**Sandeep Singh**  
Director

SD/-

**R.M.Dubey**  
Vice President  
Finance

SD/-

**Manish Narang**  
AVP Legal &  
Company Secretary

SD/-

**P.V. Damodaran**  
Vice President  
Business Finance

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**Registered Office:**

*Alkem Laboratories Ltd.*

*Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.*