



ALKEM LABORATORIES LTD.

Annual Report 2014-15

Corporate Information

Board of Directors

Samprada Singh (Chairman Emeritus)
B N Singh (Executive Chairman)
D K Singh (Joint Managing Director)
Sandeep Singh (Joint Managing Director)
P N Singh (Director - up to 20 February 2015)
N K Singh (Director – up to 2 January 2015)
B P Singh (Director)
M K Singh (Director)
M C Shah (Director)
A K Purvar (Director)
R L Shenoy (Director)
Sudha Ravi (Director)
Sangeeta Singh (Director)
A M Prasad (Director)
E N Shankar (Director up to 15 June 2015)

Chief Executive Officer – Mr. Prabhat Agrawal
Chief Financial Officer - Mr. Rajesh Dubey
Sr. VP 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

B S R & Co. LLP

Registered Office

*Alkem House, Devashish, Senapati Bapat Marg,
Lower Parel, Mumbai-400 013.
Corporate identification no :- U00305MH1973PLC174201.
Web site :- 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, 13th Cross, IV Phase, Peenya Industrial Area, Bangalore, Karnataka*

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

We are pleased to present you the Director's Report highlighting the business and operations of the Company for the year ended 31st March, 2015.

FINANCIAL PERFORMANCE:

The financial performance of your Company for the year ended 31st March, 2015 is summarized below:

(Rupees in million)

Particulars	2015 Standalone	2015 Consolidation	2014 Standalone	2014 Consolidation
Income from Operations	31,375.6	37,433.4	26,776.9	31,307.6
Other Income	1,821.3	1,810.4	1,694.7	1,690.2
Profit before Interest, Depreciation and Tax	5,276.4	6,028.7	5,821.3	5,934.9
Depreciation	596.8	707.7	427.3	518.9
Provision for Taxation (net)	276.3	592.3	110.1	95.0
Profit after tax	3,677.0	3,917.6	4,441.1	4,390.2
Profit available for appropriations	11,952.3	10,776.0	11,055.0	9,638.1
APPROPRIATIONS				
Dividend (including Tax on Dividend)	566.7	566.7	279.8	279.8
Transfer to General Reserve	-	-	2,500.0	2,500.0
Balance carried to the Balance Sheet	11,385.5	10,209.3	8,275.3	6,858.4

OPERATIONAL PERFORMANCE:

During the financial year ended March 31, 2015, on stand alone basis, your Company achieved a turnover of Rs. 31375.6 million as against a turnover of Rs. 26776.9 million in the previous year, registering a growth of 17.17%.

The export turnover of your Company during the year 2015 was Rs. 34481.69 Lakhs as against Rs. 27838.00 lakhs achieved in the previous year.

During the financial year ended March 31, 2015, on consolidated basis, your Company achieved a turnover of Rs. 37,433.4 million as against a turnover of Rs. 31,307.6 million in the previous year, registering a growth of 19.57%.

SUBSIDIARIES

A separate statement containing the salient features of financial statements of all subsidiaries of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the subsidiary companies and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of your Company.

The Company has 19 subsidiaries as on March 31, 2015. The Company does not have any associate company/ies within the meaning of Section 2(6) of the Companies Act, 2013.

During the year three Companies became subsidiaries of the Company. Details of companies which have become or ceased as subsidiary, associates and joint ventures, during the year under review, are as under:

Name	Details of Change	Date of Change
Ascend Laboratories (UK) Limited	Incorporated as subsidiary	August 6, 2014
Cachet Pharmaceuticals Private Limited	Became our subsidiary by way of acquisition of 51% Shareholding	March 27, 2015
Indchemie Health Specialities Private Limited	Became our subsidiary by way of acquisition of 51% Shareholding	March 30, 2015

Pursuant to the provisions of Section 129 (3) of the Companies act, 2013, a statement containing the salient features of financial statements of the Company's subsidiaries is part of the financial statement of the Company. Further Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

DIVIDEND

During the financial year 2014-15, your Company declared and paid an Interim dividend at Rs 20 per Equity Share amounting to Rs.23.91 Crores (Rupees Twenty Three Crores Ninety One Lacs only) being 200% of paid up share capital on 26th September, 2014 and paid a Second Interim dividend at Rs.20 per Equity Share amounting to Rs.23.91 Crores (Rupees Twenty Three Crores Ninety One Lacs only) being 200% of paid up share capital to the shareholders, on 20th February, 2015. In view of the said payments of interim dividend, the Directors do not intend to recommend, any further dividend for the year 2014-15.

TRANSFER TO RESERVES

Your Company has not transferred any amount to the general reserve. An amount of Rs. 11,385.4 millions is proposed to be retained in the Statement of Profit and Loss Account.

PUBLIC DEPOSITS

During the financial year 2014-15, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014. No amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued thereunder, the Board of Directors at their meeting held on 30th January, 2015 constituted the Nomination and Remuneration Committee of your Company and also formulated the Nomination and Remuneration Policy on the recommendations of the Nomination and Remuneration Committee.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of your Company forms part of this Report and is set out in "Annexure D" to this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments:

During the financial year 2014-15,

- (a) Mr. M C Shah Director of the Company was appointed as an Independent Director on the Board of the Company in the meeting of the Board of Directors held on 20th February 2015 and in the Extra Ordinary General meeting of the members held on 16th March 2015 to hold office upto 15th March 2020 in compliance with the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014.
- (b) Mr. E N Shankar Director of the Company was appointed as an Independent Director on the Board of the Company in the meeting of the Board of Directors held on 20th February 2015 and in the Extra Ordinary General meeting of the members held on 16th March 2015 to hold office upto 15th March 2016 in compliance with the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014
- (c) Mr. A.M. Prasad was appointed as Additional Director designated as an Independent Director in the meeting of the Board of Directors held on 30th January, 2015 and he was appointed as an Independent Director in the Extra Ordinary General meeting of the members held on 16th March 2015 to hold office upto 15th March 2020 in compliance with the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014.
- (d) Mr. R L Shenoy was appointed as Additional Director designated as an Independent Director in the meeting of the Board of Directors held on 20th February, 2015 and he was appointed as an Independent Director in the Extra Ordinary General meeting of the members held on 16th March 2015 to hold office upto 15th March 2020 in compliance with the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014.
- (e) Mr. A K Purwar was appointed as Additional Director designated as an Independent Director in the meeting of the Board of Directors held on 16th March, 2015.
- (f) Ms. Sangeeta Singh was appointed as Additional Director designated as an Independent Director in the meeting of the Board of Directors held on 29th June, 2015.
- (g) Ms. Sudha Ravi was appointed as an Additional Director designated as an Independent Director in the meeting of the Board of Directors held on 29th June, 2015

Mr. A K Purwar, Ms Sudha Ravi and Ms. Sangeeta Singh who were appointed as Additional Directors by the Board of the Company and who in terms of Section 161 of the Companies Act,

2013 holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Directors of the Company to hold office for a term of five years upto 12th July, 2020.

The terms and conditions of the appointment of the Independent Directors is posted on Company website.

During the year the Shareholders in their meeting held on 16th March 2015 and the Board of Directors in their meeting held on 20th February, 2015 had also approved the following:-

1. Elevation of Shri Samprada Singh, Chairman of your Company as Chairman Emeritus and non-executive director of the Company effective 1st April, 2015. He shall not be liable to retire by rotation.
2. Elevation of Shri Basudeo Narayan Singh, Managing Director of your Company as Executive Chairman of the Company effective 1st April, 2015 for the remaining period expiring on 31st March 2019. He shall not be liable to retire by rotation.
3. Re-designation and increase in remuneration of Mr. Dhananjay Kumar Singh and Mr. Sandeep Singh, Directors of the Company as Joint Managing Director (the "JMD") effective from 1st April, 2015 for the remaining period expiring on 31st December, 2018 Both will be liable to retire by rotation.
4. Re-appointment and increase in remuneration of Mr. Mritunjay Kumar Singh as Director of the Company effective from 1st April, 2015 for the remaining period expiring on 31st December, 2018.

Resignations/Retirements:

Shri Nawal Kishore Singh has resigned from the Board on 2nd January, 2015 .

Shri Prabhat Narain Singh has resigned from the Board on 20th February, 2015

Shri Mr. E.N. Shankar has resigned from the Board with effect from 15th June 2015.

The Board places on record its appreciation for their valuable contribution during their tenure with your Company.

Shri Mritunjay Kumar Singh and Shri Sandeep Singh Directors, are liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offerthemselves for reappointment.

Appropriate resolutions for their re-appointment are being placed for your approval at the ensuing AGM. Your Directors recommend their re-appointment as Directors of the Company for your approval

Shri Prabhat Agrawal, Chief Executive Officer , Shri. Rajesh Dubey, Chief Financial Officer and Shri. Manish Narang, Sr. Vice President (Legal) & Company Secretary are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annual Evaluation of Board's Performance:

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder, the Board of Directors on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board of /Director(s) for the financial year 2014-15.

In a separate meeting of the Independent Directors held on 31st March 2015 , performance of non independent directors, performance of the Board as a whole and performance of the Chairman was evaluated taking into account the views of the executive and non- executive directors.

NUMBER OF MEETINGS OF THE BOARD

During the year 10 meetings of the Board of Directors of your Company were held on the following dates:-

- (i) 2nd April, 2014
- (ii) 2nd May, 2014
- (iii) 1st July, 2014
- (iv) 7th July, 2014
- (v) 15th September, 2014
- (vi) 26th September, 2014
- (vii) 24th November, 2014
- (viii) 30th January, 2015
- (ix) 20th February, 2015
- (x) 16th March, 2015

DECLARATION OF INDEPENDENCE

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder.

Board Committees:

During the year the Board has constituted the following Committees:

1. Audit Committee Constitution:

Name of the Director	Designation
Mr. R L Shenoy	Chairman
Mr. M K Singh	Member
Ms. Sudha Ravi	Member

2. Nomination and Remuneration Committee:

Name of the Director	Designation
Mr. A K Purwar	Chairman
Mr. B N Singh	Member
Mr. A M Prasad	Member
Ms. Sangeeta Singh	Member

3. CSR Committee:

Name of the Director	Designation
Mr. R L Shenoy	Chairman
Mr. D K Singh	Member
Mr. B P Singh	Member
Mr. Sandeep Singh	Member

4. Risk Management Committee:

Name of the Director	Designation
Mr. D K Singh	Member
Mr. M K Singh	Member
Mr. Sandeep Singh	Member

5. Stakeholder Relationship Committee:

Name of the Director	Designation
Mr. R L Shenoy	Chairman
Mr. D K Singh	Member
Mr. Sandeep Singh	Member
Mr. M C Shah	Member

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief, your Directors pursuant to Section 134 (5) of the Companies Act, 2013, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit & loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the t the annual financial statements on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS REPORT:

M/s BSR & Co. LLP (LLP Reg No:- AAB-8181), Chartered Accountants , appointed as Statutory Auditors in place of retiring auditor i.e. M/s. R.S.Sanghai & Associates, Chartered Accountants of the Company at the conclusion of the Annual General Meeting held on 18th August, 2014 have confirmed their eligibility and willingness to accept the office of the Auditors for the year 2014-2015.

A certificate from them has been received to the effect that their appointment as Statutory Auditors in accordance to the provisions of Sections 139 and 141 of the Companies Act, 2013 and rules framed thereunder.

M/s BSR & Co. LLP shall continue to be the Statutory Auditors of the Company for the FY 2015-16 subject to ratification by the shareholders at next Annual General Meeting of the Company.

The Audit Committee and Board of Directors recommend the appointment of M/s. B S R & Co. LLP, (LLP Reg no :- AAB-8181) , Chartered Accountants as the Auditors of your Company for the financial year 2015-2016 till the conclusion of the next AGM. The Auditors Report for financial year 2014-2015 does not contain any qualification, reservation or adverse remark.

Auditors Report

The Observations of Auditors in their report are self explanatory and need no further comments.

Cost Auditor

The Board of Directors in their meeting held on 16th March, 2015, had appointed Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of your Company for the financial year 2014-15 to conduct the audit of the cost records of your Company.

As per Section 148 and other applicable provisions , if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has appointed Mr. Suresh D Shenoy, Cost Accountant (Membership No. 8318) for the financial year 2014-15 on the recommendation of the Audit Committee. The remuneration proposed to be paid to the Cost Auditor subject to the ratification by the members at the ensuing AGM would not be exceeding Rs. 6,00,000 (Rupees Six Lakhs only) plus service tax and reimbursement of Rs. 10,000 towards actual out of pocket expenses.

Your Company has received consent from Mr. Suresh D Shenoy, Cost Accountants, to act as the Cost Auditor of your Company for the financial year 2014-15 along with a certificate confirming their independence.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Manish Ghia & Associates, Practicing Company Secretaries, (COP No. 3531) to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as "Annexure E" to this Report with the following observations:

- (a) "The Company is yet to file e-form CHG-1 in respect of lien created on 27th February, 2015 on fixed deposit of the Company for availing credit facility from M/s Dena Bank, its bankers. The bankers themselves can also file the above form for charge so created within a period of 300 days from the date of creation of charge with late payment of fees. Accordingly, the company/bankers have adequate time to file this form with appropriate

additional fees and as reported to us, as on the date of signing of this report, effective steps have been initiated by the company for filing of the aforesaid charge.”

- (b) “In respect of resolutions passed by the board of directors in exercise of their powers under section 179 of the Act in the meetings held on 2nd April 2014 and 1st July, 2014, the company is yet to file MGT-14; the said form is to be filed within 30 days with normal fee or within a further period of 270 days with additional fee, and as the delay is beyond 300 days, the company has filed necessary applications to the Central Government seeking condonation of delay attaching therewith the requisite e-form MGT-14 to be filed. If the applications for condonation as mentioned hereinbefore is approved by the Central Government, the delay in filing will be treated as deemed compliance.”
- (c) “The company has not appointed women director by 31st March 2015 as required under section 149 of the Act, However, as on the date of this report, the company has appointed the woman director as required under the Act.”

The observations in the Secretarial Audit Report are self-explanatory and need no further comments.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return prepared under Section 92 of the Companies Act, 2013 in Form MGT- 9 is given in "Annexure B" to this Report.

RELATED PARTY TRANSACTIONS

During the financial year 2014-15, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder.

The details of the related party transactions as required under Accounting Standard - 18 are set out in the standalone financial statements forming part of this Annual Report.

The Form AOC- 2 Pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the information on transactions with related parties is set out as "Annexure C" to this Report in The Form AOC- 2 and the same forms part of the Report.

LOANS/GUARANTEES AND INVESTMENTS:

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of Companies Act 2013 have been disclosed in the financial statements.

VIGIL MECHANISM (Whistle Blower Policy):

The Company has a vigil mechanism named Whistle Blower Policy and Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The details of establishment of the vigil mechanism is explained on the website of the Company.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors, senior management and their remuneration. The Remuneration Policy is annexed to the Report in Annexure F.

RISK MANAGEMENT POLICY

The Board of Directors of the Company has constituted Risk Management Committee. The said Committee would formulate and recommend to the Board, a Policy on Risk Management. Though the Company does not have a documented Risk Management Policy as on the date of this Report, it has in place necessary process to assess, manage and mitigate risks, across the departments. Company's risk management approach is based on a clear understanding of the variety of risks that the organisation faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors have approved the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy outlines the CSR vision of your Company which is based on embedded tenets of trust, fairness and care. The CSR Policy shall be on the website of the Company which can be viewed at www.alkemlabs.com

The initiatives undertaken by your Company during the financial year 2014-15 in CSR have been detailed in this Annual Report.

The Annual Report on CSR activities including the contents of the CSR policy, in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as

"Annexure A" to this Report in the format prescribed in the said Rules. Such Report is also displayed on the Company's website.

Disclosures:

Material Changes and Commitments:

There are no material changes and commitments which have occurred between the end of the financial year and the date of the Report which have affected the financial position of the Company.

Significant and Material Orders;

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and company's operations in future.

Prevention of Sexual Harassment at Workplace Policy;

There were no complaints filed under the Sexual harassment of Women at Workplace (Prevention & Prohibition & Redressal) Act, 2013.

Reporting of Frauds by Auditors

There were no frauds reported by auditors under section 143(12).

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls to ensure that all assets/inventories are safeguarded and protected against loss from unauthorized use and disposition and all transactions are authorized and reported correctly. There is a robust documentation system on internal controls along with exhaustive budgetary and costing process to ensure systematic and smooth function of all facets of Company working. These controls are supplemented by effective internal audit process both in-house and from reputed outside auditing firm, both reporting to the Audit Committee. The Audit Committee finalizes the areas of audit and the schedule and discusses the findings of the audit and if wherever required direct the Company to set up applicable control measures.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, 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

(A) CONVERSATION 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
1. We have improved our power factor up to 0.99 by proper installation of capacitor panel and reduce total consumption of energy in the form of electricity.
 2. We have improved our efficiency of boiler by taking following measures
 - a. By increasing feed water temperature up to 90°
 - b. Installation of energy efficient system in the existing equipment configuration.
 - c. Condensate recovery as a boiler feed water
 - d. Condenser water of multi column as a boiler feed water
 - e. Proper combustion of fuel by proper setting of automation system
 - f. Temperature sensors in cooling towers
 - g. Control systems in air compressors.
 3. We have reduced our consumption of steam by proper installation of steam trap in line as well as in equipment's.
 4. We are in process to replace all lights with LED fittings or solar system phase by phase in result we will save energy in the form of electricity.
 5. We have installed VFD for all major equipment's. With the help of VFD we are saving energy in the form of electricity.
 6. For fuel conservation - installed condensate recovery system. The condensate at 80 deg. C is fed to the boiler.

Additional proposals or activities, if any:

- i) Improving the insulation of low and high temperature services.
- ii) Conversion of all CFL lights to LED in production area.

Energy conservation measures of the type mentioned above have resulted in gradual savings like reduction in electricity consumption saving around 10% of fuel as infeed to boiler.

- (b) Steps taken by the Company for utilizing the alternate sources of energy:

We have installed bio mass, rice husk and wood fired boiler in place of furnaces oil.

- (c) The capital investment on energy conservation equipments:

(1) Investment of Rs. 12.22 lakhs in Sikkim, Kumrek:

VFD ACS 550-01-45A-4 22 KW-
Utility Area
Husk Boiler Bag Filter Hot Insulation
Providing, Fixing and Hot Insulation of HB Duct
Husk Boiler Steam Pipeline Hot Insulation Work
Hot Insulation-Steam Pipeline- Husk Boiler
Bucket Elevator with Hopper

(2) Insulation Work in Alkem

Healthscience Unti I in Sikkim AMOUNTING TO Rs. 3.76 Lakhs

(3) Investment of Rs. 67.97 lakhs in the following:

VFD & APFC PANEL- 500K VAR
VFD & VFD PANEL BLOW DOWN VALUE

(B) TECHNOLOGY ABSORPTION:

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. Optimization 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:

Sr. No.	Particulars	Amount (Rs. lakhs)
(i)	Capital	1,966.23
(ii)	Recurring	14,237.98
		(excluding depreciation of Rs.892.84 lakhs)
Total		16,204.21

Total R & D expenditure as percentage to total turnover: 5.10 %.

5. 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.

6. 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.

7. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):-

N.A.as the Company has not imported any technology in the last three years.

(C) FOREIGN EXCHANGE EARNING AND OUTGO:

Earnings in foreign exchange was equivalent to Rs. 35162.20 lakhs and expenditure was Rs. 11376.81 lakhs.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus

DIN: 00760279
 29.06.2015

Annexure A to the Directors' Report

Annual Report on CSR Activities

1. Brief outline of the Company's CSR Policy:

Your Company is a deeply committed corporate citizen with its strategies, policies and actions aligned with wider social concerns, through initiatives in areas like education, health and other socially relevant areas. Your Company believes in making a holistic impact on the communities in which it operates.

With an endeavor to achieve the above and to be a socially responsible corporate citizen, your Company has developed a CSR policy wherein it has identified some areas which are in line with its overall social objectives.

The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR Vision Statement, CSR Program Areas & Objectives, Implementation Process, CSR Governance Structure and Monitoring Mechanism.

The CSR Policy has been put up on your Company's Website which can be accessed through the following link: www.alkemlabs.com

2. Composition of CSR Committee:

Name of the Director	Designation
Mr. R L Shenoy	Chairman
Mr. D K Singh	Member
Mr. B P Singh	Member
Mr. Sandeep Singh	Member

3. Average net profit of the company for last three financials years: INR 473.1 crores

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): INR 9.5 crores

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year; INR 9.5 crores

(b) Amount unspent, if any; INR 8.3 crores

(c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1)Local area or other (2)Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs (2)Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Research Project related to Promotion of Positive Health	Promotion of Education and Healthcare	State – Karnataka District - Bangalore	INR 50 Lacs	INR 50 lakhs	INR 50 lakhs	Through Implementing Agency (Vivekananda Yoga Anusandhana Samsthana)
2	Himalayan Institute Hospital Trust	Healthcare		INR 50 Lacs	INR 50 lakhs	INR 50 lakhs	Through Implementing Agency (Himalayan Institute Hospital Trust)
3	Community Outreach Mentalhealth Awareness Program – Towards set up of Hospital for mentally ill women patients	Healthcare	State – Uttar Pradesh District - Varanasi	INR 20 Lacs	INR 20 Lacs	INR 20 lakhs	Through Implementing Agency (Deva Foundation - Mission For Mankind)
	TOTAL				INR 1.2 crores	INR 1.2 crores	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

FY 2014-15 being first year for the applicability of CSR Provisions under Section 135 of the Companies Act, 2013, your Company's main focus area has been to put in place policies and a proper framework to identify areas requiring CSR intervention.

The shortfall in CSR funding for FY 2014-15 is on account of a considerable time spent on development of internal framework to enable it to carry out the CSR activities as well as inability to locate the desired number of projects within the focused/identified areas.

However, going forward, with the policies and framework now in place, your Company will endeavor to increase its CSR activities in the coming years.

7. The CSR Committee hereby confirms that the implementation of CSR activities is in compliance with the CSR Objectivities and CSR Policy of your Company.

Signed by

Signed By

Ranjal L Shenoy
Chairman - CSR Committee

Samprada Singh
Chairman Emeritus

Place: Mumbai
Date: 29.06.2015

Annexure B to the Directors' Report

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2014
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U00305MH1973PLC174201
ii	Registration Date	8TH AUGUST 1973
iii	Name of the Company	ALKEM LABORATORIES LIMITED
iv	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
v	Address of the Registered office & contact details	ALKEM HOUSE, SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI 400 013.
vi	Whether listed company	NO
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Pharmaceutical	99611730	94.76

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN/LLPIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Enzene Biosciences Limited Add: No.101, III Phase, Peenya Industrial Area, Bangalore, Karnataka-560058	U24232KA2006PLC040295	Subsidiary	100%	2(87)
2	Cachet Pharmaceuticals Private Limited Add: Exhibition Road, P.S- Gandhi Maidan , Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	51%	2(87)
3	Indchemie Health Specialities Private Limited Add: 510-517 Shah & Nahar Industrial Estate Dr. E Moses Road, Worli, Mumbai - 18	U24230MH1986PTC039692	Subsidiary	51%	2(87)
4	Alkem Real Estate LLP Alkem House, Ground Floor, Senapati Bapat Marg, Devashish, Next to Matulya Centre, Lower Parel, Mumbai 400013	AAB-1923	Subsidiary	99%	2(87)
5	Alkem Laboratories (Nig) Limited Add:14A, Tinubu Road, Lagos, Nigeria,		Subsidiary	100%	2(87)
6	Alkem Laboratories (Pty) Ltd Add: R21 Corporate Office Park 33 Sovereign Road, Irene Ext.31 Centurion 0157		Subsidiary	100%	2(87)
7	Alkem Laboratories Corporation Add: 5th Floor, 135 Dela Rosa Street corner Legaspi Street, Legaspi Village, Makati City		Subsidiary	100%	2(87)

8	Alkem Pharma GmbH Add: Gutenbergstraße 13, 24941 Flensburg		Subsidiary	100%	2(87)
9	S & B Holdings B V Add: Naritaweg 165, Teletone 8, 1043 BW Amsterdam		Subsidiary	100%	2(87)
10	Pharmacor Pty Limited Add: Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093		Subsidiary	100%	2(87)
11	ThePharmaNetwork LLC Add: 180 Summit Avenue, Suit 200, Montvale, NJ 07645		Step down Subsidiary		2(87)
12	Ascend Laboratories Sdn Bhd Add: RDL Corporate Services Sdn Bhd, 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur		Subsidiary	100%	2(87)
13	Asced Laboratories SpA Add: avda. Andres Bello, Las Condes, city of Santiago, Chile.		Subsidiary	100%	2(87)
14	Pharmacor Limited Add: Twiga Towers, Third Fl, P O Box 27859 00100, Nairobi, Republic of Kenya		Subsidiary	100%	2(87)
15	The PharmaNetwork LLP Add: 404/67/9 House, Seyfullin ave., Corner of Mametova str., Almalinskiy district, Almaty, 050004, Republic of Kazakhstan.		Subsidiary	100%	2(87)
16	Alkem Laboratories Korea ,Inc Add: 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, Korea		Subsidiary	100%	2(87)
17	S&B Pharma Inc, Delaware US Add: 405 South Motor Avenue, Azusa, California 91702, U.S.A.		Subsidiary	100%	2(87)
18	Ascend Laboratories (UK) Ltd Add: 5th Floor, 89 New Bond Street, London WS1 1DA, UK		Subsidiary	100%	2(87)
19	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, New Jersey 07645		Step down Subsidiary	100%	2(87)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters*										
(1) Indian										
a) Individual/HUF	-	8473010	8473010	70.87	-	84730100	84730100	70.87	-	-
b) Central Govt.or State Govt.										
c) Bodies Corporates										
d) Bank/FI										
e) Any other										
SUB TOTAL:(A) (1)		8473010	8473010	70.87		84730100	84730100	70.87		
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter										
(A)= (A)(1)+(A)(2)		8473010	8473010	70.87		84730100	84730100	70.87		
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
c) Cenntal govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs		3483490	3483490	29.13		34834900	34834900	29.13		
c) Others (specify)										
SUB TOTAL (B)(2):		3483490	3483490	29.13		34834900	34834900	29.13		
Total Public Shareholding										
(B)= (B)(1)+(B)(2)		3483490	3483490	29.13		34834900	34834900	29.13		
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)		11956500	11956500	100		119565000	119565000	100		

* Promoter includes promoter group

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year*
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	SAMPRADA SINGH	592512	4.96	-	4992520	4.18	-	-0.78
2	SAMPRADA SINGH HUF	15080	0.13	-	150800	0.13	-	-
3	BALMIKI PRASAD SINGH	621576	5.20	-	6215760	5.20	-	-
4	MANJU SINGH	132460	1.11	-	1324600	1.11	-	-
5	SARANDHAR SINGH	174400	1.46	-	1744000	1.46	-	-
6	SRIIVAS SINGH	174400	1.46	-	1744000	1.46	-	-
7	SATISH K SINGH	338276	2.83	-	3382760	2.83	-	-
8	PREM LATA SINGH	101220	0.85	-	1012200	0.85	-	-
9	SARVESH SINGH	159160	1.33	-	1591600	1.33	-	-
10	ANNAPURNA SINGH	159160	1.33	-	1591600	1.33	-	-1.33
11	SANDEEP SINGH	318320	2.66	-	1591600	1.33	-	1.33
12	INDERJIT ARORA	-	-	-	9528600	7.97	-	-
13	BASUDEO N SINGH	952860	7.97	-	9528600	7.97	-	-
14	REKHA SINGH	465480	3.89	-	4654800	3.89	-	-
15	DHANANJAY K SINGH	569826	4.77	-	5698260	4.77	-	-
16	MADHURIMA SINGH	290424	2.43	-	2904240	2.43	-	-
17	DIVYA SINGH	119565	1.00	-	1195650	1.00	-	-
18	ANIRUDDHA SINGH	119565	1.00	-	1195650	1.00	-	-
19	WRITUNJAY K SINGH	569826	4.77	-	5698260	4.77	-	-
20	SEEMA SINGH	290424	2.43	-	2904240	2.43	-	-
21	MEGHNA SINGH	119565	1.00	-	1195650	1.00	-	-
22	SHREY SHREANANT SINGH	119565	1.00	-	1195650	1.00	-	-
23	ARCHANA SINGH	119840	1.00	-	1198400	1.00	-	-
	Total	6523504	54.56	-	64302440	53.78	-	-

* The Company had sub divided its shares of face value Rs. 10 per share to Rs. 2 per share and issued bonus shares in the ratio of 1:1. Accordingly, there was no change in % holding of the shareholders as against company's total share capital. Complete details of changes in holding are given in Clause IV (iii) below

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.	Shareholders Name	Shareholding	Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year % of Shares of the Company	
						No. of Shares at the beginning of the year (01.04.2014)	No. of Shares
1	Samprada Singh	592512	4.96 01.04.2014	-	-	-	-
					Transfer to Mr Navaj Kishore Singh	4992520	4.18
			30.01.2015	93260		4992520	4.18
			16.03.2015	1997008	Split	4992520	4.18
			16.03.2015	2496260	Bonus	4992520	4.18
			31.03.2015	-		4992520	4.18
2	Basudeo Narain Singh	952860	7.97 01.04.2014	-	-	-	-
			16.03.2015	3811440	Split	4764300	7.97
			16.03.2015	4764300	Bonus	9528600	7.97
			31.03.2015	-		9528600	7.97
3	Balmiki Prasad Singh	621576	5.20 01.04.2014	-	-	-	-
			16.03.2015	2486304	Split	3107880	5.20
			16.03.2015	3107880	Bonus	6215760	5.20

4	Dhananjay Kumar Singh	569826	4.77	31.03.2015	6215760	5.20
				01.04.2014	2279304 Split	2849130
				16.03.2015	2849130 Bonus	5698260
				16.03.2015		5698260
				31.03.2015		4.77
5	Mritunjay Kumar Singh	569826	4.77	01.04.2014	2279304 Split	2849130
				16.03.2015	2849130 Bonus	5698260
				16.03.2015		5698260
				31.03.2015		4.77
6	Sandeep Singh	318320	2.66	01.04.2014	Transfer to Ms Inderjit	
				24.11.2014	159160 Arora	159160
				16.03.2015	636640 Split	795800
				16.03.2015	795800 Bonus	1591600
				31.03.2015		1591600
				31.03.2015		1.33
7	Samprada Singh HUF	15080	0.13	01.04.2014	60320 Split	75400
				16.03.2015	75400 Bonus	150800
				16.03.2015		150800
				31.03.2015		0.13
8	Manju Singh	132460	1.11	01.04.2014	529840 Split	662300
				16.03.2015	662300 Bonus	1324600
				16.03.2015		1324600
				31.03.2015		1.11
9	Saramdhar Singh	174400	1.46	01.04.2014	697600 Split	872000
				16.03.2015	872000 Bonus	1744000
				16.03.2015		1744000
				31.03.2015		1.46
10	Srinivas Singh	174400	1.46	01.04.2014	697600 Split	872000
				16.03.2015	872000 Bonus	1744000
				16.03.2015		1744000
				31.03.2015		1.46
11	Satish K Singh	338276	2.83	01.04.2014	1353104 Split	1691380
				16.03.2015	1691380 Bonus	3382760
				16.03.2015		3382760
				31.03.2015		2.83
12	Premalata Singh	101220	0.85	01.04.2014	404880 Split	506100
				16.03.2015	506100 Bonus	1012200
				16.03.2015		1012200
				31.03.2015		0.85
13	Sarvesh Singh	159160	1.33	01.04.2014	636640 Split	795800
				16.03.2015	795800 Bonus	1591600
				16.03.2015		1591600
				31.03.2015		1.33
14	Annapurna Singh	159160	1.33	01.04.2014	636640 Split	795800
				16.03.2015	795800 Bonus	1591600
				16.03.2015		1591600
				31.03.2015		1.33
15	Inderjit Arora			01.04.2014	Transfer from Mr	
				24.11.2014	159160 Sandeep Singh	159160
				16.03.2015	636640 Split	795800
				16.03.2015	795800 Bonus	1591600
				31.03.2015		1591600
				31.03.2015		1.33
16	Rekha Singh	465480	3.89	01.04.2014	1861920 Split	2327400
				16.03.2015	2327400 Bonus	4654800
				16.03.2015		4654800
				31.03.2015		3.89
17	Madhurima Singh	290424	2.43	01.04.2014	1161696 Split	1452120
				16.03.2015		1452120
				16.03.2015		2.43

					16.03.2015		1452120	Bonus	2904240	2.43
					31.03.2015				2904240	2.43
18	Divya Singh		119565	1.00	01.04.2014					
					16.03.2015		478260	Split	597825	1.00
					16.03.2015		597825	Bonus	1195650	1.00
					31.03.2015				1195650	1.00
19	Annirudha Singh		119565	1.00	01.04.2014					
					16.03.2015		478260	Split	597825	1.00
					16.03.2015		597825	Bonus	1195650	1.00
					31.03.2015				1195650	1.00
20	Seema Singh		290424	2.43	01.04.2014					
					16.03.2015		1161696	Split	1452120	2.43
					16.03.2015		1452120	Bonus	2904240	2.43
					31.03.2015				2904240	2.43
21	Meghna Singh		119565	1.00	01.04.2014					
					16.03.2015		478260	Split	597825	1.00
					16.03.2015		597825	Bonus	1195650	1.00
					31.03.2015				1195650	1.00
22	Shrey Shreemanant Singh		119565	1.00	01.04.2014					
					16.03.2015		478260	Split	597825	1.00
					16.03.2015		597825	Bonus	1195650	1.00
					31.03.2015				1195650	1.00
23	Archana Singh		119840	1.00	01.04.2014					
					16.03.2015		479360	Split	599200	1.00
					16.03.2015		599200	Bonus	1198400	1.00
					31.03.2015				1198400	1.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2014)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Jayanti Sinha	857300	7.17	01.04.2014				
				16.03.2015	3429200	Split	4286500	7.17
				16.03.2015	4286500	Bonus	8573000	7.17
				31.03.2015			8573000	7.17
2	Nawal Kishore Singh	576976	4.83	01.04.2014				
				30.01.2015	93260	Transfer from Mr Nawal Kishore Singh	670236	5.61
				16.03.2015	2680944	Split	3351180	5.61
				16.03.2015	3351180	Bonus	6702360	5.61
				31.03.2015			6702360	5.61
3	Rajesh Kumar	365680	3.06	01.04.2014				
				16.03.2015	84560	Transfer from Braj Nandan Sinha HUF	450240	3.77
				16.03.2015	1800960	Split	2251200	3.77
				16.03.2015	2251200	Bonus	4502400	3.77
				31.03.2015			4502400	3.77
4	Prabhat N Singh	414440	3.47	01.04.2014				
				16.03.2015	1657760	Split	2072200	3.47
				16.03.2015	2072200	Bonus	4144400	3.47
				31.03.2015			4144400	3.47
5	Rajeev Ranjan	365160	3.05	01.04.2014				
				16.03.2015	38640	Transfer from Braj Nandan Sinha HUF	403800	3.38

						16.03.2015	1615200 Split	2019000	3.38
						16.03.2015	2019000 Bonus	4038000	3.38
						31.03.2015		4038000	3.38
6	Deepak Kumar Singh	303845	2.54	01.04.2014		16.03.2015	1215380 Split	1519225	2.54
						16.03.2015	1519225 Bonus	3038450	2.54
						31.03.2015		3038450	2.54
7	Kishore Kumar Singh	303285	2.54	01.04.2014		16.03.2015	1213140 Split	1516425	2.54
						16.03.2015	1516425 Bonus	3032850	2.54
						31.03.2015		3032850	2.54
8	Lalan Kumar Singh	301282	2.52	01.04.2014		16.03.2015	1205128 Split	1506410	2.52
						16.03.2015	1506410 Bonus	3012820	2.52
						31.03.2015		3012820	2.52
9	Anju Singh	296220	2.48	01.04.2014		16.03.2015	1184880 Split	1481100	2.48
						16.03.2015	1481100 Bonus	2962200	2.48
						31.03.2015		2962200	2.48
10	Tushar Kumar	247520	2.07	01.04.2014		16.03.2015	990080 Split	1237600	2.07
						16.03.2015	1237600 Bonus	2475200	2.07
						31.03.2015		2475200	2.07

(v) Shareholding of Directors & KMP

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2014)	% of the shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	592512	4.96	01.04.2014				
						Transfer to Mr Nawal Kishore Singh	499252	4.18
				30.01.2015	93260		2496260	4.18
				16.03.2015	1997008	Split	4992520	4.18
				16.03.2015	2496260	Bonus	4992520	4.18
				31.03.2015			4992520	4.18
2	Basudeo Narain Singh	952860	7.97	01.04.2014			4764300	7.97
				16.03.2015	3811440	Split	9528600	7.97
				16.03.2015	4764300	Bonus	9528600	7.97
				31.03.2015			9528600	7.97
3	Balmiki Prasad Singh	621576	5.20	01.04.2014			3107880	5.20
				16.03.2015	2486304	Split	6215760	5.20
				16.03.2015	3107880	Bonus	6215760	5.20
				31.03.2015			6215760	5.20
4	Dhananjay Kumar Singh	569826	4.77	01.04.2014			2849130	4.77
				16.03.2015	2279304	Split	5698260	4.77
				16.03.2015	2849130	Bonus	5698260	4.77
				31.03.2015			5698260	4.77
5	Mritunjay Kumar Singh	569826	4.77	01.04.2014			2849130	4.77
				16.03.2015	2279304	Split	5698260	4.77
				16.03.2015	2849130	Bonus	5698260	4.77
				31.03.2015			5698260	4.77
6	Sandeep Singh	318320	2.66	01.04.2014			5698260	4.77

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,30,47,33,406.14	1,50,81,17,736.46	65,79,13,000.00	9,47,07,64,142.60
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	52,19,497.11	-	-	52,19,497.11
Total [(i)+(ii)+(iii)]	7,30,99,52,903.25	1,50,81,17,736.46	65,79,13,000.00	9,47,59,83,639.71
Change in Indebtedness during the financial year				
Additions	2,32,48,31,74,440.84	1,64,09,45,17,255.94	31,41,50,000.00	3,96,89,18,41,696.78
Reduction	2,30,95,75,04,587.53	1,63,40,96,47,082.99	97,20,63,000.00	3,95,33,92,14,670.52
Net Change	1,52,56,69,853.31	68,48,70,172.95	-65,79,13,000.00	1,55,26,27,026.26
Indebtedness at the end of the financial year				
i) Principal Amount	8,83,22,75,881.56	2,19,29,87,909.41	-	11,02,52,63,790.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	33,46,875.00	-	-	33,46,875.00
Total [(i)+(ii)+(iii)]	8,83,56,22,756.56	2,19,29,87,909.41	-	11,02,86,10,665.97

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration (Amount in Rs.)	Name of the Director								
		Mr. Samprada Singh	Mr. Basudeo Narayan Singh	Mr. Balmiki Prasad Singh	Mr. Prabhat Narain Singh	Mr. Dhananjay Kumar Singh	Mr. Nawal Kishore Singh	Mr. Sandeep Singh	Mr. M K Singh	Total
1	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6,96,00,000	6,95,00,000	69,00,000	61,60,715	96,00,000	72,51,613	96,00,000	32,00,000	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	17,35,055	25,87,865	16,61,168	10,69,035	33,56,342	1,43,79,795	9,18,141	0	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-	-	-	
2	Stock option	-	-	-	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	-	-	-	
4	Commission	-	-	-	-	-	-	-	-	3,67,50,000
	as % of profit	-	-	-	-	-	-	-	-	-
	others (Seperation Commission)	-	-	-	-	-	-	-	-	3,67,50,000

5	Others, LTA, Medical Reimbursement, Ex-gratia, PF	1,41,66,996	1,41,66,996	14,18,004	13,27,678	19,67,004	1,02,02,364	19,69,985	6,65,668
	Total (A)	8,55,03,051	8,63,54,861	99,79,172	85,57,428	1,48,23,346	6,85,83,772	1,24,88,126	38,65,668
	Ceiling as per the Act								29,01,55,424
									39,53,30,000

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	E N Shankar (Amount in Rs.)	Akhouri Maheshwar Prasad (Amount in Rs.)	Ranjal Laxmana Shenoy (Amount in Rs.)	Mangaldas Chaganlal Shah (Amount in Rs.)	Arun Kumar Purwar (Amount in Rs.)	Total
1	Independent Directors						
	(a) Fee for attending board committee meetings	77,500	80,000	80,000	1,40,000	20,000	
	(b) Commission	0	0	0	0	0	
	(c) Others, please specify Fees for attending General meetings	20,000	20,000	20,000	20,000	0	
	Total (1)	97,500	1,00,000	1,00,000	1,60,000	20,000	4,77,500
2	Other Non Executive Directors						
	(a) Fee for attending board committee meetings	0	0	0	0	0	
	(b) Commission	0	0	0	0	0	
	(c) Others, please specify.	0	0	0	0	0	
	Total (2)	0	0	0	0	0	0
	Total (B)=(1+2)	97,500	1,00,000	1,00,000	1,60,000	20,000	4,77,500
	Total Managerial Remuneration						
	Overall Ceiling as per the Act.						

Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration (Amount in Rs.)	Key Managerial Personnel				Total
		CEO: Mr. Prabhat Agrawal	Company Secretary: Mr Manish Narang	CFO: Mr. Rajesh Dubey		
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,69,31,150	40,90,071	76,87,838		
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,50,412	1,64,723	39,600		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit others, specify					
5	Others, please specify					
	Medical		15,000			
	Petrol		5,40,000	2,10,328		
	Car lease			4,32,171		
	Provident Fund	6,42,581	3,96,000	6,48,000		
	Total	1,78,24,143	52,05,794	90,17,937		

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					/
Punishment					
Compounding					
B. DIRECTORS					
Penalty					/
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					/
Punishment					
Compounding					

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus
29.06.2015

Annexure C to the Directors' Report

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis :

Particulars	Details	Details	Details
Name (s) of the related party & nature of relationship	Mr. Satish Kumar Singh	Mr. Srinivas Singh	Mr. Sarvesh Singh
Nature of contracts/arrangements/transaction	Office / Place of Profit	Office / Place of Profit	Office / Place of Profit
Salient terms of the contracts or arrangements or transaction including the value, if any	Designated as Head of Operations with a remuneration of Rs.21,00,000/- per month (Rupees Twenty One Lakhs Only) with effect from 1st April, 2015. Maximum increment – 15% p.a. of last drawn salary, subject to approval of Board.	Designated VP Marketing and Sales - Remuneration Rs. 15,00,000/- per month (Rupees Fifteen Lakhs Only) with effect from 1 st April, 2015. Maximum increment – 15% p.a. of last drawn salary, subject to approval of Board.	Designated VP Marketing and Sales - Remuneration Rs. 15,00,000/- per month (Rupees Fifteen Lakhs Only) with effect from 1 st April, 2015. Maximum increment – 15% p.a. of last drawn salary, subject to approval of Board.
Justification for entering into such contracts or arrangements or transactions'	His vast experience and working style will assist the Company in reaching to particular conclusion, which will lead to growth of the Company	He has passion towards job and dynamic educational background. During his term Company has realized immense benefit in terms of revenue enhancement and customer satisfaction.	His vast experience passion towards job and dynamic educational background has realized immense benefit to the Company in terms of revenue enhancement and customer satisfaction.
Date of approval by the Board	20 th February, 2015	20 th February, 2015	20 th February, 2015
Amount paid as advances, if any	-	-	-
Date on which the special resolution was passed in General meeting as required under first proviso to section 188	16 th March, 2015 (approval for appointment in office / place of profit)	16 th March, 2015 (approval for increase in remuneration from Rs. 500,000 p.m. to Rs. 15,00,000 p.m.)	16 th March, 2015 (approval for increase in remuneration from Rs. 500,000 p.m. to Rs. 15,00,000 p.m.)

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	The details of the related party transactions as required under Accounting Standard - 18 are set out in the standalone financial statements forming part of this Annual Report.
	Nature of contracts/arrangements/transaction	
	Duration of the contracts/arrangements/transaction	
	Salient terms of the contracts or arrangements or transaction including the value, if any	
	Date of approval by the Board	
	Amount paid as advances, if any	

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus

29.06.2015

ALKEM LABORATORIES LIMITED
Annexure D to the Directors' Report

List of Employees of the company employed throughout the FY 2014-15

Sr.No	Emp Name	Designation	Remuneration	Qualification	Experience (Years)	Joining Date	AGE	Last Employment
1	Arvind Kumar Sharma	President - Mktg. & Sales	15680004	B.Sc.	30	5/18/2012	55	Ranbaxy Pharmaceuticals Limited
2	Amit Ghare	Senior Vice President -	15480000	BE, MBA	14	10/16/2008	44	Lupin Ltd
3	Pradeep Pande	President - Human Resources	12500100	B.Sc., LLB, MLS	29	9/16/2013	60	Binani Industries Ltd
4	Rajesh M. Dubey	Chief Financial Officer	9300000	B.com, CA	18	4/1/2010	49	Lupin Limited
5	Pravin Tripathi	Senior Vice President - ROW	8960004	B.Pharm, MBA	25	1/3/2013	44	Cedilla Pharmaceuticals
6	Rajbir Sandhu	Sr. Vice President - Sales & Mktg.	8436000	B.Sc., M.Sc.	23	3/4/2011	54	Ranbaxy Pharmaceuticals Limited
7	Arun Kumar Pandey	Sr. Vice President - R & D	7934400	M Pharma	19	8/2/2011	49	Shreyas life sciences
8	Shridhar M. Koparkar	Vice President - Analytical Development	7709256	B.Sc., M.Sc.	29	1/7/2014	52	Macleods Pharmaceuticals
9	Prabir Kumar Pal	Vice President- DRA	7668732	B.Pharm	14	3/23/2005	39	Wockhardt Ltd
10	K. R. Prakash	Vice President Head	7135008	M.Pharm	22	11/11/2013	46	Aurobindo
11	Mahesh S. Kavathekar	Vice President - Marketing & Sales	7020048	B.Pharm, M.Tech, MBA	18	11/9/2010	43	Macleods Pharmaceuticals Ltd
12	Dinesh Kumar	Vice President - ADL	6395796	B.Sc., M.Sc.	20	10/19/2007	49	Dabur Research Foundation
13	Prakash Mahajan	Vice President - Operation	6297504	B.Pharm	36	8/16/2011	57	USV
14	Radhakrishna Vaddem	Assoc. Vice President - Pharmacokinetics	6006168	B.Pharm, M.Pharm	12	5/23/2013	40	Zydus Cedilla
15	Manish Narang	Sr. Vice President - Legal & Co. Sec.	6000000	Bcom, MMS in Finance, LLB	15	11/24/2006	44	Win - Medicare Private Limited
16	Girish Kumar Jain	President - R & D	21500016	Ph.D., M.Pharm	20	4/2/2014	50	Wockhardt Ltd

List of Employees of the company employed for the part of FY 2014-15 which in aggregate was not less than Rs 5 lac per month

Sr.No	Emp Name	Designation	Remuneration	Qualification	Experience (Years)	Joining Date	AGE	Last Employment
1	Prabhat Agrawal	Chief Executive Officer	17888978	B.Com, CA, PGDM, CFA	14	10/21/2014	38	SA Metalrio Solutions
2	Anil Arora	Senior Vice President - Manufacturing	11744448	B.Sc., PGDM	23	6/2/2014	50	Abbot Healthcare
3	Chandan Mudaliar	Sr. Vice President - Marketing & Sales	4083337	B.Sc.	34	11/4/2014	55	Macleods Pharmaceuticals
4	Yogesh Kaushal	Vice President - Mktg. & Sales	2548668	B.Sc., M.Sc.	26	12/15/2014	50	Abbot Healthcare
5	Himanshu Gadgil	Chief Scientific Officer	458333	Ph.D., M.Sc.	19	3/9/2015	41	
6	Prashant M. Mandaogade	Associate Vice President- F&D	2841667	B.Sc.	18	10/27/2014	42	Watson Pharma Pvt. Ltd
7	Rajesh Kumar Singh	Assistant Vice President HR	250000	MA, MBA,	15	3/16/2015	38	Alcon
8	Basil John Pinto	Vice President - Material	6,092,808	B.Sc.	32	01.07.1983	57	NA
9	Rajesh Kohli	Senior Vice President- Marketing & Sales	11,235,012	MBA, BSC	32	02.09.2013	50	Ranbaxy
10	S. Venkatesh	Vice President - International Business	14,500,008	MBA, MS	20	16.01.2014	65	Pfizer

**For and on behalf of the Board
Alkem Laboratories Limited**

**Samprada Singh
Chairman Emeritus
29.06.2015**

Annexure E to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Alkem Laboratories Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Alkem Laboratories Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(not applicable to the company during the audit period)**;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(not applicable to the company during the audit period)**;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**not applicable to the company during the audit period**);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (**not applicable to the company during the audit period**);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**not applicable to the company during the audit period**);

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014 (**not applicable to the company during the audit period**);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not applicable to the company during the audit period**);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not applicable to the company during the audit period**); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not applicable to the company during the audit period**);

(vi) As per information and explanation provided to us by the management of the company, the provisions of Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 including the rules and regulations made under these Acts; and Drugs (Prices Control) Order, 2013 issued under Essential Commodities Act, 1955 (in so far as requirement relating to licencing and submission returns etc.) are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**not applicable as Secretarial Standards were not notified during the audit period**)

(ii) The Listing Agreement entered into by the Company with the Stock Exchanges (**not applicable as securities of the company are not listed during the audit period**);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above subject to the following observations:

- (a) *The company is yet to file e-form CHG-1 in respect of lien created on 27th February 2015 on the fixed deposit of the company for availing credit facilities from M/s. Dena Bank, its bankers. The bankers themselves can also file the above form for charge so created, within a period of 300 days from the date of creation of charge with late payment of fees. Accordingly the company/bankers have adequate time to file this form with appropriate additional fee and as reported to us, as on the date of signing of this report, effective steps have been initiated by the company for filing of the aforesaid charge; and*
- (b) *In respect of resolutions passed by the board of directors in exercise of their powers under section 179 of the Act in the meetings held on 2nd April 2014 and 1st July, 2014, the company is yet to file MGT-14; the said form is to be filed within 30 days with normal fee or within a further period of 270 days with additional fee, and as the delay is beyond 300 days, the company has filed necessary applications to the Central Government seeking condonation of delay attaching therewith the requisite e-form MGT-14 to be filed. If the applications for condonation as mentioned hereinbefore is approved the by the Central Government, the delay in filing will be treated as deemed compliance.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors *except that the company has not appointed woman director by 31st March 2015 as required under section 149 of the Act. However, as on the date of this report, the company has appointed the woman director as required under the Act.* The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has:

1. approved sub division of Equity Shares of the Company from Rs.10/- per share to Rs.2/- per share vide ordinary resolution passed by shareholders of the Company in the Extra-ordinary General Meeting held on 16th March, 2015;
2. approved issue of bonus shares in the ratio of 1:1 i.e., issue of one bonus share of Rs.2/- each for one share of Rs.2/- held to the existing shareholder, by capitalising

the free reserves of the company vide special resolution passed in the Extra-ordinary General Meeting held on 16th March, 2015;

3. acquired balance 20% equity stake in Enzene Biosciences Ltd. on 1st August, 2014 pursuant to the approval of Board of Directors accorded in the meeting held on 2nd April 2014;
4. formed a wholly owned subsidiary company Ascend Laboratories (UK) Limited in United Kingdom on 6th August, 2014 pursuant to the approval of Board of Directors accorded in the meeting held on 1st July 2014;
5. acquired 51% equity stake of Cachet Pharmaceuticals Pvt. Ltd. and Indchemie Health Specialities Pvt. Ltd. on 26th March 2015 pursuant to the approval of Board of Directors accorded in the meeting held on 16th March 2015 after obtaining the approval of shareholders under section 188 of the Act vide Special Resolution passed in the Extra-ordinary General Meeting held on 16th March 2015; and
6. acquired balance 51% equity stake in S & B Pharma Inc, (USA) from S & B Holdings Netherlands BV (a wholly owned subsidiary of the company) on 27th March, 2015 pursuant to the approval of Board of Directors accorded in the meeting held on 16th March 2015;

For Manish Ghia & Associates
Company Secretaries

Manish L. Ghia
Partner

Place : Mumbai
Date: 29th June 2015

M. No. FCS 6252 C.P. No. 3531

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,
The Members,
Alkem Laboratories Limited
Mumbai

Our report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Ghia & Associates
Company Secretaries

Manish L. Ghia
Partner

Place : Mumbai
Date: 29th June 2015

M. No. FCS 6252 C.P. No. 3531

Annexure F to the Directors' Report

POLICY FOR
NOMINATION & REMUNERATION COMMITTEE OF
ALKEM LABORATORIES LIMITED

Alkem Laboratories Limited ("Company") has constituted a Nomination and Remuneration Committee("Committee") in its Board meeting held 30th January, 2015 as per the terms and conditions provided in Section 178 of the Companies Act, 2013 and Clause 40 of the Listing Agreement, entered Into by the Company with Stock Exchanges, as amended from time to time. As per the provisions, the Company was required to frame a policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

1. Objective of the Policy

The policy is framed with the objective(s):

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing In peer companies In the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.
2. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company involves a balance between fixed and Incentive pay reflecting short and long-term Performance objectives appropriate to the working of the Company and its goals.

2. Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.
2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors, including Board diversity.
3. Devise framework to ensure that Directors are Inducted through suitable familiarization process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.
4. Decide / approve details of fixed components **and** performance linked incentives along with the performance criteria.
5. Such other functions as may be decided In accordance with the Companies Act, 2013 and the Listing Agreement amended from time to time.

The Chairman of the Nomination and Remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

3. Applicability

This Policy in applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel ("*KMP*")
3. Senior Management Personnel
4. Other Employees of the Company

4. Matters relating to the remuneration, perquisites for the Whole-time /Executive / Managing Director

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. If, In any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.
3. Increments to the Whole Time Director(s) should be within the slabs approved by the Shareholders. Increments will be effective from 1st April in respect of a Whole-time Director as well as In respect of other employees of the Company, unless otherwise decided.

5. Removal

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or one level below KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

6. Retirement

The Director, KMP and one level below the KMP shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. Employment of the services of the Director, KMP, Senior Management Personnel as consultants after their retirement would be at the sole discretion of the Board.

7. Remuneration to Non-executive / Independent Director

7.1. Sitting Fees

The Resident Non-executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is to be paid to Non-resident Non-executive Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

7.2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.

7.3. Stock Options

An Independent Director shall not be entitled to any stock option of the Company

8. Remuneration to KMP, Senior Management Personnel and Other Employees

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PT, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The Chief Executive Officer of the Company will make org-wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed Increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

If the remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors under any Regulations, then such approval will be accordingly procured.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes. The Company reserves its right to amend or modify this Policy In whole or *in part*, at any time without assigning any reason whatsoever.

For and on behalf of the Board
Alkem Laboratories Limited

Samprada Singh
Chairman Emeritus

29.06.2015

Independent Auditor's Report

To the Members of Alkem Laboratories Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Alkem Laboratories Limited ("the Company"), which comprise of the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 from material misstatement.

Independent Auditors' Report (*Continued*)

Alkem Laboratories Limited

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March, 2015, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

Independent Auditors' Report (*Continued*)

Alkem Laboratories Limited

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.27(a) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts outstanding as on balance sheet date which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
29 June 2015

Sadashiv Shetty
Partner
Membership No: 048648

Alkem Laboratories Limited

Annexure to the Independent Auditors' Report - 31 March 2015

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with the programme, certain fixed assets were verified during this year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain item of inventories are for the Company's specialised requirements, and similarly certain goods sold and services rendered are for specialised 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 inventories and fixed assets and with regard to sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits during the year from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

Alkem Laboratories Limited

Annexure to the Independent Auditors' Report - 31 March 2015 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure II to this report.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts which are required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the year and has not incurred cash losses during the current financial year and in the immediately preceding financial year.
 - (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
 - (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 - (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan during the year.
 - (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W – 100022

Mumbai
29 June 2015

Sadashiv Shetty
Partner
Membership No: 048648

Alkem Laboratories Limited

Annexure II to the Independent Auditors' Report - 31 March 2015

(Continued)

(Referred to in our report of even date)

Name of the Statute	Nature of Dues	Amount under dispute (Rs in millions)	Amount paid under protest (Rs in millions)	Financial year	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	63.9	23.6	2005-2014	Appellate Tribunal, Ahmedabad
Central Excise Act, 1944	Excise Duty	0.6	0.01	2005-2014	Commissioner of Central Excise (Appeals), Daman
Central Excise Act, 1944	Penalty	12.3	7.8	2003-2005	Appellate Tribunal, Mumbai
Central Excise Act, 1944	Excise Duty	0.9	0.2	2007-2009	CESTAT, Kolkata
Central Excise Act, 1944	Excise Duty	0.6	0.02	2007-2009	Commissioner of Central Excise (Appeals), Kolkata
Maharashtra VAT Act, 2002	Value Added Tax and Sales Tax	262.2	-	2009-2010	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	349.5	-	2009-2010	Joint Commissioner (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	6.4	3.5	2003-05	Appellate Tribunal
West Bengal VAT Act, 2003	Value Added Tax	1.2	-	2006-2008	Additional Commissioner of Commercial Taxes (Appeal)
West Bengal VAT Act, 2003	Value Added Tax	0.3	-	2010-2011	Senior Commissioner of Commercial Tax Joint Commissioner of Commercial Tax
Income Tax Act, 1961	Income Tax	0.7	-	2001-2003	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	0.9	-	2008-09	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	0.9	-	2010-2011	Commissioner of Income Tax (Appeal)

ALKEM LABORATORIES LIMITED
BALANCE SHEET AS AT 31 MARCH 2015

PARTICULARS	Note No.	As at 31 March 2015 Rs. in Millions	As at 31 March 2014 Rs. in Millions
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.1	119.6
Reserves and surplus	2.2	30,771.1	27,780.5
		31,010.2	27,900.1
Deferred Government Grant			
		35.8	-
Non Current Liabilities			
Long-term borrowings	2.3	281.3	539.2
Deferred tax liabilities (net)	2.4	685.1	609.1
Long-term provisions	2.5	565.1	276.8
		1,531.5	1,425.1
Current Liabilities			
Short-term borrowings	2.6	10,462.8	8,452.2
Trade payables	2.7	3,425.2	2,760.4
Other current liabilities	2.8	1,476.0	1,534.4
Short-term provisions	2.9	666.5	248.5
		16,030.5	12,995.5
	TOTAL	48,608.0	42,320.7
ASSETS			
Non Current Assets			
Fixed assets	2.10		
Tangible assets		8,382.1	8,348.9
Intangible assets		322.5	38.2
Capital work-in-progress		958.9	706.8
Non-current investments	2.11	10,106.5	6,910.3
Long-term loans and advances	2.13	6,463.9	5,189.2
Other non-current assets	2.14	4,601.2	7,826.8
		30,835.1	29,020.1
Current Assets			
Current investments	2.12	599.1	2,489.5
Inventories	2.15	5,482.4	5,045.6
Trade receivables	2.16	3,750.1	2,968.8
Cash and bank balances	2.17	6,333.2	1,227.6
Short-term loans and advances	2.18	1,194.7	1,241.5
Other current assets	2.19	413.4	327.5
		17,772.9	13,300.5
	TOTAL	48,608.0	42,320.7
Significant Accounting Policies	1		
Notes to The Financial Statement	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date attached,
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
Mumbai
Date : **29 June, 2015**

Samprada Singh
Chairman Emeritus

B.N. Singh
Executive Chairman

D.K.Singh
Joint Managing Director

Sandeep Singh
Joint Managing Director

B.P. Singh
Director

M.K. Singh
Director

A.K.Purwar
Director

R.L.Shenoy
Director

Sudha Ravi
Director

Sangeeta Singh
Director

A.M. Prasad
Director

M.C.Shah
Director

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

ALKEM LABORATORIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

PARTICULARS	Note No.	For the year ended 31 March 2015 Rs. in Millions	For the year ended 31 March 2014 Rs. in Millions
Income:			
Revenue from operations (Gross)	2.20	32,540.7	27,829.0
Less: Excise Duty		1,165.1	1,052.1
Revenue from operations (Net)		31,375.6	26,776.9
Other income	2.21	1,821.3	1,694.7
Total revenue		33,196.9	28,471.6
Expenses:			
Cost of materials consumed	2.22	8,541.1	7,514.0
Purchases of stock-in-trade (Refer Note 2.40(a))		5,563.5	4,358.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.23	(116.2)	(526.4)
Employee benefits	2.24	5,605.8	4,421.6
Finance costs	2.25	726.3	842.7
Depreciation and amortization	2.10	596.8	427.3
Other expenses	2.26	8,326.3	6,882.8
Total expenses		29,243.6	23,920.4
Profit before tax		3,953.3	4,551.2
Tax expense:			
Current tax		790.0	929.9
Minimum Alternate Tax (MAT) credit entitlement		(790.0)	(929.9)
MAT entitlement credit of earlier years written off		175.1	-
Tax for the earlier years		25.3	-
Deferred tax charge		76.0	110.1
Total tax expense		276.4	110.1
Profit after tax for the year		3,676.9	4,441.1
Earnings per equity share (in Rs.): Face Value of Rs. 2 each (Refer Note 2.34)			
Basic		30.75	37.14
Diluted		30.75	37.14
Significant Accounting Policies	1		
Notes to The Financial Statement	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date attached,
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
Mumbai
Date : **29 June, 2015**

Samprada Singh
Chairman Emeritus

B.N. Singh
Executive Chairman

D.K.Singh
Joint Managing Director

Sandeep Singh
Joint Managing Director

B.P. Singh
Director

M.K. Singh
Director

A.K.Purwar
Director

R.L.Shenoy
Director

Sudha Ravi
Director

Sangeeta Singh
Director

A.M. Prasad
Director

M.C.Shah
Director

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

ALKEM LABORATORIES LIMITED		For the year ended	For the year ended
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015		31 March 2015	31 March 2014
		Rs. in Millions	Rs. in Millions
A.	Cash Flow from Operating Activity:		
	Profit before Tax	3,953.3	4,551.2
	Adjustment for:		
	Depreciation and amortisation	596.8	427.3
	Provision for Employee Benefits	248.8	9.6
	Provision for anticipated sales return	457.5	-
	Provision for diminution in value of Investments	(16.4)	(0.5)
	(Profit)/Loss on sale of Investments (net)	(152.2)	(6.1)
	(Profit)/Loss on sale of Fixed Assets (net)	49.3	24.2
	Dividend Received	(3.1)	(5.6)
	Income from investment in funds	(283.2)	(51.0)
	Interest Received	(1,332.2)	(1,499.6)
	Interest Expenses	726.3	842.7
	ANDA and Product Development Charges and cost of exhibit batches expensed off.	-	140.6
	Government Grant Received	35.8	-
	Unrealised foreign currency gain/loss on revaluation (net)	0.0	(1.3)
	Rent and Compensation Received	(34.2)	(104.2)
	Subtotal of Adjustments	293.2	(223.9)
	Operating profit before working capital changes	4,246.5	4,327.3
	Changes in working capital:		
	Adjustments for (increase)/decrease in:		
	Trade and other Receivables	(781.4)	(20.7)
	Loans and Advances and Other Current Assets	(362.9)	(418.6)
	Inventories	(436.8)	(617.0)
	Trade Payable and Other Liabilities	806.4	457.9
	Subtotal of Adjustments	(774.7)	(598.4)
	Cash Generated from Operations	3,471.8	3,728.9
	Less: Direct Taxes Paid (net of refund)	(1,056.4)	(1,085.1)
	Net Cash generated in Operating Activities	2,415.4	2,643.8
B.	Cash Flow from Investing Activities:		
	Purchases of Fixed Assets	(1,330.3)	(966.3)
	Sale of Fixed Assets	27.9	32.5
	Sale of Investments (Net)	1,017.9	98.7
	(Investments)/Redemption in Real Estate Fund	227.4	(1,198.7)
	Investments in Subsidiaries	(2,382.5)	(2,499.3)
	(Investments)/Redemption of Bank Deposits having maturity of more than 3 months	(1,405.9)	3,544.1
	Dividend Received	3.1	5.6
	Interest Received	926.4	2,019.3
	Rent Received	34.1	104.0
	Income from investment in funds	283.2	51.0
	Net Cash (used)/generated in investing Activities	(2,598.7)	1,190.9
C.	Cash Flow from Financing Activities:		
	(Repayment) of Long Term Borrowings (Net)	(456.1)	(338.6)
	Proceeds/(Repayment) Short Term Borrowings (Net)	2,010.6	(2,452.4)
	Dividends and Corporate Dividend Tax paid	(566.7)	(318.6)
	Interest Paid	(728.2)	(842.0)
	Net Cash generated/(used) in Financing Activities	259.6	(3,951.6)
D.	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	76.4	(116.9)
E.	Cash and Cash Equivalents as at beginning of the year	172.9	288.7
	Add: Foreign exchange difference on cash & cash equivalents	0.2	1.1
F.	Cash and Cash Equivalents as at end of the year (D+E)	249.5	172.9
	Notes:		
	1. Cash and Cash Equivalents include:		
	Cash on hand	6.9	5.9
	Cheques on Hand	58.6	58.6
	Balance with Banks	184.0	108.4
	Total Cash and Cash Equivalents	249.5	172.9
	Notes:		
	The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statement.		

As per our report of even date attached ,
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
Mumbai
Date : **29 June, 2015**

Samprada Singh
Chairman Emeritus

B.N. Singh
Executive Chairman

D.K.Singh
Joint Managing Director

Sandeep Singh
Joint Managing Director

B.P. Singh
Director

M.K. Singh
Director

A.K.Purwar
Director

R.L.Shenoy
Director

Sudha Ravi
Director

Sangeeta Singh
Director

A.M. Prasad
Director

M.C.Shah
Director

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal & Company Secretary

ALKEM LABORATORIES LIMITED

NOTES TO FINANCIAL STATEMENT

NOTE - 1: SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of Financial Statements:

The accompanying financial statements have been prepared in compliance with the requirements of section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year unless otherwise stated. The Financial statement are prepared in Indian rupees rounded off to the nearest million.

Operating Cycle:

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalence.

1.2 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affects the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an on going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Tangible Fixed Assets

a) Tangible Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also 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:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of an assets. Pursuant to schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer. The carrying amount as on April 01, 2014 is depreciated over the revised remaining useful life. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognised in the Statement of Profit & Loss

Tangible Assets	Useful Life
Leasehold Land	Amortized over the period of Lease
Buildings	5 Years to 59 Years
Plant and Machinery	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

Intangible Assets	Useful Life
Computer Software	3 Year to 6 Years
Trade Marks & Patents	5 Years

1.6 Operating Leases

Assets taken/given on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease 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. Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments". Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

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 basis.
- 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 (on Moving weighted average basis) or net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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 and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. 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. Sales are also netted off for probable non-salable return of goods from the customers, estimated on the basis of historical data of such returns.
- 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) 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.
- d) Dividend from investment is recognised as revenue when right to receive the payments is established.
- e) Interest income is recognised on time proportionate basis.
- f) Profit on disposal/ sale of Investments is recognised as income in the period in which the investment is sold/disposed off

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

1.13 Foreign Exchange Transactions:

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

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 Statement of Profit and Loss 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 are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. 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 measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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 substantially 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 as the case may be supported by convincing evidence that they can be realised against future taxable profits .

1.16 Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred

1.17 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.18 Impairment of Assets:

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An asset is treated as impaired when the carrying cost of the asset or cash generating units 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. Grants related to depreciable assets are treated as deferred income which is recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. 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.

1.20 Cash & Cash Equivalents

Cash & Cash Equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand & cash in hand.

1.21 Derivative Instruments

Any Loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking of a class of derivative contracts to market price is not recognised in the Statement of Profit & Loss.

ALKEM LABORATORIES LIMITED				
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT				
PARTICULARS	As at 31 March 2015		As at 31 March 2014	
	Rs. in Millions		Rs. in Millions	
2.1. : SHARE CAPITAL:				
Authorised:				
250,000,000 equity shares of Rs.2/- each (Previous Year 15,000,000 equity shares of Rs.10/- each)	500.0		150.0	
	500.0		150.0	
Issued, Subscribed and Paid up:				
119,565,000 equity shares of Rs.2/- each fully paid up (Previous Year 11,956,500 equity shares of Rs.10 each fully paid up)	239.1		119.6	
TOTAL	239.1		119.6	
(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:				
Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Rs. in Millions	Number	Rs. in Millions
At the commencement of the year	11,956,500	119.6	11,956,500	119.6
Add: Increase in the number of shares after sub division in face value from Rs. 10 to Rs 2 (Refer Note 2.1(d))	47,826,000	-	-	-
Add: Bonus Shares issued during the year (Refer Note 2.1(e))	59,782,500	119.5	-	-
At the end of the year	119,565,000	239.1	11,956,500	119.6
(b) Rights, preferences and restrictions attached to Equity Shares:				
The Company has issued a one class of equity shares with voting rights having a par value of Rs. 2/- per share.				
On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts 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 31 March 2015		As at 31 March 2014	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of Rs.2 Each (Previous Year Rs.10 Each) held by:				
Mr. Basudeo Narain Singh	9,528,600	7.97%	952,860	7.97%
Mrs. Jayanti Sinha	8,573,000	7.17%	857,300	7.17%
Mr. Naval Kishor Singh	6,702,360	5.61%	576,976	4.83%
Mr. Balmiki Prasad Singh	6,215,760	5.20%	621,576	5.20%
(d) Change in face value of equity shares during the year:				
Pursuant to the approval of the members at the Extra ordinary general meeting of the Company held on 16 March 2015 to the sub-division of the Equity Shares of the Company, each Equity Share of face value of 10 each was sub-divided to 5 (five) Equity Share of 2 each. The effective date for the said sub-division was 16 March 2015.				
(e) Aggregate Number of Bonus Shares Issued during the year and four preceding years:				
During the year 59,782,500 (Previous Year Nil) Equity Shares of Rs.2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.				

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.2. : RESERVES AND SURPLUS:		
Capital Reserve:		
Investment Subsidies from State Governments At the commencement and at end of the year	5.2	5.2
General Reserve:		
At the commencement of the year	19,500.0	17,000.0
Less: Bonus Shares Issued during the year (Refer Note No. 2.1 (e))	119.5	-
Add: Transferred from Surplus in the Statement of Profit and Loss	-	2,500.0
At the end of the year	19,380.5	19,500.0
Surplus in the Statement of Profit and Loss:		
At the commencement of the year	8,275.3	6,613.9
Add: Profit for the year	3,676.9	4,441.1
	11,952.2	11,055.0
Less: Appropriations:		
Transfer to General Reserve	-	2,500.0
Interim Dividend on Equity Shares ((amount per share Rs 40 (previous year Rs 20))	478.3	239.1
Dividend Distribution Tax	88.5	40.6
Balance carried forward	11,385.4	8,275.3
TOTAL	30,771.1	27,780.5
2.3.: LONG TERM BORROWINGS:		
<u>Secured:</u>		
Foreign Currency Term Loans from Bank	281.3	539.2
TOTAL	281.3	539.2
Notes:		
Foreign Currency Term Loan from Bank is a loan of US \$ 9 Million (Rs.562.6 Millions) (Previous Year \$ 17 Million (Rs. 1,018.5 Millions)) which carries an interest @ LIBOR plus margin (150 basis points). The Company has entered into a Interest rate swap derivative of fixed rate of @ 3.57% p.a. The balance loan is repayable on 2 equal instalments due on 28 October 2015 and 28 October 2016. Amount falling due for payment on 28 October 2015 is disclosed under other current liabilities amounting to Rs.281.3 Millions (Previous year Rs. 479.3 Millions)		
The Foreign Currency Term Loan from bank is secured against existing and future movable and immovable fixed assets of the Company.		
2.4. : DEFERRED TAX LIABILITIES (NET):		
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	977.1	780.8
Tax effect of items constituting Deferred Tax Assets		
Provision for employee benefits	239.0	154.2
Others (includes provision for doubtful debts and advances, deferred government grant etc.)	53.0	17.5
TOTAL	685.1	609.1
2.5. : LONG TERM PROVISIONS		
Provisions for employee benefits		
Gratuity (Refer Note 2.29)	258.6	177.3
Compensated absences	138.5	99.5
Provision for anticipated sales returns (Refer Note.2.35)	168.0	-
TOTAL	565.1	276.8

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.6. : SHORT TERM BORROWINGS		
<u>Secured</u>		
Loans repayable on demand from Banks	8,269.8	6,286.2
	8,269.8	6,286.2
<u>Unsecured</u>		
Working Capital Loan from Banks	2,193.0	1,508.1
*Loans from others	-	657.9
*Includes loan from related parties Rs. Nil (Previous year Rs.647.1 Millions) - (Refer Note 2.36)	2,193.0	2,166.0
TOTAL	10,462.8	8,452.2
Notes:		
Secured:		
1. Cash Credit from bank for Rs.620.9 Millions (Previous Year Rs. 917.4 Millions) and Packing Credit Foreign Currency Loan for Rs.312.5 Millions (Previous Year Rs. Nil) are secured by hypothecation of inventories and trade receivable.		
2. Overdrafts from Banks Rs.7,336.4 Millions (Previous Year Rs.5,368.8 Millions) are secured against pledge of Fixed Deposits with the banks.		
3. Cash Credit and Overdraft Facilities carry a rate of Interest ranging between 9.60% to 10.75% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.		
Unsecured:		
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.1,093.6 Millions (Previous Year Rs. 1,408.0 Millions).		
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. Loans from Related Parties Rs.Nil (Previous Year Rs.657.9 Millions) carries interest @ 9% p.a.		
2.7. : TRADE PAYABLES:		
Dues to Micro and Small Enterprises (Refer Note 2.28)	27.6	468.8
Others	3,397.6	2,291.6
TOTAL	3,425.2	2,760.4
Due to related parties Rs.308.4 Millions (Previous Year Rs.327.5 Millions) (Refer Note 2.36)		

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at 31 March 2015	As at 31 March 2014
	Rs. in Millions	Rs. in Millions
2.8. : OTHER CURRENT LIABILITIES:		
Current maturities of long term borrowings in foreign currencies (Refer Note 2.3)	281.3	479.3
Interest accrued but not due on borrowings	3.3	5.2
Due to statutory authorities*	194.6	159.9
Advances from customers	79.8	52.6
Employee payables	136.0	238.8
Security Deposits	90.4	92.5
Accrual for Expenses	690.6	506.1
TOTAL	1,476.0	1,534.4
*(Due to statutory authorities includes Sales Tax payable,Excise Duty payable, Tax Deducted at Source payable,Service Tax payable.)		
2.9. : SHORT TERM PROVISIONS:		
Provision for Wealth Tax	0.8	0.8
Provision for Employee Benefits:		
Gratuity (Refer Note 2.29)	328.0	232.0
Compensated absences	48.2	15.7
Provision for anticipated sales returns (Refer Note.2.35)	289.5	-
TOTAL	666.5	248.5

ALKEM LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENT
2.10. - FIXED ASSETS

(Rs.in Millions)

P A R T I C U L A R S	GROSS BLOCK						DEPRECIATION AND AMORTISATION						NET	
	As at 1st April 2014	Additions	Adjustment	Deletions	As at 31 March 2015	Up to 31 March 2014	For the Year	Adjustment	Deductions	Up to 31 March 2015	As at 31 March 2015	As at 31 March 2014		
TANGIBLE ASSETS														
Freehold Land	348.7 (322.3)	194.0 (26.4)	629.7	-	1,172.4 (348.7)	-	-	-	-	-	1,172.4 (348.7)	348.7 (322.3)		
Leasehold Land	128.5 (128.5)	0.4	-	-	128.9 (128.5)	5.1 (3.8)	1.3 (1.3)	-	-	6.4 (5.1)	122.5 (123.4)	123.4 (124.8)		
Buildings	3,123.5 (2,755.4)	30.0 (371.4)	(629.7)	7.1 (3.3)	2,516.7 (3,123.5)	463.5 (386.5)	52.7 (77.9)	(55.2)	2.1 (0.9)	458.9 (463.5)	2,057.8 (2,660.0)	2,660.0 (2,368.9)		
Plant and Machinery	6,122.9 (5,419.6)	303.4 (779.1)	-	81.4 (75.8)	6,344.9 (6,122.9)	1,322.8 (1,071.2)	436.2 (276.8)	-	33.4 (25.2)	1,725.6 (1,322.8)	4,619.3 (4,800.1)	4,800.1 (4,348.4)		
Furniture and Fixtures	296.8 (269.6)	11.8 (27.7)	-	0.7 (0.5)	307.9 (296.8)	122.1 (104.2)	39.0 (18.1)	-	0.2 (0.2)	160.9 (122.1)	147.0 (174.7)	174.7 (165.4)		
Vehicles	191.3 (170.0)	48.3 (25.9)	-	32.9 (4.6)	206.7 (191.3)	69.1 (53.2)	24.6 (18.3)	-	10.9 (2.4)	82.8 (69.1)	123.9 (122.2)	122.2 (116.8)		
Office Equipments	211.6 (178.8)	60.0 (34.9)	-	2.9 (2.1)	268.7 (211.6)	91.8 (72.3)	38.8 (20.5)	-	1.1 (1.0)	129.5 (91.8)	139.2 (119.8)	119.8 (106.5)		
	10,423.3 (9,244.2)	647.9 (1,265.4)	-	125.0 (86.3)	10,946.2 (10,423.3)	2,074.4 (1,691.2)	592.6 (412.9)	(55.2)	47.7 (29.7)	2,564.1 (2,074.4)	8,382.1 (8,348.9)	8,348.9 (7,553.1)		
INTANGIBLE ASSETS														
Computer Software	271.0 (261.0)	37.4 (10.0)	-	-	308.4 (271.0)	232.8 (218.4)	19.2 (14.4)	-	-	252.0 (232.8)	56.4 (38.2)	38.2 (42.7)		
Trade Mark & Patents	0.8 (0.8)	306.3	-	-	307.1 (0.8)	0.8 (0.8)	40.2	-	-	41.0 (0.8)	266.1	(0.0)		
	271.8 (261.8)	343.7 (10.0)	-	-	615.5 (271.8)	233.6 (219.2)	59.4 (14.4)	-	-	293.0 (233.6)	322.5 (38.2)	38.2 (42.7)		
Capital Work in Progress														
Intangible Assets under Development														
TOTAL	10,695.1	991.6	-	125.0	11,561.7	2,308.0	652.0	(55.2)	47.7	2,857.1	9,663.5	9,093.9		
Previous year	9,506.0	1,275.4	-	86.3	10,695.1	1,910.4	427.3	-	29.7	2,308.0	9,093.9	8,460.7		

Notes :

1. Addition to fixed assets include items of fixed assets aggregating Rs. 68.8 Millions (Previous Year Rs. 178.5 Millions) located at Research and Development Centres of the Company

2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised Rs. 23.3 Millions (Previous Year Rs. 207.1 Millions)

 3. Pursuant to the requirement of Companies Act, 2013 the company has determined the remaining useful life of building, plant and machinery based on the report of an independent valuer. In respect of other fixed assets, the company has adhered to the useful lives as recommended in schedule II to the Act. Consequent to the changes in the useful lives of the assets its depreciation during the year is higher by **Rs.126.7 Millions**. The Assets without any remaining useful life at the beginning of the year have been charged to the Statement of Profit & Loss aggregating to **Rs.4.3 Millions**. Cost of Land forming part of building has been indentified and accordingly reclassified and depreciation charged on the land has been reversed amounting to **Rs.55.2 Millions**.

ALKEM LABORATORIES LIMITED						
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
2.11: NON CURRENT INVESTMENTS:						
[At Cost / Carrying Amount unless otherwise stated]						
1) In Shares of Subsidiary Companies Unquoted (Trade):						
a) In Subsidiaries:						
Alkem Laboratories (NIG) Limited, Nigeria (Including 1 share held by the nominee)	27156388 (27156388)	Naira 1	9.4		9.4	
Alkem Laboratories (Pty.) Limited, South Africa	15890 (15890)	Rand 10	0.9		0.9	
Alkem Laboratories Corporation, Philippines (Including 5 shares held by the nominees)	94000 (94000)	Peso 100	9.6		9.6	
Alkem Laboratories Corporation, Philippines (Share Application Money)			62.6		-	
Alkem Pharma GmbH, Germany (One Share of Euro 24,750 and Second share of Euro 250)	2 (2)	Euro	1.7		1.7	
Ascend Laboratories Sdn. Bhd., Malaysia (Rs. 91)	2 (2)	Ringett 1				
S & B Holdings B.V., Netherlands	35590552 (1050000)	Euro 1	2,897.2		70.1	
S & B Holdings B.V., Netherlands (Share Application Money)					2,827.1	
Alkem Laboratories Korea INC	15000 (15000)	Korean Won 100	0.1		0.1	
Ascend Laboratories SpA, Chile (1000 Nominative Shares, without par value)	1000 (1000)	Chilean Pesos	0.1		0.1	
Pharmacor Ltd., Kenya	1000 (1000)	Shillings 100	0.1		0.1	
Pharmacor Pty Ltd., Australia	68313954 (68313954)	AUD N.A	224.7		224.7	
Ascend Laboratory (UK) Limited (Refer Note 6 (c)) (issued capital 250000 shares of 1 GBP of which 20 Pence is called up & paid)	250000 (Nil)	GBP 1	4.9		-	
S&B Pharma, Inc, USA (Refer Note 6 (d)) Previous year (Rs. 26.97)	50100 (49)	USD 0.01	301.0			
S&B Pharma, Inc, USA (Share Application Money)			-		300.6	
Cachet Pharmaceuticals Pvt Ltd (Refer Note 6 (a))	7650 (Nil)	INR 100	638.9		-	
Indchemie Health Specialities Pvt Ltd (Refer Note 6(a))	127500 (Nil)	INR 10	1,640.7			
Enzene Biosciences Limited, India (Refer Note 6 (b))	1120250 (896200)	INR 10	110.0		75.0	
Enzene Biosciences Limited, India (Share Application Money)			8.6		8.5	
					5,910.5	3,527.9
2) In Equity Shares of Other Companies:						
a) Unquoted (Trade):						
Bharuch Eco-Aqua Infrastructure Limited	510000 (510000)	INR 10	5.1		5.1	
Shivalik Solid Waste Management Limited	18000 (18000)	INR 10	0.2		0.2	
b) Unquoted (Non Trade):						
Propstack Services Private Limited (Rs.20,000 Previous Year Nil)	2000	INR 10			-	
The Saraswat Co-operative Bank Limited (Rs.20,000 Previous Year Rs.20,000)	2000 (2000)	INR 10				
					5.3	5.3
3) Investment in Limited Liability Partnership Firm: Unquoted (Trade):-						
The PharmaNetwork LLP, Kazakhstan			0.1		0.1	

ALKEM LABORATORIES LIMITED						
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
4) Investment In Fund						
a) Unquoted(Non Trade) :						
Asia Healthcare Fund Investment Trust (Units of Rs.100 each, Paid up value per unit of Rs.70 each, Previous year Rs.48 each)	183566 (200000)	100	12.8		9.6	
Tata Capital Healthcare Fund (Units of Re.1 each, Paid up value per unit of Rs.0.5 each, Previous year Rs.0.4 each)	100000000 (100000000)	1	49.3		44.6	
Avenue Venture Real Estate Fund (Units of Rs.100,000 each, fully paid-up)	22214 (24487)	100000	2,221.2		2,448.7	
India Business Excellence Fund (Units of Rs.1,000,000 each, Paid up value per unit of Rs.975,000 each, Previous year Rs.975,000 each)	20 (25)	1000000	22.1		22.5	
India Business Excellence Fund-II (Units of Rs.1,000 each, Paid up value per unit of Rs.400 each, Previous year Rs.200 each)	100000 (100000)	1000	40.0		20.0	
Yournest Angel Fund-Scheme 1 (Units of Rs.10,000 each, Paid up value per unit of Rs.7,573 each, Previous year Rs.6,473 each)	2000 (1000)	10000	15.1		6.5	
Indusage Technology Venture Fund I (Units of Rs.1,000 each, Paid up value per unit of Rs.250 each, Previous year Rs.250 each)	20000 (20000)	10000	5.0		5.0	
Motilal Oswal Most Focused Multicap 35 Fund - Regular - Growth	2039517.70	INR 10	25.0	2,390.5	-	2,556.9
5) Debentures :						
Non Convertible Non Trade						
Unquoted						
12.50% Cholamandalam Investment & Finance Limited	40 (40)	5 Lakh	20.0		20.0	
10.17% HDB financial Service Limited (Refer Note 5)	200 (200)	10 Lakhs	202.5		202.5	
Quoted						
8% Indian Railway Finance Corporation Limited (Refer Note 5)	108754 (108754)	1,000.00	108.8		108.8	
12.00% ECL Finance Limited	10000 (Nil)	1,000.00	10.0		-	
12.25% Religare Finvest Limited	Nil (50000)	1,000.00	-		50.0	
8.63% NHB Limited (Refer Note 5)	7220 (7220)	0.05	36.1		36.1	
9.01% NHB Limited (Refer Note 5)	4000 (4000)	0.05	20.1		20.1	
				397.5		437.5
6) Bonds : Non Trade						
Quoted						
11% Bank of India (Refer Note 5)	250 (Nil)	1000000	250.0		-	
11% Bank of India (Refer Note 5)	20 (Nil)	1000000	20.0		-	
10.25% Tata Capital Limited.	40 (40)	5 Lakh	22.2		22.2	
11.50% Tata Steel Limited	100 (100)	10 Lakh	105.5		105.5	
11.25% Tata Motors Finance Limited	100 (100)	5 Lakh	50.0		50.0	
11.03% Tata Motors Finance Limited	100 (100)	10 Lakh	100.0		100.0	
11.80 % Tata Steel Limited	50 (50)	10 Lakhs	54.3		54.3	
11.40% Tata Power Limited	50 (50)	10 Lakh	50.6		50.6	
9.55% Kotak Mahindra Prime (Refer Note 5)	750 (Nil)	10 Lakhs	750.0	1,402.6	-	382.6
Total				10,106.5		6,910.3
Notes:						
			As at 31 March 2015		As at 31 March 2014	
			Cost	Market Value	Cost	Market Value
1) Aggregate value of Unquoted Investments:			8,528.9	N.A.	6,312.7	N.A.
2) Aggregate value of Quoted Investments:			1,577.6	1,641.2	597.6	597.6
3) All Investments in Shares & Securities are fully paid up. (Except Refer Note 2.27(b-2))						

ALKEM LABORATORIES LIMITED						
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
4) Details of M/s The PharmaNetworkk LLP, Kazakhstan:						
Name of the Partners	Profit Sharing Ratio	2014-15		2013-14		
		Rs. in Millions Capital Accounts as on 31.03.2015	Rs. in Millions Capital Accounts as on 31.03.2014	Rs. in Millions Capital Accounts as on 31.03.2014	Profit Sharing Ratio	
M/s Alkem Laboratories Limited	100.00%	0.1	0.1	0.1	100%	
TOTAL	100.00%	0.1	0.1	0.1	100%	
<p>5) Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to Rs.1,387.5 Millions (Previous Year Nil) are in the process of pledge against issuance of Stand by letter of credit 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.</p> <p>6) a) During the year the company has acquired 51% equity stake in following companies in India: i) Indchemie Health Specialities Pvt. Ltd ("IHSP") at a total cost of Rs.1,640.7 Millions ii) Cachet Pharmaceuticals Pvt. Ltd ("CPPL") at a total cost of Rs.638.9 Millions pursuant to the acquisition IHSP & CPPL have become subsidiaries of the Company.</p> <p>b) During the year the Company purchased additional 20% equity stake in its subsidiary M/s. Enzene Biosciences Limited ("EBL") at a total cost of Rs. 35.0 Millions. Pursuant to these acquisition EBL has become a wholly owned subsidiary of the company.</p> <p>c) During the year Company has set up a wholly owned subsidiary in United Kingdom viz, "Ascend Laboratories (UK) Limited" by way of a capital contribution of Rs.4.9 Millions.</p> <p>d) During the year the Company has acquired 51% equity stake in M/s. S&B Pharma Inc. from its wholly owned subsidiary viz M/s. S&B Holdings B.V. Netherlands. Pursuant to the acquisition M/s.S&B Pharma Inc. has now become a direct wholly owned subsidiary of the Company.</p> <p>e) During the year the Company has contributed Rs.0.1 Million in Alkem Real Estate LLP as capital contribution and the same has been withdrawn pursuant to the process of winding up of the Alkem Real Estate LLP.</p>						

ALKEM LABORATORIES LIMITED
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT

	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. In Millions	Rs. in Millions	Rs. in Millions
2.12. : CURRENT INVESTMENTS:						
a) (Non Trade):						
1) Mutual Funds: (Quoted):						
Benchmark Liquid Bees	0.7840	1,000.00				
Rs.784.10 (Previous Year Rs. 743.01)	(0.7430)					
Benchmark Mutual Fund (Nifty Bees)	Nil (209)	1,000.00	-		0.1	
IDFC Money Manager Fund-DIR-DLY	13950.8150 (46413.7640)	10.00	0.1		0.5	
				0.1		0.6
2) Debentures :						
Current Portion of Non Current Investments						
Non Convertible						
Quoted						
11.10% Shriram Transport Finance Company Limited	Nil (5000)	1,000.00	-		5.0	
12.15% Religare Finvest Limited	Nil (50000)	1,000.00	-		50.0	
12.25% Religare Finvest Limited	50000 (Nil)	1,000.00	50.0		-	
Unquoted						
13.09% Manapuram Finance Limited	Nil (50)	873.50 Lakhs	-		43.7	
				50.0		98.7
3) Commercial Paper: (Unquoted)						
9.50% Barclays Investments Limited			502.5		-	
				502.5		-
4) Bonds : (Quoted)						
Current Portion of Non Current Investments						
9.8% LIC Housing Finance Limited (Refer Note No 3)	Nil (1300)	10 Lakh	-		1,300.0	
9.68% HDFC Limited. (Refer Note No 3)	Nil (200)	10 Lakh	-		201.4	
9.70% HDFC Limited. (Refer Note No 3)	Nil (650)	10 Lakh	-		652.8	
						2,154.2
5) Equity Shares: (Quoted)						
Adani Ports & Special Economic Zone Limited	6297 (6297)	10	0.9		0.9	
ACC Limited	Nil (549)	10	-		0.8	
Asian Paints Limited	882 (7358)	1	0.5		3.6	
Bajaj Auto Limited	Nil (101)	10	-		0.2	
Bajaj Electricals Limited	Nil (2507)	2	-		0.4	
Bajaj Corp Limited	Nil (2538)	1	-		0.6	
Bajaj Finance Limited	391 (5107)	10	0.9		5.4	
Bajaj Holding and Investment Limited	Nil (426)	10	-		0.3	
Bata India Limited	Nil (298)	10	-		0.3	
Bank of Baroda Limited	Nil (804)	10	-		0.6	
Bharat Forge Limited	526 (Nil)	2	0.7		-	
Bosch Limited	117 (1496)	10	1.9		12.1	
Cairn India Limited	Nil (8902)	1	-		2.9	
Castrol India Limited	Nil (5040)	10	-		0.2	
Coal India Limited	Nil (24723)	10	-		6.3	
Colgate-Palmolive (India) Limited	228 (Nil)	1	0.4		-	
Container Corporation of India Limited	341 (1855)	10	0.5		1.3	
Credit Analysis & Research Limited (Care)	Nil (12000)	10	-		9.0	
Cipla Limited	Nil (1387)	2	-		0.5	
City Union Bank Limited	6953 (83433)	1	0.5		4.6	

ALKEM LABORATORIES LIMITED
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT

	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. In Millions	Rs. in Millions	Rs. in Millions
<i>Equity Shares : Contd...</i>						
Century Textiles & Industries Limited	Nil (1445)	10	-		0.5	
Cox & Kings India Limited	Nil (5535)	5	-		0.8	
Crompton Greaves Limited	Nil (5792)	2	-		0.8	
Cummins India Limited	942 (10367)	2	0.7		4.9	
DCB Bank Limited	5969 (23000)	10	0.5		1.2	
D Q Entertainment Limited	12958 (12958)	10	0.9		0.9	
Deccan Chronical Holdings Limited	256 (256)	2	0.0		0.0	
Divis Laboratories Limited	Nil (2691)	2	-		3.2	
Eid Parry (India) Limited	Nil (2875)	1	-		0.8	
Eicher Motors Limited	322 (3709)	10	3.2		8.8	
Elgi Equipment Limited	Nil (4575)	1	-		0.4	
Engineers India Limited	900 (10230)	5	0.2		2.3	
Emami Limited	648 (7305)	1	0.4		2.9	
Exide Industries Limited	Nil (6526)	1	-		0.8	
Future Lifestyle Fashion Limited	Nil (3048)	2	-		0.3	
Gateway Distriparks Limited	3587 (3587)	10	0.5		0.5	
GlaxoSmithKline Consumer Healthcare Limited	104 (1683)	10	0.5		5.4	
Godrej Industries Limited	Nil (11287)	1	-		3.1	
Great Eastern shipping Company Limited	Nil (600)	10	-		0.2	
Grasim Industries Limited	Nil (261)	10	-		0.8	
HDFC Bank Limited	1101 (11905)	10	0.9		6.0	
HDFC Limited	745 (8086)	10	0.7		4.7	
Hero Motocorp Limited	197 (1812)	2	0.5		3.7	
Heidelberg Cement Limited	Nil (40000)	10	-		1.8	
Hindustan Unilever Limited	Nil (943)	1	-		0.5	
Hindustan Petroleum Corp. Limited	2218 (1378)	10	1.2		0.4	
ICICI Bank Limited	Nil (891)	10	-		0.9	
IL & FS Transportation Networks Limited	Nil (20000)	10	-		5.2	
Indian Oil Corporation Limited	Nil (3436)	10	-		0.7	
Infosys Technologies Limited	Nil (2269)	5	-		5.4	
Indiabulls Infrastructure and Power Limited	Nil (9988)	10	-		0.0	
ING Vyasya Bank Limited	667 (7855)	10	0.4		3.6	
IRB Infrastructure Developers Limited	7904 (7904)	10	1.2		1.2	
ISMT Limited	Nil (16795)	5	-		0.5	
ITC Limited	Nil (3179)	1	-		0.9	
IPCA Lab Limited	971 (10881)	2	0.7		6.8	
Jammu and Kashmir Bank Limited	4478 (4911)	10	0.7		5.4	
Jubilant Foods Works Limited	Nil (380)	10	-		0.4	
La Opala RG Limited	Nil (5510)	10	-		2.2	
Larsen & Toubro Limited	1879 (5254)	2	1.6		4.5	

ALKEM LABORATORIES LIMITED						
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. In Millions	Rs. in Millions	Rs. in Millions
<i>Equity Shares : Contd...</i>						
Lupin Limited	Nil (192)	10	-	-	0.2	
Marico Limited	Nil (1651)	1	-	-	0.3	
Max India Limited	1285 (Nil)	2	0.5	-	-	
MPS Limited	Nil (9540)	10	-	-	2.2	
McLeod Russel India Limited	Nil (14233)	5	-	-	4.1	
Nava Bharat Ventures Limited	3966 (3966)	2	0.8	-	0.8	
Nestle India Limited	Nil (1437)	10	-	-	5.2	
NTPC Limited	Nil (13600)	10	-	-	2.0	
NMDC Limited	Nil (13293)	1	-	-	1.7	
Orient Cement Limited	Nil (10882)	1	-	-	0.4	
Oil India Limited	Nil (1453)	10	-	-	0.8	
On Mobile Global Limited	Nil (42400)	10	-	-	1.8	
Orissa Mineral Development Corporation Limited	Nil (450)	10	-	-	2.3	
Pantaloon Fashion & Retail Limited	Nil (660)	10	-	-	0.1	
Pantaloon Retail India Limited (Future Retail Limited)	Nil (2970)	2	-	-	0.3	
Pantaloon Retail India Limited Class B (Future Retail Limited)	Nil (5845)	2	-	-	0.4	
Page Industries Limited	182 (2831)	10	1.4	-	9.9	
Pidilite Industries Limited	Nil (18754)	10	-	-	4.2	
Punjab National Bank	Nil (1226)	10	-	-	0.8	
Petronet LNG Limited	Nil (3833)	10	-	-	0.6	
Punjab & Sind Bank Limited	Nil (6759)	10	-	-	0.7	
Sanghavi Movers Limited	4122 (4122)	2	0.4	-	0.4	
State Bank of India Limited	2980 (3126)	10	0.8	-	6.9	
Shanti Gears Limited	Nil (10000)	1	-	-	0.7	
State Bank of Travancore Limited	Nil (2025)	10	-	-	0.6	
State Bank of Mysore Limited	Nil (927)	10	-	-	0.5	
Speciality Restaurant Limited	736 (11395)	10	0.1	-	2.1	
Sesa Sterlite Limited	Nil (3454)	1	-	-	0.7	
Sun TV Network Limited	Nil (1497)	5	-	-	0.6	
Sun Pharmaceutical Limited	1662 (Nil)	2	1.4	-	-	
Tata Consultancy Services Limited	299 (270)	1	0.7	-	0.6	
Tech Mahindra Limited	1572 (3216)	10	0.9	-	5.1	
Tata Global Beverages Limited	Nil (3499)	1	-	-	0.5	
Tara Jewels Limited	28535 (93227)	10	6.6	-	21.4	
Torrent Power Limited	2490 (2490)	10	0.5	-	0.5	
Tulip Telecom Limited	Nil (2878)	10	-	-	0.4	
United Spirits Limited	188 (152)	10	0.5	-	0.4	
Union Bank of India Limited	Nil (5703)	10	-	-	0.7	
VA Tech Wabag Limited	9274 (4637)	2	2.3	-	2.3	
Voltas Limited	4167 (37520)	1	0.9	38.9	3.9	230.5

ALKEM LABORATORIES LIMITED
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT

	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. In Millions	Rs. In Millions	Rs. in Millions
b) Unquoted (Non Trade):						
1) In Equity Funds:						
HDFC CMF Treasury Advantage Retail -WD	256042.19	10.00	2.6		0.1	
	(11593.72)					
Cap Veda Absolute Return Fund	Nil	10.00	-		11.1	
	100000			2.6		11.2
2) In Debenture						
Propstack Services Private Limited	Nil	1 Lakh	0.0		4.5	
	(45)					
				0.0		4.5
3) Equity Shares:						
G R Infraprojects Limited	6626	2	1.3		1.3	
	(6626)					
One 97 Communication Limited	Nil	10	-		1.5	
	(5871)					
Intarvo Technologies Limited	4299	10	0.9		0.9	
	(4299)					
GMR Energy Limited	16531	10	0.2		0.2	
	(16531)					
Marico Kaya Enterprises Limited	Nil	10	-		0.1	
	(33)					
				2.4		4.0
4) Preference Shares:						
Intarvo Technologies Limited -CCPS	1616	10	0.1		0.1	
	(1616)					
Regen Powertech Private-CCPS	4328		3.1		3.1	
	(4328)					
GMR Energy Limited-CCPS	1799	10	1.8		1.8	
	(1799)					
0.1% Cumulative Non Convertible Preference Shares	500000	10.00	5.0		5.0	
Saraswat Bank-NCPS	(500000)					
				10.0		10.0
				606.5		2,513.7
Less: Provision for diminution in the value of Investments				7.4		24.2
Total				599.1		2,489.5
Notes:						
1) Aggregate value of Quoted investments			Cost	Market Value	Cost	Market Value
Aggregate value of Unquoted investments			89.0	101.2	2,440.4	2534.5
			517.5	N.A.	73.3	N.A.
2) All Investments in Shares & Securities are fully paid up.						
3) Current Year Nil (Previous Year Bonds 9.80 % LIC Housing Finance Limited, 9.68% HDFC Limited and Bond with 9.70% HDFC Limited aggregating to Rs. 2,154.3 Millions was 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) Aggregate carrying amount of "Long term Investment" within the meaning of AS 13				As at 31 March 2015 50.0		As at 31 March 2014 2252.8

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.13 : LONG TERM LOANS AND ADVANCES:		
(Unsecured, Considered Good)		
Capital Advances	152.7	66.0
Loans and Advances to Subsidiary Companies (Refer Note 2.36)	1,143.6	858.2
Security Deposits	68.3	64.4
MAT Credit Entitlement	4,470.5	3,890.8
Advance recoverable in cash or in kind	99.2	56.7
Advance payment of Income Tax (Net of Provisions)	529.6	253.1
TOTAL	6,463.9	5,189.2
2.14 : OTHER NON CURRENT ASSETS		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months (Refer Note 2.17)	4,057.3	7,680.5
Accrued Interest on Deposits, but not due	543.9	146.3
	4,601.2	7,826.8
Note:		
Bank Deposits of Rs.3,807.3 Millions (Previous Year Rs.6,980.5 Millions) is under lien with the Banks against Over Draft Facility.		
2.15 : INVENTORIES:		
(Valued at lower of cost or net realisable value)		
Raw and packing Materials	1,665.8	1,346.2
Goods-in-transit	1.7	0.7
	1,667.5	1,346.9
Work-in-progress	241.9	214.8
Finished goods (Refer Note 2.40(c))	2,181.1	2,312.8
Goods-in-transit	57.1	185.8
	2,238.2	2,498.6
Stock-in-trade (Refer Note 2.40(c))	1,041.9	902.6
Goods-in-transit	292.9	82.7
	1,334.8	985.3
TOTAL	5,482.4	5,045.6
2.16 : TRADE RECEIVABLES:		
(Unsecured:)		
Outstanding for a period exceeding six months from the date they become due for payment		
Considered good	323.8	1,452.9
Considered doubtful	85.9	128.6
Less: Provision for doubtful trade receivables	(85.9)	(128.6)
	323.8	1,452.9
Other Trade Receivables:		
Considered good	3,426.3	1,515.9
Considered doubtful	-	31.5
Less: Provision for doubtful trade receivables	-	(31.5)
	3,426.3	1,515.9
TOTAL	3,750.1	2,968.8
Note :		
Above Trade Receivables include amount due from related parties Rs.1,589.7 Millions (Previous Year Rs. 650.3 Millions) - Refer Note 2.36		

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.17. : CASH AND BANK BALANCES:		
Cash & Cash Equivalents:		
Cash on hand	6.9	5.9
Cheques and Drafts on hand	58.6	58.6
Balance with Banks:		
In Current Accounts	184.0	105.1
In Exchange Earners' Foreign Currency Account	-	3.3
Other Bank Balances:		
In Deposit Accounts:		
Bank Deposits with maturity within 12 months	6,083.7	1,054.7
TOTAL	6,333.2	1,227.6
Note:		
Bank Deposits of Rs.5,023.7 Millions (Previous Year Rs.744.7 Millions) is under lien with the Banks against Over Draft Facility.		
Details of Bank Balances/Deposits		
Bank Deposits with maturity within 12 months	6,083.7	1,054.7
Bank Deposits with maturity beyond 12 months (Refer Note No.2.14)	4,057.3	7,680.5
	10,141.0	8,735.2
2.18. : SHORT TERM LOANS AND ADVANCES:		
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	689.6	607.4
Loans and Advances to Employees	82.8	114.4
Advance to Suppliers:		
Considered Good	311.6	371.0
Considered Doubtful	38.8	10.3
	350.4	381.2
Less: Provision for Doubtful Advances	(38.8)	(10.3)
	311.6	371.0
Prepaid Expenses	110.7	148.7
TOTAL	1,194.7	1,241.5
2.19. : OTHER CURRENT ASSETS:		
Interest Accrued on Bank Deposits	133.3	125.2
Export Incentives Receivable	110.6	110.1
Other Receivables*	169.5	92.2
*Includes insurance claim receivable Rs 81.7 Millions (Previous year Rs 3.9 Millions)		
TOTAL	413.4	327.5

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	For the year ended	For the year ended
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.20. : REVENUE FROM OPERATIONS:		
Sale of products (gross) (Refer Note 2.40(b))	31,742.9	26,934.2
Other operating revenues:		
Manufacturing charges	23.1	41.2
Technology income	-	272.8
Export incentives and excise refunds	555.1	422.6
Scrap sales	23.8	24.3
Foreign currency transactions and translation gain (net)	22.2	45.1
Excise duty (net)	-	67.7
Government subsidy income (Refer Note 1.19)	36.6	-
Royalty income	41.5	-
Miscellaneous receipts	95.5	21.0
	797.8	894.7
TOTAL	32,540.7	27,828.9
2.21. : OTHER INCOME:		
Interest on bank deposits	914.4	1,070.1
Other interest	417.8	429.5
Dividend income	3.1	5.6
Income from real estate investment in funds	283.2	51.0
Compensation received for Pretermination of lease	-	72.7
Provision no longer required, written back	16.4	28.4
Rental income	34.2	31.3
Net profit on sale of investments	152.2	6.1
	1,821.3	1,694.7
TOTAL	1,821.3	1,694.7
(Other Interest includes interest on Loan to subsidiaries Rs.41.9 Millions (Previous year Rs.31.3 Millions))		
2.22. : COST OF MATERIAL CONSUMED		
Raw material consumed (Refer Note 2.39)	6,166.3	5,412.3
Packing material consumed	2,374.8	2,101.7
	8,541.1	7,514.0
2.23. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:		
Opening Stock: (Refer Note 2.40 (c) & (d))		
Finished goods	2,498.6	1,862.7
Stock-in-trade	985.3	1,107.2
Work-in-progress	214.8	202.4
	3,698.7	3,172.3
Less: Closing stock: (Refer Note 2.40 (c) & (d))		
Finished goods	2,238.2	2,498.6
Stock-in-trade	1,334.8	985.3
Work-in-progress	241.9	214.8
	3,814.9	3,698.7
TOTAL	(116.2)	(526.4)
2.24. : EMPLOYEE BENEFITS:		
Salaries, wages and bonus	4,957.1	3,959.8
Contribution to provident and other fund (Refer Note 2.29)	433.1	257.9
Employees' welfare expenses	215.6	203.9
	5,605.8	4,421.6
TOTAL	5,605.8	4,421.6
2.25. : FINANCE COST:		
Interest on borrowings	714.8	825.5
Other borrowing cost	11.5	17.2
	726.3	842.7
TOTAL	726.3	842.7

ALKEM LABORATORIES LIMITED		
NOTE - 2: NOTES TO THE FINANCIAL STATEMENT		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
	Rs. in Millions	Rs. in Millions
2.26. : OTHER EXPENSES:		
Consumption of stores and spare parts (Refer Note 2.39(b-ii))	418.7	366.9
Power and fuel	530.8	601.0
Excise duty (net)	2.9	-
Processing charges	123.9	110.0
Rent	147.6	149.9
Rates and taxes	24.0	30.5
Insurance	74.2	64.8
Marketing and Promotions	2,244.6	2,005.7
Selling and distribution expenses	910.6	762.8
Legal and professional Fees	494.2	468.7
Sales-tax and octroi duty	137.9	125.7
Commission and cash discount	514.1	355.9
Travelling and conveyance	1,221.0	892.4
Repairs:		
- Buildings	23.8	25.6
- Plant and machineries	99.7	89.5
- Others	55.4	51.0
Loss on sale of fixed assets (net)	49.3	24.2
Donation	2.8	8.5
Communication and printing expenses	132.1	126.6
Vehicle expenses	68.4	62.0
Clinical and analytical charges	252.3	197.4
Sundry balance written off	84.3	-
Corporate Social Responsibility (CSR) expenditure (Refer Note 2.43)	12.0	-
Miscellaneous expenses (Refer Note 2.38, 2.42)	701.7	363.7
TOTAL	8,326.3	6,882.8

ALKEM LABORATORIES LIMITED
2.27 Contingent Liabilities and Commitments
a) Contingent Liabilities not Provided For

(Rs. in Millions)

Sr.No.	Particulars	As at	
		31 March 2015	31 March 2014
1	Letter of Credit opened by the Banks	202.2	183.6
2	Outstanding Bank Guarantees	51.0	47.7
3	Central Excise demand disputed in appeal {advances paid in dispute Rs.30.8 Millions (P. Y. Rs. 35.5 Millions)}	55.3	64.0
4	Sales Tax demand disputed in appeal {advances paid dispute Rs.3.5 Millions (P. Y. Rs.8.7 Millions)}	7.9	34.6
5	Income Tax	426.0	426.0
6	Claims against the Company not acknowledged as debt a. In relation to purchase commitments- Rs 968 millions* (Previous year Nil) b. Supply of Goods: Rs. 717.4 Millions** (Previous year 714.3 Millions) c. in relation to property- Rs 13.8 Millions (Previous year Nil)	1,699.2	714.3
7	Pending Export Obligation under advance licence/ EPCG Scheme	7.8	3.7
8	Bonds and Debentures is in the process of pledge against issuance of stand by letter of credit 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.	1,100.0	1,780.8
	Total	3,549.4	3,254.4

Management considers the service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies has been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

In view of the company no provision for these claims are required

b) Commitments

(Rs. in Millions)

Sr.No.	Particulars	As at	
		31 March 2015	31 March 2014
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid Rs. 58.8 Millions (Previous Year Rs.7.9 Millions)}	142.4	19.6
2	Calls in Respect of Partly paid up shares issued by a subsidiary Company	18.5	-
3	Uncalled/ Unpaid contribution towards investment in funds (Refer Note.2.12(2)(a)))	136.6	165.0
4	Other Commitments: Commitment towards research and development - USD 3 Millions	187.5	179.7
5	Other Commitments - Non Cancellable Operating Lease (Refer Note. 2.31)		

2.28 Due to Micro, Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in following disclosure. This has been relied upon by the auditors.

(Rs. in Millions)

Sr.No.	Particulars	31 March 2015	31 March 2014
1	Principal amount remaining unpaid to any supplier as at the year end	27.6	468.8
2	Interest due thereon	1.0	-
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.0	-
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

2.29 Disclosure of Employee Benefits as per Accounting Standard 15 is as under:

 i) **Defined contribution plans:**

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

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

The Company has recognised the following amounts in the Statement of Profit and Loss

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(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
- Contribution to Provident Fund	117.2	110.6
- Contribution to Superannuation fund	2.8	2.7
Total	120.0	113.3

 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, 2015 by an independent 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, 2015

(Rs. in Millions)

Sr. No.	Particulars	Gratuity 31 March, 2015	Gratuity 31 March, 2014
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	94.0	54.5
	Interest Cost	42.9	28.4
	Actuarial (gain) / losses	76.3	(17.5)
	Benefits paid	(35.9)	(22.2)
	PVO at the beginning of the year	409.4	366.2
	PVO at end of the year	586.7	409.4
II)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of period	586.7	409.4
	-	-
	Funded status	(586.7)	(409.4)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(586.7)	(409.4)
III)	Net cost for the year ended March 31 ,2015 :		
	Current Service cost	94.0	54.5
	Interest cost	42.9	28.4
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	76.3	(17.5)
	Net cost	213.2	65.4
IV)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	8.00	10.95
	Salary escalation rate (%)	6.25	5.00

The amounts of the present value of the obligation, fair value of plan assets, and experience adjustment arising on plan liabilities and plan assets are as below :

(Rs. in Millions)

Particulars	As at/for the year ended 31 March 2015	As at/for the year ended 31 March 2014	As at/for the year ended 31 March 2013	As at/for the year ended 31 March 2012	As at/for the year ended 31 March 2011
Defined Benefit Obligation at end of the period	586.7	409.4	366.1	348.6	270.3
Plan Assets at end of the Period	-	-	-	-	-
Funded Assets	-	-	-	-	-
Experience Gain/Loss Adjustment on plan Liabilities	(16.4)	(48.9)	12.5	82.8	(71.2)
Experience Gain/Loss Adjustment on plan assets	-	-	-	-	-
Actuarial Gain/(Loss) due to change on assumption	92.7	31.3	(60.5)	(75.8)	65.2

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2.30 Details of unhedged foreign currency exposure

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

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

Particulars	31 March 2015		31 March 2014	
	Rs. In Millions	Amount in foreign currency	Rs. In Millions	Amount in foreign currency
Export of goods				
EUR	26.7	397,228.7	117.5	1,421,272.9
GBP	17.0	183,810.2	5.5	54,911.1
USD	1,819.6	29,103,996.2	1,173.1	19,579,611.1
AUD	52.2	1,098,901.7	6.5	118,061.0
Loans & advances				
AUD	51.9	1,092,321.7	55.7	1,008,121.7
EUR	1.4	20,500.0	0.9	15,500.0
USD	830.6	13,289,113.9	647.7	10,811,039.9

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

Particulars	31 March 2015		31 March 2014	
	Rs. In Millions	Amount in foreign currency	Rs. In Millions	Amount in foreign currency
Import of goods and services				
USD	166.9	2,670,727.3	213.1	3,556,245.0
EUR	70.8	1,053,039.1	2.2	27,085.0
AUD	6.5	137,688.7	3.9	70,480.0
GBP	0.4	3,803.3	0.7	7,236.0
SGD	-	-	0.6	12,554.0
Unsecured loans				
USD	1,093.8	17,500,000.0	1,408.2	23,503,519.5
Secured loans				
USD	875.0	14,000,000.0	1,023.5	17,082,132.5

2.31 The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Rent expense	147.6	149.9
Total	147.6	149.9

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

Particulars	31 March 2015	31 March 2014
Not later than one year	37.5	22.0
Later than one year but not later than five years	47.5	52.2
Later than five years	1.9	-
Total	86.9	74.2

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2.32 Segmental Reporting as required by Accounting Standard – 17 (AS-17)

The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same Annual Report. Accordingly, in terms of paragraph 4 of the Accounting Standard 17 (AS-17) "Segment Reporting", no disclosures related to segments are presented in this standalone financial statement.

2.33 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is Rs.1,513.1 Millions (Previous Year Rs. 1,529.1 Millions).

2.34 Earnings per share (EPS)

Particulars			31 March 2015	31 March 2014
Profit /(loss) after tax attributable to equity shareholders	Rs.in Millions	A	3,676.9	4,441.1
Weighted average number of equity shares outstanding during the period	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (Rs) - Face value of Rs.2 per share	In Rs.	(A / B)	30.75	37.14

Since the split in face value of equity shares from Rs.10 each to Rs.2 each fully paid up and the issue of bonus shares in the ratio of 1 fully paid up equity shares of face value of Rs.2 each for each existing equity shares of face value of Rs.2 each is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2013-14, the earliest period reported.

2.35 Disclosure As per Accounting Standard (AS 29) for provisions is as under:

Provision for anticipated sales return:

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Carrying amount at the Beginning of the year	-	-
Add: Provision made during the year *	457.5	-
Less: Amount used/utilized during the year	-	-
Carrying amount at the end of the year	457.5	-

Until 31 March 2014, the company accounted for sales returns on actual returns. During the year ended 31 March 2015, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns as at 31 March 2015 by charging it to Statement of Profit and Loss.

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As required by Accounting Standard-18, the Related Parties' disclosures are as follows:
 2.36 Names of related parties and description of relationship:

A. List of related parties and their relationship

A Subsidiaries and Step down Subsidiaries

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
ThePharmanetwork, LLC (Wholly owned Subsidiary of S&B Holdings B.V)	United States of America
Ascend Laboratories SDN BHD.	Malaysia
Ascend 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 (Wholly owned by The Phrmanetwork LLC)	United States of America
Alkem Real Estate LLP	India
Ascend Laboratories (UK) Ltd. (w.e.f 6 August, 2014)	United Kingdom
Cachet Pharmaceuticals Pvt. Ltd (w.e.f 27 March, 2015)	India
Indchemie Health Specialities Pvt. Ltd.(w.e.f 30 March, 2015)	India

B Key Managerial Personnel

Mr. Samprada Singh	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Prabhat Narain Singh (up to 20 Feb, 2015)	Director
Mr. Nawal Kishore Singh (up to 2 Jan, 2015)	Director
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mrityunjay Kumar Singh (up to 31 July, 2014)	Director
Mr. Sandeep Singh	Joint Managing Director
Mr. Prabhat Agrawal (w.e.f 21st Oct, 2014)	Chief Executive Officer

C. Relatives of Key Management Personnel

Mr. Satish Kumar Singh	Son of Samprada Singh
Mrs. Jayanti Sinha	Sister of Samprada Singh
Mrs. Archana Singh	Daughter of Basudev Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sarvesh Singh	Brother of Sandeep Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh,	Mother of Sandeep Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Doughter of Dhananjay kumar Singh
Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Doughter of Mritunjay Kumar Singh
Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms. Inderjit Arora	Wife of Sandeep Singh
Rekha Singh	Wife of Basudev Narain Singh
Shalini Singh	Daughter of Naval Kishore Singh
Neha Singh	Daughter of Naval Kishore Singh
Khushboo Singh	Daughter of Naval Kishore Singh
Anju Singh	Wife of Naval Kishore Singh
Mr. Nawal Kishore Singh (w.e.f 3 Jan, 2015)	Son of Samprada Singh
Mr. Mrityunjay Kumar Singh (w.e.f 1 August, 2014)	Son of Basudev Narain Singh

D Entities in which Key Management Personnel's have contractual and significant influence:

M/s Galpha Laboratories Ltd., Travelon Services Pvt. Ltd.M/s. Cachet Pharmaceuticals Pvt. Ltd (up to 26 March, 2015) ,Indchemie Health Specialities Pvt. Ltd (up to 29 March, 2015)

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Details of Transactions with Related Parties

(Rs. in Millions)

Sr. No.	Particulars	2015				
		Subsidiaries/Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	d	
1	Remuneration		307.7	22.9		330.6
		-	(356.5)	(9.0)	-	(365.5)
2	Loans Taken		319.2			319.2
		-	(198.9)	(78.7)	(1.0)	(278.6)
3	Loans Repaid		679.9	283.8	2.6	966.3
		-	(47.1)	(0.7)	-	(47.8)
4	Interest expense on loans taken		37.7	24.1	0.3	62.1
		-	(27.0)	(23.0)	(0.2)	(50.3)
5	Purchase of Goods				2,003.1	2,003.1
		-	-	-	(1,580.2)	(1,580.2)
6	Sale of Goods	2,061.1			59.4	2,120.5
		(1,023.3)	-	-	(200.8)	(1,224.1)
7	Sale of Raw and Packing Materials				15.8	15.8
		-	-	-	(23.1)	(23.1)
8	Purchase of Raw and Packing Materials				90.8	90.8
		-	-	-	(41.2)	(41.2)
9	Services received				117.1	117.1
		-	-	-	(207.3)	(207.3)
10	Services rendered				23.1	23.1
		-	-	-	(22.8)	(22.8)
11	Rental Income				16.5	16.5
		-	-	-	(12.4)	(12.4)
12	Rent Expenses		0.6	3.4	-	4.0
		-	(0.5)	(3.0)	-	(3.5)
13	Investments	2,382.5				2,382.5
		(2,499.3)	-	-	-	(2,499.3)
14	Final/Interim Dividend paid		147.1	185.1	0.6	332.8
		-	(92.3)	(79.6)	(0.3)	(172.2)
15	Loans Given (net)	221.1	3.0			224.1
		(341.3)	-	-	-	(341.3)
16	Sale of Assets/Assets under construction		34.7		0.5	35.2
		-	-	-	(0.3)	(0.3)
17	Purchase of Assets					
		-	-	-	(13.5)	(13.5)
18	Gas Sales				2.3	2.3
		-	-	-	(2.8)	(2.8)
19	Scrap Sales					
		-	-	-	(0.4)	(0.4)
20	Reimbursement of expenses to	79.6				79.6
		(50.4)	-	-	(4.9)	(55.3)
21	Reimbursement of expenses from	13.8				13.8
		(21.2)	-	-	-	(21.2)
22	Interest Income from	41.9	0.1			42.0
		(31.3)	-	-	-	(31.3)
23	Bonds/Debentures pledged against loan taken by	1,387.5				1,387.5
		(2,154.3)	-	-	-	(2,154.3)

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

(Rs. in Millions)				
Sr. No.	Transactions	Related Party relation	2014-15	2013-14
1	Remuneration			
	Mr. Samprada Singh	Key Management Personnel	85.5	141.8
	Mr. Basudeo Narayan Singh	Key Management Personnel	86.4	141.9
	Mr. Naval Kishor Singh	Key Management Personnel	68.6	-
2	Loans Taken			
	Mr. Basudeo Narayan Singh	Key Management Personnel	122.5	78.7
	Mr. Dhananjay Kumar Singh	Key Management Personnel	35.3	20.0
	Mr. Samprada Singh	Key Management Personnel	55.0	64.0
	Mr. Balmiki Prasad Singh	Key Management Personnel	105.2	35.0
	Mr. Sarandhar Singh	Relatives of KMP	-	22.5
3	Loans Repaid			
	Mr. Basudeo Narayan Singh	Key Management Personnel	238.9	41.5
	Mr. Samprada Singh	Key Management Personnel	124.6	5.6
	Mr. Balmiki Prasad Singh	Key Management Personnel	200.1	-
	Mrs. Rekha Singh	Spouse of Director	126.6	-
4	Interest Expenses on Loans Taken			
	Mr. Balmiki Prasad Singh	Key Management Personnel	12.8	7.3
	Mr. Basudeo Narayan Singh	Key Management Personnel	13.6	9.7
	Mrs. Rekha Singh	Spouse of Director	8.7	8.4
	Mr. Samprada Singh	Key Management Personnel	-	3.7
	Mr. Dhananjay Kumar Singh	Key Management Personnel	-	5.6
	Mrs. Madhurima Singh	Spouse of Director	-	3.3
	Mrs. Manju Singh	Spouse of Director	-	2.5
	Mr. Sarandhar Singh	Son of Director	-	2.7
	Mr. Srinivas Singh	Son of Director	-	2.7
5	Purchase of Goods			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	722.0	613.3
	Indchemie Health Specialties Pvt. Ltd.	Entities	866.3	646.3
	Galpha Laboratories Limited	Entities	414.7	320.5
6	Sale of Goods			
	Ascend Laboratories, LLC	Step Down Subsidiary	1,588.4	843.5
	Cachet Pharmaceuticals Pvt. Ltd.	Entities		192.3
7	Sale of raw and packing materials			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	3.4
	Indchemie Health Specialties Pvt. Ltd.	Entities	11.4	14.4
	Galpha Laboratories Limited	Entities	2.9	5.3
8	Purchase of raw and packing materials			
	Galpha Laboratories Limited	Entities	87.9	39.7
9	Services received			
	Travelon Services Pvt. Ltd	Entities	-	97.9
	Indchemie Health Specialties Pvt. Ltd.	Entities	79.8	79.4
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	20.9	-
	Galpha Laboratories Limited	Entities	16.4	-

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10	Services rendered			
	Galpha Laboratories Limited	Entities	22.8	22.6
11	Rental Income			
	Indchemie Health Specialties Pvt. Ltd.	Entities	10.2	7.6
	Galpha Laboratories Limited	Entities	3.3	3.3
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	3.0	1.5
12	Rent Expenses			
	Mr. Dhananjay Kumar Singh	Key Management Personnel	0.6	0.5
	Mrs. Divya Singh	Daughter of Director	1.1	1.0
	Mrs. Madhurima Singh	Spouse of Director	1.3	1.1
	Mr. Sarvesh Singh	Brother of Director	1.0	0.9
13	Investments			
	S & B Holdings B.V., Netherlands	Subsidiary	-	2,499.3
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	638.9	-
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	1,640.7	-
14	a) Loans Given			
	S&B Holdings B.V. Netherland	Subsidiary	-	495.2
	Ascends Laboratories SpA, Chile	Subsidiary	92.2	-
	Alkem Laboratories Corporation, Philippines	Subsidiary	57.6	-
	Enzene Biosciences Ltd. India	Subsidiary	67.3	83.1
	S&B Pharma Inc. USA	Subsidiary	56.8	139.4
	b) Loans Repayment			
	S&B Holdings B.V. Netherland	Subsidiary	65.0	473.0
15	Sale of Assets/Assets under construction			
	Mr. Basudeo Narayan Singh	Key Management Personnel	34.7	-
	Indchemie Health Specialties Pvt. Ltd.	Entities	-	0.3
16	Purchase of Assets			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	13.5
17	Gas Sales			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	0.8	1.0
	Indchemie Health Specialties Pvt. Ltd.	Entities	0.9	1.1
	Galpha Laboratories Limited	Entities	0.6	0.7
18	Scrap Sales			
	Galpha Laboratories Limited	Entities	-	0.4
	Indchemie Healthspecialties Limited	Entities	-	0.1
19	Reimbursement of expenses to			
	Ascend Laboratories, LLC USA	Step Down Subsidiary	-	10.0
	Pharmacor Pty Limited	Subsidiary	13.3	37.4
	S&B Pharma Inc., USA	Subsidiary	62.1	-
20	Reimbursement of expenses from			
	The PharmaNetwork LLC	Step Down Subsidiary	13.8	21.2
21	Interest Income from			
	Enzene Biosciences Ltd. India	Subsidiary	19.0	13.2
	S & B Pharma Inc, USA	Subsidiary	20.2	15.7
22	Bonds pledged against loan taken by			
	The PharmaNetwork LLC	Step Down Subsidiary	1,387.5	2,154.3

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Balance due from / to the related Parties
(Rs. in Millions)

Sr. No.	Particulars	2015				Total
		Subsidiaries/Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Others	
1	Outstanding Receivables	1,589.7	-	-	-	1,589.7
2	Outstanding Payables	254.6	-	-	53.8	308.4
3	Investments	5,910.5	-	-	-	5,910.5
4	Loans Receivable	1,143.6	3.0	-	-	1,146.5

(Rs. in Millions)

Sr. No.	Particulars	2014				Total
		Subsidiaries/Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Others	
1	Outstanding Receivables	538.7	-	-	111.7	650.4
2	Outstanding Payables	25.6	-	-	301.9	327.5
3	Investments	3,528.1	-	-	-	3,528.1
4	Loans Payable	-	360.8	283.8	2.6	647.2
5	Loans Receivable	858.2	-	-	-	858.2
6	Interest Payable on Loan	-	24.3	20.7	0.2	45.2

Note:

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2014. The Company will undertake a study for transactions up to 31 March 2015 and an independent opinion will be obtained for the same. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2014 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

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2.37 Managerial Remuneration:-

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Salaries & Allowances	204.0	149.3
Contribution to Provident Fund and Other Funds	23.8	16.5
Perquisites	25.6	7.7
Commission to Director	36.8	160.0
Total	290.2	333.5

2.38 Payment to auditors (excluding service tax)

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
As Auditor		
Statutory audit fees	4.5	2.3
Tax audit fees	-	0.8
In other capacity		
Taxation matters	-	0.7
In any other services such as certification, etc.	0.0	0.8
Reimbursement of out of pocket expenses	0.2	0.3
Total	4.7	4.9

2.39 Additional information pursuant to the provisions of Paragraph 5(viii) of Schedule III

a) Consumption of Raw materials

(Rs. in Millions)

Items	31 March 2015	31 March 2014
Antibiotics	4,013.1	3,693.0
Analgesics	58.8	63.2
Others	2,094.4	1,656.1
Total	6,166.3	5,412.3

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

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
(i) Raw Materials:		
Imported		
Value	1395.5	1090.5
% of total consumption	22.63%	20.15%
Indigenous		
Value	4,770.8	4,321.8
% of total consumption	77.37%	79.85%
Total		
Value	6,166.3	5,412.3
% of total consumption	100.00%	100.00%

(ii) Stores & Spares:		
Imported		
Value	107.3	40.2
% of total consumption	25.62%	10.95%
Indigenous		
Value	311.4	326.7
% of total consumption	74.38%	89.05%
Total		
Value	418.7	366.9
% of total consumption	100.00%	100.00%

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c) Value of Imports (on CIF basis)

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Raw Materials	1,207.2	1,204.2
Components, Stores and Spare Parts	107.3	83.6
Capital Goods	141.2	61.5
Total	1,455.7	1,349.3

d) Earnings in Foreign currency

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Export of goods (at F.O.B.)	3,443.8	2,775.1
Freight	4.3	8.6
Technology/Royalty income	41.5	272.8
Interest	22.6	18.1
Manufacturing Charges	-	18.3
Raw Material/Packing Material Sales	-	1.8
Others	3.9	-
Total	3,516.1	3,094.7

e) Expenditure in Foreign currency (accrual basis)

(Rs. in Millions)

Particulars	31 March 2015	31 March 2014
Travelling Expenses	79.7	36.3
Salaries	113.7	117.8
Legal and Professional Fees	291.3	153.7
License Fees and Product Registrations	211.5	161.9
Reference Samples	37.2	48.6
Other Expenses	401.0	316.6
Total	1,134.4	834.9

2.40 Details of purchases, turnover and inventory

a) Purchases of stock in trade:

(Rs. in Millions)

Classification	31 March 2015	31 March 2014
Tablets	1,415.9	1,198.1
Capsules	1,039.9	793.6
Dry Syrups	94.2	75.3
Liquids	1,254.1	942.1
Injections	739.2	613.3
Others	1,020.2	736.0
Total	5,563.5	4,358.4

b) Turnover:

(Rs. in Millions)

Classification	31 March 2015	31 March 2014
Tablets	13,178.7	11,480.6
Capsules	6,740.8	4,928.3
Dry Syrup	1,935.7	1,448.2
Liquids	2,783.6	2,163.2
Injections	5,811.5	5,364.5
Bulk Drugs	1.3	39.9
Others	1,291.3	1,509.5
Total	31,742.9	26,934.2

ALKEM LABORATORIES LIMITED

c) Inventories (finished goods including stock-in-trade)

(Rs. in Millions)

Classification	31 March 2015	31 March 2014
Tablets	1,068.6	1,030.7
Capsules	763.9	707.8
Dry Syrup	155.5	174.9
Liquids	355.0	321.2
Injections	838.5	992.4
Bulk Drugs	15.4	13.2
Others	376.1	243.6
Total	3,573.0	3,483.8

d) Inventories (work-in-progress)

(Rs. in Millions)

Classification	31 March 2015	31 March 2014
Formulations	232.2	208.3
Bulk Drugs	9.7	6.5
Total	241.9	214.8

2.41 Derivative Contracts

Company has entered into an interest rate swap contract to hedge the interest rate risk in foreign currency borrowing with a variable interest rates based on LIBOR. The company has fair valued the financial instruments and the mark to market losses on the instrument has been charged to the Statement of Profit and Loss during the year amounting to Rs.10.9 Millions (Previous Year Rs.Nil)

2.42 During the year, the Company has settled some pending legal matters in relation to product infringement claims on the company. As a part of settlement, the Company has paid Rs.262.5 Millions (Previous Year Nil) which is shown under Miscellaneous expenses in Other Expenses under note 2.26.

2.43 The gross amount required to be spent on Corporate Social Responsibilities ("CSR") by the Company during the year is Rs.94.6 Million. The company has spent Rs.12.0 million (Previous Year : Nil) towards CSR as per the approved CSR policy of the Company on research projects related to promotion of positive health, development of women healthcare center and other hospitals.

2.44 During the year, the Company observed some procedural non compliance related to earlier years under the Companies Act, 1956. After obtaining legal opinion the Company has initiated application to the Ministry of Corporate Affairs ('MCA') for Compounding. Pending order from MCA, the Company is of the view there will be no significant financial impact.

2.45 Previous year's financial statements were audited by a firm of Chartered Accountants other than B S R & Co. LLP. The figures for the previous year have been regrouped/ rearranged wherever necessary to conform to the current year's presentation.

ALKEM LABORATORIES LIMITED

As per our Report attached of even date,

For BSR & Co. LLP

Chartered Accountants
Firm Registration No. 101248W/W-100022

**For and on behalf of the Board of
Alkem Laboratories Limited**

CIN: U00305MH1973PLC174201

Sadashiv Shetty

Partner

Membership No. 048648

Mumbai

Date : 29 June, 2015

Samprada Singh

Chairman Emeritus

B.N. Singh

Executive Chairman

D.K.Singh

Joint Managing Director

Sandeep Singh

Joint Managing Director

B.P. Singh

Director

M.K. Singh

Director

A.K.Purwar

Director

R.L.Shenoy

Director

Sudha Ravi

Director

Sangeeta Singh

Director

A.M. Prasad

Director

M.C.Shah

Director

Prabhat Agrawal

Chief Executive Officer

Rajesh Dubey

Chief Financial Officer

Manish Narang

Sr.VP - Legal & Company Secretary

Independent Auditors' Report

To the Members of Alkem Laboratories Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Alkem Laboratories Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21, Consolidated Financial Statements). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report (*Continued*)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated 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 Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31 March 2015;
- ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profits for the year ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / consolidated financial statements and other financial information of sixteen subsidiaries and a limited liability partnership (LLP). These subsidiaries and this LLP reflect total assets of Rs 12,590.0 million as at 31 March 2015, total revenues of Rs 8,253.4 million and net cash inflows amounting to Rs 739 million for the year then ended, as considered in the consolidated financial statements. Of the above:

- (a) The financial statements and other financial information of six subsidiaries incorporated outside India, as drawn up in accordance with the generally accepted accounting principles of those respective countries ('the local GAAP'), have been audited by other auditors duly qualified to act as auditors in those countries and whose reports have been furnished to us. For the purpose of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management, so that they conform to the generally accepted accounting principles in India. These subsidiaries reflect total assets of Rs 5,423.8 million as at 31 March 2015, total revenues of Rs 8,013.4 million and net cash inflows amounting to Rs 79.8 million for the year then ended as shown in these consolidated financial statements. Our opinion on the consolidated financial statements, in so far as it relates to the amount and disclosures included in respect of these subsidiaries, is based solely on the aforesaid audit reports of those other auditors.

Independent Auditors' Report (*Continued*)

- (b) The financial statements and other financial information of the remaining ten subsidiaries and a partnership firm whose financial statements reflect total assets of Rs 7,166.2 million as at 31 March 2015, total revenues of Rs 239.9 million and net cash inflows amounting to Rs 659.2 million for the year then ended as shown in these consolidated financial statements, have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiaries companies, incorporated in India, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and a partnership firm, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representation received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies is disqualified as on 31 March 2015 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

Independent Auditors' Report (*Continued*)

- (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its subsidiary companies – Refer note 2.29(a) to the consolidated financial statements.
 - ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts outstanding as on balance sheet date which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
29 June 2015

Sadashiv Shetty
Partner
Membership No: 048648

Annexure I to the Independent Auditors' Report - 31 March 2015

(Referred to in our report of even date)

As stated in Para 1 of the 'Report on Other Legal and Regulatory Requirements' in our Auditors' Report of even date, the following statement is based on the comments in the auditors' reports on the standalone financial statements of the Holding Company and its subsidiary companies incorporated in India.

- (i) (a) The Holding Company and its subsidiary companies incorporated in India have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Holding Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Holding Company and the nature of its assets. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In respect of subsidiary companies incorporated in India, certain items of fixed assets have been physically verified by the management during the year, and there is a regular program of verification, which in the opinion of its statutory auditors is reasonable, having regard to the size of these subsidiary companies and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the respective managements of the Holding Company and its subsidiary companies incorporated in India during the year. In the opinion of the respective statutory auditors of the Holding Company and its subsidiary companies incorporated in India, the frequency of such verification is reasonable. In respect of inventory lying with third parties of the Holding Company, written confirmations have been obtained. However one of the Indian subsidiary is engaged in the business of research and development of biological drugs and thereby do not hold any inventories; therefore paragraph 3(ii) of the order is not applicable to the said subsidiary.
- (b) The procedures for the physical verification of inventories followed by the management as referred to above are reasonable and adequate in relation to the size of the Holding Company and its subsidiary companies incorporated in India and the nature of their respective businesses.
- (c) The Holding Company and its subsidiary companies incorporated in India are maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Holding Company and its subsidiary companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained by these companies under Section 189 of the Act.

Annexure I to the Independent Auditors' Report – 31 March 2015 **(Continued)**

- (iv) In our opinion and according to the information and explanations obtained by the statutory auditors of the subsidiary companies incorporated in India, and having regard to the explanation that purchase of certain item of inventories are for the Holding Company's specialised requirements, and similarly certain goods sold and services rendered by the Holding Company's are for specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, these companies have an adequate internal control system commensurate with the respective size of each company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. There is no major weaknesses in the internal control system in any of these companies.
- (v) The Holding Company and its subsidiary companies incorporated in India have not accepted any deposits during the year in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.
- (vi) The statutory auditors of the Holding Company and its subsidiary companies incorporated in India have broadly reviewed the books of account maintained by each company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act wherever applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, the respective statutory auditors have not made a detailed examination of the records. In case of one of this subsidiary company, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Companies Act, 2013, for the services rendered by this company.
- (vii) (a) According to the information and explanations given to the statutory auditors of the Holding Company and the subsidiary companies incorporated in India and on the basis of examination of the records of, the Holding Company and its subsidiary companies, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues, as applicable, have been generally regularly deposited during the year by these companies with appropriate authorities to the extent applicable to these companies.
- According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies incorporated in India, no undisputed dues in respect of provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to the statutory auditors of the Holding Company and to its subsidiary companies incorporated in India, there are no dues of income tax, sales tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure II to this report.

Annexure I to the Independent Auditors' Report – 31 March 2015
(Continued)

- (c) The Holding Company and its subsidiary companies incorporated in India did not have any dues on account of Investor Education and Protection Fund.
- (viii) One of the subsidiary companies incorporated in India has accumulated losses at the end of the year on a standalone basis and has incurred cash losses in the current financial year and in the immediately preceding financial year. The Holding Company and the remaining subsidiary companies, incorporated in India do not have any accumulated losses at the end of the financial year on a standalone basis and have not incurred cash losses on a standalone basis in the current financial year and in the immediately preceding financial year. On a consolidated basis, the Holding Company and its subsidiary companies do not have any accumulated losses at the end of the year, and have not incurred any cash losses during the year and in the immediately preceding financial year.
- (ix) The Holding Company and its subsidiary companies incorporated in India have not defaulted in repayment of their respective dues to their banks, where applicable. The Holding company and its subsidiary companies incorporated in India did not have any outstanding dues to any financial institutions or debentures holders during the year.
- (x) In the opinion of the respective statutory auditors and according to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies incorporated in India, the Holding Company and its subsidiary companies incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xi) In the opinion of the respective statutory auditors and according to the information and explanations given to the statutory auditors of the subsidiary companies incorporated in India, the two subsidiary companies incorporated in India have applied the term loans for the purpose for which the loans were obtained. The Holding Company and one of the subsidiary company incorporated in India has not raised any term loan during the year.
- (xii) According to the information and explanations given to the respective statutory auditors of the Holding Company and its subsidiary companies incorporated in India no material fraud on or by any such company have been noticed or reported during the course of audit by the statutory auditors of the Holding Company and its subsidiary companies incorporated in India.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W – 100022

Mumbai
29 June 2015

Sadashiv Shetty
Partner
Membership No: 048648

Annexure II to the Independent Auditors' Report - 31 March 2015 (Continued)

(Referred to in our report of even date)

Name of the company	Relation	Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)	Amount paid under protest (Rs in millions)	Financial year	Forum where dispute is pending
Alkem Laboratories Limited	Holding Company	Central Excise Act, 1944	Excise Duty and Penalty	63.9	23.6	2005-2014	Appellate Tribunal, Ahmedabad
Alkem Laboratories Limited	Holding Company	Central Excise Act, 1944	Excise Duty	0.6	0.01	2005-2014	Commissioner of Central Excise (Appeals), Daman
Alkem Laboratories Limited	Holding Company	Central Excise Act, 1944	Penalty	12.3	7.8	2003-2005	Appellate Tribunal, Mumbai
Alkem Laboratories Limited	Holding Company	Central Excise Act, 1944	Excise Duty	0.9	0.2	2007-2009	CESTAT, Kolkata
Alkem Laboratories Limited	Holding Company	Central Excise Act, 1944	Excise Duty	0.6	0.02	2007-2009	Commissioner of Central Excise (Appeals), Kolkata
Alkem Laboratories Limited	Holding Company	Maharashtra VAT Act, 2002	Value Added Tax and CST	262.2	-	2009-2010	Joint Commissioner (Appeals)
Alkem Laboratories Limited	Holding Company	Central Sales Tax Act, 1956	Central sales tax	349.5	-	2009-2010	Joint Commissioner (Appeals)
Alkem Laboratories Limited	Holding Company	Maharashtra VAT Act, 2002	Value Added Tax	6.4	3.5	2003-2005	Appellate Tribunal

Annexure II to the Independent Auditors' Report - 31 March 2015
(Continued)

Name of the company	Relation ship	Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)	Amount paid under protest (Rs in millions)	Financial year	Forum where dispute is pending
Alkem Laboratories Limited	Holding Company	West Bengal VAT Act, 2003	Value Added Tax	1.2	-	2006-2008	Additional Commissioner of Commercial Taxes (Appeal)
Alkem Laboratories Limited	Holding Company	West Bengal VAT Act, 2003	Value Added Tax	0.3	-	2010-2011	Senior Joint Commissioner of Commercial Tax
Alkem Laboratories Limited	Holding Company	Income Tax Act, 1961	Income Tax	0.7	-	2001-2003	Commissioner of Income Tax (Appeal)
Alkem Laboratories Limited	Holding Company	Income Tax Act, 1961	Income Tax	0.9	-	2008-09	Commissioner of Income Tax (Appeal)
Alkem Laboratories Limited	Holding Company	Income Tax Act, 1961	Income Tax	0.9	-	2010-2011	Commissioner of Income Tax (Appeal)
Indchemie Health Specialities Private Limited	Subsidiary Company	Daman and Diu Value Added Tax Regulation, 2005	Sales tax & Interest	0.9	-	2008-09	Assistant Commissioner VAT
Indchemie Health Specialities Private Limited	Subsidiary Company	Finance Act, 1994	Service Tax	0.4	-	2011-12	The Commissioner of Central Excise, Customs & Service Tax, Ahmedabad
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.2	-	2000-01	Joint Commissioner of Sales Tax (Recovery), Mumbai

Annexure II to the Independent Auditors' Report - 31 March 2015
(Continued)

Name of the company	Relationship	Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)	Amount paid under protest (Rs in millions)	Financial year	Forum where dispute is pending
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Sales Tax Act	Sales-Tax & Penalty thereon	0.01	-	2000-01	Joint Commissioner of Sales Tax (Recovery), Mumbai
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.1	-	2001-02	Joint Commissioner of Sales Tax (Appeals)II
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Sales Tax Act	Sales-Tax & Penalty thereon	0.8	-	2001-02	Joint Commissioner of Sales Tax (Appeals)II
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.2	-	2002-03	Joint Commissioner of Sales Tax (Appeals)
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.3	-	2003-04	Joint Commissioner of Sales Tax (Appeals)II, Mumbai
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Sales Tax Act	Sales-Tax & Penalty thereon	20.3	-	2003-04	Joint Commissioner of Sales Tax (Appeals)II, Mumbai
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	1.1	-	2004-05	Joint Commissioner of Sales Tax (Appeals)II, Mumbai.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Sales Tax Act	Sales-Tax & Penalty thereon	0.1	-	2004-05	Joint Commissioner of Sales Tax (Appeals)II, Mumbai.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Sales Tax Act	Sales-Tax & Penalty thereon	28.6	-	2009-10	Assistant Commissioner of Sales Tax (Appeals) Mumbai.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	8.0	-	2009-10	Assistant Commissioner of Sales Tax (Appeals) Mumbai.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.8	-	2013-14	Deputy Commissioner (Appeals) Commercial Tax UP, Lucknow.

Annexure II to the Independent Auditors' Report - 31 March 2015
(Continued)

Name of the company	Relation ship	Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)	Amount paid under protest (Rs in millions)	Financial year	Forum where dispute is pending
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	5.6	-	2009-10	Joint Commissioner Comm. Taxes (Appeals) Patna.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	5.3	-	2010-11	Joint Commissioner Comm. Taxes (Appeals) Patna.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	8.7	-	2011-12	Joint Commissioner Comm. Taxes (Appeals) Patna.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	14.3	-	2012-13	Joint Commissioner Comm. Taxes (Appeals) Patna.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	19.0	-	2013-14	Joint Commissioner Comm. Taxes (Appeals) Patna.
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Local Sales Tax/VA T Acts	Sales-Tax & Penalty thereon	0.9	-	2008-09	Tribunal Court (Chandigarh)
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Central Excise Act	Excise Duty & Penalty	1.7	-	1997-98 1998-99	Rajasthan High Court
Cachet Pharmaceuticals Private Limited	Subsidiary Company	Finance Act	Service Tax & Penalty	0.7	-	2007-08	CESTAT New Delhi

ALKEM LABORATORIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

PARTICULARS	Note No.	As at 31 March 2015 Rs. in Millions	As at 31 March 2014 Rs. in Millions
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	239.1	119.6
Reserves and Surplus	2.2	29,751.4	26,431.4
		29,990.5	26,551.0
Deferred Government Grant		35.8	-
Minority Interest	2.43	856.5	-
Non Current Liabilities			
Long Term Borrowings	2.3	334.3	2,322.5
Deferred Tax Liabilities (Net)	2.4	963.5	609.1
Long Term Provisions	2.5	665.8	277.8
Other Long Term Liabilities	2.6	51.4	77.9
		2,015.0	3,287.3
Current Liabilities			
Short Term Borrowings	2.7	11,285.7	8,452.2
Trade Payables	2.8	4,619.2	3,057.3
Other Current Liabilities	2.9	3,310.7	1,879.1
Short Term Provisions	2.10	844.2	250.1
		20,059.8	13,638.7
TOTAL		52,957.6	43,477.0
ASSETS			
Non Current Assets			
Fixed Assets	2.11		
Tangible Assets		9,726.5	8,771.9
Intangible Assets		595.9	323.9
Capital Work in Progress		1,106.9	706.8
Goodwill on Consolidation	2.42	3,421.0	1,904.3
Non Current Investments	2.12	4,197.3	3,382.3
Deferred Tax Assets (Net)	2.14	44.8	51.1
Long Term Loans and Advances	2.15	5,421.7	4,384.8
Other Non Current Assets	2.16	5,063.0	7,827.0
		29,577.1	27,352.1
Current Assets			
Current Investments	2.13	610.5	2,497.3
Inventories	2.17	7,842.3	6,203.3
Trade Receivables	2.18	5,270.8	3,734.6
Cash and Bank Balances	2.19	7,907.6	2,062.9
Short Term Loans and Advances	2.20	1,296.3	1,299.2
Other Current Assets	2.21	453.0	327.6
		23,380.5	16,124.9
TOTAL		52,957.6	43,477.0
Significant Accounting Policies	1		
Notes to The Consolidated Financial Statement	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date attached,
For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
Mumbai
Date : 29 June, 2015

Samprada Singh
Chairman Emeritus

B.N. Singh
Executive Chairman

D.K.Singh
Joint Managing Director

Sandeep Singh
Joint Managing Director

B.P. Singh
Director

M.K. Singh
Director

A.K.Purwar
Director

R.L.Shenoy
Director

Sudha Ravi
Director

Sangeeta Singh
Director

A.M. Prasad
Director

M.C.Shah
Director

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal &
Company Secretary

ALKEM LABORATORIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

PARTICULARS	Note No.	For the year ended 31 March 2015 Rs. in Millions	For the year ended 31 March 2014 Rs. in Millions
Income:			
Revenue from Operations (Gross)	2.22	38,598.6	32,359.7
Less: Excise Duty		1,165.1	1,052.2
Revenue from Operations (Net)		37,433.5	31,307.5
Other Income	2.23	1,810.4	1,690.2
Total Revenue		39,243.9	32,997.7
Expenses:			
Cost of Materials Consumed	2.24	8,620.3	7,589.4
Purchase of Stock-in-Trade		8,622.5	6,768.8
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.25	(336.8)	(607.3)
Employee Benefits Expense	2.26	6,458.7	5,201.5
Finance Costs	2.27	811.1	930.8
Depreciation and Amortization Expense	2.11	709.4	518.9
Other Expenses	2.28	9,850.5	8,110.6
Total Expenses		34,735.7	28,512.7
Profit Before Tax		4,508.2	4,485.0
Tax Expense:			
Current Tax		874.5	945.3
Minimum Alternate Tax (MAT) credit entitlement		(790.0)	(929.9)
MAT entitlement credit of earlier years written off		175.1	-
Tax for the earlier years		25.3	-
Deferred Tax charge		307.4	79.6
Total Tax Expense		592.3	95.0
Profit After Tax for the year		3,915.9	4,390.0
Earnings per equity share (in Rs.): - Face Value of Rs. 2 each (Refer Note 2.36)			
Basic		32.75	36.72
Diluted		32.75	36.72
Significant Accounting Policies	1		
Notes to The Consolidated Financial Statement	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date attached,
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For and on behalf of the Board of Directors of
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Prabhat Agrawal
Chief Executive Officer

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Chief Financial Officer

Manish Narang
Sr.VP - Legal &
Company Secretary

ALKEM LABORATORIES LIMITED	For the year ended	For the year ended
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015	31st March '2015	31st March' 2014
	(Rs. In Millions)	(Rs. In Millions)
A. <u>Cash Flow from Operating Activity:</u>		
Profit before Tax	4,508.2	4,485.0
<u>Adjustment for:</u>		
Depreciation and amortisation	709.4	518.9
Provision for Employee Benefit	249.5	10.0
Provision for anticipated sales return	457.5	
Provision for diminution in value of Investments	(16.4)	(0.7)
(Profit)/Loss on sale of Investments (net)	(156.1)	72.5
(Profit)/Loss on sale of Assets (net)	49.3	30.2
(Profit)/Loss on liquidation of subsidiary	-	3.7
Dividend Received	(3.1)	(5.6)
Income from investment in funds	(283.2)	(51.0)
Interest Received	(1,292.5)	(1,458.3)
ANDA and Product Development Charges and cost of exhibit batches expensed off.	-	140.6
Interest Expenses	769.7	903.5
Government Grant Received	35.8	0.0
Unrealised foreign currency gain/loss on revaluation (net)	41.1	111.4
Rent and compensation Received	(34.4)	(104.2)
Subtotal of Adjustments	526.6	171.0
Operating profit before working capital changes	5,034.9	4,656.0
Changes in working capital:		
Adjustments for (increase)/decrease in:		
Trade and other Receivables	(357.6)	(470.6)
Loans and Advances and Other Current Assets	(136.2)	280.7
Inventories	(909.4)	(674.9)
Trade Payable and Other Liabilities	679.3	219.8
Subtotal of Adjustments	(723.9)	(645.0)
Cash Generated from Operations	4,311.0	4,010.9
Less: Direct Taxes Paid (net of refund)	1,056.4	1,110.6
Net Cash generated in Operating Activities	3,254.6	2,900.4
B <u>Cash Flow from Investing Activities:</u>		
Purchases of Fixed Assets	(1,381.5)	(1,037.1)
Sale of Fixed Assets	28.0	32.5
Sale of Investments (Net)	1,028.3	24.9
Payment on acquisition of Subsidiaries (net of cash acquired)	(2,074.0)	(49.3)
(Investments)/Redemption in Real Estate Fund	227.4	(1,198.7)
(Investments)/Redemption of Bank Deposits having maturity of more than 3 months	(1,405.8)	3,565.3
Dividend Received	3.1	5.6
Interest Received	887.3	2,005.2
Rent Received	34.4	104.0
Income from investment in funds	283.2	51.0
Net Cash (used)/generated in investing Activities	(2,369.6)	3,503.4
C <u>Cash Flow from Financing Activities:</u>		
(Repayment) of Long Term Borrowings (Net)	(1,082.2)	(845.4)
Proceeds/(Repayment) Short Term Borrowings (Net)	1,953.6	(3,886.1)
Dividends and Corporate Dividend Tax paid	(566.7)	(318.6)
Increase/Decrease in Capital Lease	(29.3)	(35.2)
Interest and Bank charges Paid	(793.2)	(914.2)
Net Cash (used) in Financing Activities	(517.8)	(5,999.5)
D <u>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</u>	367.2	404.3
E <u>Cash and Cash Equivalents as at beginning of the year</u>	1,008.2	573.1
Add/(Less:) Exchange difference on Cash and Cash equivalent	20.6	30.8
F <u>Cash and Cash Equivalents as at end of the year (D+E)</u>	1,396.0	1,008.2
Notes:		
1. Cash and Cash Equivalents include:		
Cash on hand	9.5	6.0
Cheques on Hand	58.6	58.6
Balance with Banks	1,327.9	943.6
Total Cash and Cash Equivalents	1,396.0	1,008.2
Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statement.		

As per our report of even date attached,
For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
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Date : **29 June, 2015**

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Sr.VP - Legal &
Company Secretary

ALKEM LABORATORIES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NOTE - 1: SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of Financial Statements:

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ('the Act'), to the extent applicable read with General Circular 39/2014 dated 14 October 2014 issued by the Ministry of Corporate Affairs. The accounting policies adopted in preparation of the consolidated financial statement are consistent with those followed in the previous year unless otherwise stated. The Financial statement are prepared in Indian rupees rounded off to the nearest million.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of Alkem Laboratories Limited ("the Company"), namely March 31, 2015.

Operating Cycle:

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalence.

1.2 Principles of consolidation:

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries ("the Group") and have been combined in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and unrealised profits / losses in full.

The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

The excess/ deficit of cost to the Parent Company of its investment over its portion of equity in the subsidiaries at the respective dates on which investment in the subsidiaries was made is recognised in the Consolidated Financial Statements as "Goodwill on Consolidation" or "Capital Reserve" as the case may be. The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.

Minority interest in the net assets of the consolidated subsidiaries consist of:

- The amount of equity attributable to minorities as at the date on which the investment in a subsidiary is made and,
- The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence. The losses applicable to the minority in excess of the minority interest in the equity of the subsidiary and further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses. If the subsidiaries subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the Consolidated Balance Sheet. Minority interest in the income or loss of the company is separately presented.

Subsidiaries acquired/ sold during the period have been consolidated from/ up to the respective date of their acquisition/ disposal. The difference between the proceeds from sale/ disposal of investment in a subsidiary and the carrying amount of assets less liabilities as of the date of sale/ disposal is recognised in the Consolidated Statement of Profit and Loss as the profit or loss on sale/ disposal of investment in subsidiary.

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Country of Incorporation	% of Interest As at March 31,	
		2015	2014
Alkem Laboratories (Nigeria) Limited	Nigeria	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%
Alkem Laboratories Pty Ltd	South Africa	100%	100%
S & B Holdings B.V	Netherlands	100%	100%
Alkem Pharma GmbH	Germany	100%	100%
Pharmacor Ltd	Australia	100%	100%
The Pharmanetwork LLC*	United States Of America ("U.S.")	100%	100%
Ascend Laboratories SpA	Chile	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%
S & B Pharma Inc.***	United States of America	100%	100%
Enzene Biosciences Limited	India	100%	80%
Ascend Laboratories, LLC**	United States of America	100%	100%
Alkem Laboratories, Korea Inc	Korea	100%	100%
Pharmacor Ltd.	Kenya	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%
Alkem Real Estate LLP#	India	99%	-
Ascend Laboratories (UK) Limited (w.e.f August 6, 2014)	United Kingdom	100%	-
Cachet Pharmaceuticals Private Limited (w.e.f. March 27,2015)	India	51%	-
Indchemie Health Specialities Private Limited (w.e.f. March 30, 2015)	India	51%	-

Alkem Real Estate LLP is in the process of winding up.
*Ownership interest held through S & B Holding B.V., Netherland
** Ownership interest held through The Pharmanetwork LLC
*** During the year Company has acquired 51% share holding from S&B Holding B.V Netherland, consequently making it a wholly owned direct subsidiary.

1.3 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affects the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an on going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Tangible Fixed Assets

a) Tangible Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also 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.

1.5 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.

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset.

Goodwill arising from amalgamation or on the acquisition of a business is measured at cost less accumulated amortisation and any accumulated impairment loss. Such goodwill is amortised over its estimated useful life or five years whichever is shorter. Goodwill is tested for impairment annually.

1.6 Depreciation and Amortisation:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of an assets. Pursuant to Schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer. The carrying amount as on April 01, 2014 is depreciated over the revised remaining useful life. The subsidiaries in India use the rates as prescribed in the Schedule II to the Companies Act, 2013. Depreciation on amounts of additions to fixed assets during the year or on its disposal/ demolition/ destruction of fixed assets during the year is provided on pro-rata basis as per Schedule II. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognised in the Statement of Profit and Loss

In case of following assets, the assessed useful life is as under:-

Fixed asset	Company and Subsidiary in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia – Pharmacor Ltd	Subsidiary in Nigeria	Subsidiary in Philippines	Subsidiary in South Africa	Subsidiary in Chile	Subsidiary in Kazakhstan
Buildings	5-59 years	-	-	-	-	-	-	-
Leasehold land	Over the period of lease	-	-	-	-	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	7 years	5 years	10 years	3 Years	-	-	5 - 6 Years
Office equipment	3 - 6 years	5 years	2.5 years	10 years	3 Years	3 Years	3.5 - 4.83 years	4 Years
Vehicle	8 years	5 years	-	5 years	-	-	-	3 -6 Years
Leasehold improvements		7 - 39 years	5 years	-	3 Years	-	-	-
Trademark and patents	5 years	-	-	-	-	-	-	-
Computer Software	3 - 6 years	3 years	3 years	-	3 Years	-	-	2.5 Years
Intangible assets – Technology	-	10 years	-	-	-	-	-	-
Goodwill on asset acquisition	-	5 years	-	-	-	-	-	-

1.7 Operating Leases/ Finance lease

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 straight line basis over the primary period of lease in accordance with the respective lease agreements.

Lease under which the company assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalise at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. the finance charge is allocated to periods during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.8 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. Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments". Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets

1.9 Inventories:

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

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 (on Moving weighted average basis) or net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.10 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 Group and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. 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. Sales are also netted off for probable non-saleable return of goods from the customers, estimated on the basis of historical data and trends of such returns. Additionally in case of Subsidiaries in the U.S. customer rebates are estimated at the end of every reporting period, based on direct or indirect purchases. If the purchases are direct (purchases made by end use customers directly from the Company), the rebates are recognised when products are purchased and a periodic credit is given. For indirect purchases (purchases by end use customers through wholesale customers), the rebates are recognised based on the terms with such customer and validated against available chargeback data. Medicaid rebates are estimated based on the historical data the Company receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant.
- 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) 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.
- d) Revenue from service contracts are recognised on the percentage-of-completion method, measured by the proportion of costs incurred to date to estimated costs for each service contracts.
- The differences between the timings of billings and the recognition of revenue on uncompleted contracts are recognised as either unbilled accounts receivable or billings in excess of costs and earnings.
- The provisions for losses on incompleting contracts are made in the period in which the revisions are determined.
- 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.

1.11 Export Incentives:

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

1.12 Excise Duty and CENVAT:

In accordance with the method of accounting regularly employed by the group, 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.

1.13 Research and Development:

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

1.14 Foreign Exchange Transactions/Translation:

- a) Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the Consolidated Statement of Profit and Loss.
- 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 consolidated statement of Profit and Loss.
- 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. If such items do not relate to acquisition of depreciable fixed assets.
- 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 recognised in the consolidated statement of Profit and Loss. Any profit/loss arising on cancellation of forward exchange contract is recognised 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 Foreign Currency Loss/Gain on transaction/translation is recognised in consolidated statement of Profit and Loss.

f) Foreign Subsidiaries: In case of foreign subsidiaries, the local accounts are maintained in their local currency.

A) The financial statements of the subsidiaries, whose operations are integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

- i) All income and expenses are translated at the average rate of exchange prevailing during the year.
- ii) Monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.
- iii) Non monetary assets and liabilities are translated at historical rates.
- iv) The resulting exchange difference is accounted in 'Exchange Rate Difference on Translation Account' and is charged / credited to the Consolidated Statement of Profit and Loss.

B) The financial statements of subsidiaries, whose operations are non-integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

- i) All income and expenses are translated at the average rate of exchange prevailing during the year.
- ii) Monetary and non monetary assets and liabilities are translated at the closing rate as on the Balance Sheet date.
- iii) The resulting exchange difference is accounted in 'Foreign Currency Translation Reserve' and carried in the Balance Sheet.

1.15 Employee Benefits:

a) Post Employment Benefits and Other Benefits:

i) Defined Contribution Plan:

The Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Consolidated Statement of Profit and Loss. The Group's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Group'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 consolidated statement of 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 are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

1.16 Taxes on Income:

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

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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 Group reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

1.17 Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Consolidated Statement of Profit and Loss of the period in which they are incurred.

1.18 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.19 Impairment of Assets:

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An asset is treated as impaired when the carrying cost of the asset or cash generating units 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.

1.20 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. Grants related to depreciable assets are treated as deferred income which is recognised in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. 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.

1.21 Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

1.22 Derivative Instruments

Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Consolidated Statement of Profit and Loss. Income, if any, arising out of marking of a class of derivative contracts to market price is not recognised in the Consolidated Statement of Profit and Loss.

ALKEM LABORATORIES LIMITED				
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT				
PARTICULARS	As at 31 March 2015		As at 31 March 2014	
	Rs. in Millions		Rs. in Millions	
2.1. : SHARE CAPITAL:				
<u>Authorised Share Capital:</u>				
250,000,000 equity shares of Rs.2/- each (Previous Year 15,000,000 equity shares of Rs.10/- each)	500.0		150.0	
	500.0		150.0	
<u>Issued, Subscribed and Paid up:</u>				
119,565,000 equity shares of Rs.2/- each fully paid up (Previous Year 11,956,500 equity shares of Rs.10 each fully paid up)	239.1		119.6	
TOTAL	239.1		119.6	
(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:				
Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Rs. in Millions	Number	Rs. in Millions
At the commencement of the year	11,956,500	119.6	11,956,500	119.6
Add: Increase in the number of shares after sub division in face value from Rs. 10 to Rs 2 (Refer Note 2.1(d))	47,826,000	-	-	-
Add: Bonus Shares issued during the year (Refer Note 2.1(e))	59,782,500	119.5	-	-
Less: Shares bought back during the year	-	-	-	-
At the end of the year	119,565,000	239.1	11,956,500	119.6
(b) Rights, preferences and restrictions attached to Equity Shares:				
The Company has issued one class of equity shares with voting rights having a par value of Rs. 2/- per share.				
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 31 March 2015		As at 31 March 2014	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of Rs.2 Each (Previous Year Rs.10 Each) held by:				
Mr. Basudeo Narain Singh	9,528,600	7.97%	952,860	7.97%
Mrs. Jayanti Sinha	8,573,000	7.17%	857,300	7.17%
Mr. Naval Kishor Singh	6,702,360	5.61%	576,976	4.83%
Mr. Balmiki Prasad Singh	6,215,760	5.20%	621,576	5.20%
(d) Change in face value of equity shares during the year:				
Pursuant to the approval of the members at the Extra ordinary General Meeting of the Company held on 16 March 2015 to the sub-division of the Equity Shares of the Company, each Equity Share of face value of 10 each was sub-divided to 5 (five) Equity Share of 2 each. The effective date for the said sub-division was 16 March 2015.				
(e) Aggregate Number of Bonus Shares Issued during the year and four preceding years:				
59,782,500 (Previous Year: Nil) Equity Shares of Rs.2 Each fully paid up have been allotted as Bonus Shares during the year by capitalization of General Reserves.				

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at 31 March 2015 Rs. in Millions	As at 31 March 2014 Rs. in Millions
2.2. : RESERVES AND SURPLUS:		
Capital Reserve:		
Investment Subsidies from State Governments At the commencement and at end of the year	5.2	5.2
General Reserve:		
At the commencement of the year	19,500.0	17,000.0
Less: Bonus Shares Issued during the year (Refer Note No. 2.1 (e))	119.5	-
Add: Transferred from Surplus in the Statement of Profit and Loss	-	2,500.0
At the end of the year	19,380.5	19,500.0
Foreign Currency Translation Reserve		
At the commencement of the year	68.1	57.9
Add: Exchange Rate Difference on Translation (Net)	90.1	10.1
At the end of the year	158.2	68.0
Surplus in the Statement of Profit and Loss:		
At the commencement of the year	6,858.4	5,247.9
Add: Profit after tax for the year	3,915.9	4,390.0
	10,774.3	9,637.9
Less: Appropriations:		
Transfer to General Reserve	-	2,500.0
Interim Dividend on Equity Shares ((amount per share Rs 40 (previous year Rs 20))	478.3	239.1
Dividend Distribution Tax	88.5	40.6
Balance carried forward	10,207.5	6,858.2
TOTAL	29,751.4	26,431.4
2.3.: LONG TERM BORROWINGS:		
Secured:		
Foreign Currency Term Loans from Bank	281.3	539.2
SBIRI - Government of India	2.1	2.5
Term Loan from Bank	43.6	1,780.8
Hire Purchase Loan	2.8	-
Insurance Loan	4.5	-
TOTAL	334.3	2,322.5
Notes:		
The Company:		
Foreign Currency Term Loan from Bank is a loan of US \$ 9 Million (Rs.562.50 Millions) (Previous Year \$ 17 Million (Rs. 1,018.6 Millions)) which carries an interest @ LIBOR plus margin (150 basis points). The Company has entered into a Interest rate swap derivative of fixed rate of @ 3.57% p.a. The balance loan is repayable on two annual Instalment due on 28 October 2015 and 28 October 2016. Amount falling due for payment on 28 October 2015 is disclosed under other current liabilities amounting to Rs.281.3 Millions (Previous year Rs. 479.3 Millions)		
The Foreign Currency Term Loan from bank is secured against existing and future movable and immovable fixed assets of the Company.		
The PharmaNetwork LLC, In April 2013, a credit line commenced with Citibank. The Term loan calls for interest only payments which accrue at a 1.85% interest rate per annum. The loan is due in one principal payment due in March 2016.		
Enzene Biosciences Limited Secured Loan consists of loan from Small Business Innovation research initiative "SBIRI" - Government of India, carries 0% Interest and is repayable in remaining 7 Instalments of Rs. 3,50,000/- each commencing from Nov - 2015 . The Loan is secured by Hypothecation of Machinery		
Cachet Pharmaceuticals Pvt. Ltd. Term Loan from The Saraswat Co-op Bank Ltd is secured against mortgage of company's Land & Building , Plant & Machinery situated at Plot No- 1582 to 1586 Baddi, Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi . Raiasthan.The Loan is further Guaranteed by the Directors of the company.		
2.4. : DEFERRED TAX LIABILITIES (NET):		
Tax effect of items constituting Deferred Tax Liabilities		
On differences between book and tax depreciation	1,255.5	780.8
Tax effect of items constituting Deferred Tax Assets		
Provision for employee benefits	239.0	154.2
Others (includes provision for doubtful debts and advances, deferred government grant etc.)	53.0	17.5
TOTAL	963.5	609.1
2.5. : LONG TERM PROVISIONS		
Provisions for Employee Benefits		
Gratuity (Refer Note 2.31)	329.2	178.1
Compensated absences	168.6	99.7
Provision for anticipated sales returns (Refer Note.2.37)	168.0	-
TOTAL	665.8	277.8

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at 31 March 2015 Rs. in Millions	As at 31 March 2014 Rs. in Millions
2.6. : OTHER LONG TERM LIABILITIES		
Capital Lease Payable	51.4	77.9
	51.4	77.9
2.7. : SHORT TERM BORROWINGS		
<u>Secured</u>		
Loans repayable on demand from Banks	9,089.1	6,286.2
	9,089.1	6,286.2
<u>Unsecured</u>		
Working Capital Loan from Banks	2,193.0	1,508.1
Other Loans & Advances	3.6	-
Loans from Others*	-	657.9
*Includes loan from related parties Rs. Nil (Previous year Rs.647.1 Millions) - (Refer Note 2.38)	2,196.6	2,166.0
TOTAL	11,285.7	8,452.2
Notes:		
The Company		
Secured:		
1. Cash Credit from bank for Rs.620.9 Millions (Previous Year Rs. 917.4 Millions) and Packing Credit Foreign Currency Loan for Rs.312.5 Millions (Previous Year Rs. Nil) are secured by hypothecation of inventories and trade receivable.		
2. Overdrafts from Banks Rs.7,336.4 Millions (Previous Year Rs.5,368.8 Millions) are secured against pledge of Fixed Deposits with the banks.		
3. Cash Credit and Overdraft Facilities carry rate of Interest ranging between 9.60% to 10.75% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.		
Unsecured:		
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.1,093.6 Millions (Previous Year Rs. 1,408.0 Millions).		
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. Loans from Related Parties Rs.Nil (Previous Year: Rs.657.9 Millions) carries interest @ 9% p.a.		
Cachet Pharmaceuticals Pvt. Ltd		
The Cash credit is hypothecated against company's entire stocks, book debts and receivables. The Packing Credit (post shipment) is against the export orders backed by letter of credit. In totality amounting to Rs.151.1 Millions .		
Indchemie Health Specialities Pvt. Ltd.		
Overdraft from banks are secured against fixed deposits placed with respective banks. Working Capital Loan from Bank comprises of Cash Credit provided by Saraswat bank and secured against hypothecation of stock, tangible movable property, book debts, receivable & claims and mortgage of property situated at 659/B, Somnath Indl.Area, Kevdi Road, Dabhel Village, Daman UT and the same is further secured by personal guarantee of directors of the company, however there is no working capital loan outstanding.Vehicle finance is secured against hypothecation of Company's respective vehicles. Bill discounting is secured against trade receivable. In totality amounting to Rs.668.2 Millions .		
2.8. : TRADE PAYABLES:		
Dues to Micro and Small Enterprises (Refer Note 2.30)	467.2	468.8
Others	4,152.0	2,588.5
TOTAL	4,619.2	3,057.3
Due to related parties Rs.53.8 Millions (Previous Year Rs.301.9 Millions) (Refer Note 2.38)		

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at 31 March 2015 Rs. in Millions	As at 31 March 2014 Rs. in Millions
2.9. : OTHER CURRENT LIABILITIES:		
Current maturities of long term borrowings in foreign currencies (Refer Note 2.3)	1,439.2	479.7
Interest Accrued but not due on Borrowings	3.3	5.2
Due to Statutory Authorities*	217.8	180.8
Advances from Customers	82.8	55.1
Employee payables	136.0	238.8
Accrual for Expense	1,299.6	812.2
Security Deposits	118.8	92.4
Billing in Excess of Cost and Earning	13.2	14.9
TOTAL	3,310.7	1,879.1
(*Due to statutory authorities includes Sales Tax payable,Excise Duty payable, Tax Deducted at Source payable,Service Tax payable.)		
2.10. : SHORT TERM PROVISIONS:		
For Income Tax (Net of Advance Tax)	94.4	1.4
For Wealth Tax	0.8	0.8
For Proposed Dividend on Equity Shares	5.0	-
For Corporate Dividend Distribution Tax	1.0	-
Provision for Employee Benefits:		
Gratuity (Refer Note 2.31)	344.8	232.1
Compensated absences	61.8	15.7
Other Benefits	0.2	0.1
Provision for anticipated sales returns (Refer Note.2.37)	336.2	-
TOTAL	844.2	250.1

ALKEM LABORATORIES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

2.11. - FIXED ASSETS

P A R T I C U L A R S	GROSS BLOCK										DEPRECIATION AND AMORTISATION					NET	
	As at 1st April 2014	Addition on acquisition of subsidiary Company	Additions	Adjustment	Deletions	Foreign Currency Translation Difference	As at 31 March 2015	Up to 31 March 2014	Addition on acquisition of subsidiary Company	For the Year	Adjustment	Deductions	Foreign Currency Translation Difference	Up to 31 March 2015	As at 31 March 2015	As at 31 March 2014	
TANGIBLE ASSETS																	
Freehold Land	348.7 (322.3)	17.4	194.0 (26.4)	629.7	-	-	1,189.8 (348.7)	-	-	-	-	-	-	-	1,189.8 (348.7)	348.7 (322.3)	
Leasehold Land	181.4 (172.7)	43.0	1.2	-	-	2.1	227.7 (181.4)	6.2 (3.8)	1.8	2.4	-	(0.1)	(1.1)	10.3 (6.2)	217.4 (175.2)	175.2 (168.9)	
Buildings	3,287.1 (2,873.9)	443.6	30.5 (407.1)	(629.7)	7.1 (3.3)	7.6 (9.4)	3,132.0 (3,287.1)	489.7 (386.5)	121.5	58.0 (77.9)	(55.2)	2.1	0.4 (6.2)	592.3 (469.7)	2,539.7 (2,817.4)	2,817.4 (2,487.4)	
Plant and Machinery	6,329.6 (5,563.6)	798.9	320.1 (830.5)	-	81.4 (75.8)	5.8 (11.3)	7,373.0 (6,329.6)	1,349.9 (1,079.3)	338.8	460.8 (295.9)	-	33.4 (25.8)	1.3 (0.5)	2,118.4 (1,349.9)	5,254.6 (4,979.7)	4,979.7 (4,484.3)	
Furniture and Fixtures	327.3 (302.9)	52.6	12.3 (28.0)	-	0.7 (0.7)	0.6 (2.9)	392.1 (327.3)	132.4 (111.5)	31.3	42.4 (21.0)	-	0.2 (0.2)	0.2 (0.1)	206.1 (132.4)	186.0 (194.9)	194.9 (191.4)	
Vehicles	193.6 (179.7)	66.0	62.9 (30.3)	-	32.9 (4.6)	11.8	289.6 (193.6)	70.7 (62.0)	23.3	27.6 (20.2)	-	10.8 (2.4)	9.1	110.8 (70.7)	178.8 (117.7)	122.9 (117.7)	
Office Equipments	260.6 (208.3)	51.7	62.0 (42.6)	-	5.6 (2.1)	0.9 (11.8)	369.6 (260.6)	127.5 (92.9)	42.7	41.9 (24.9)	-	3.4 (1.0)	0.7 (10.7)	209.4 (127.5)	160.2 (133.1)	133.1 (115.4)	
	10,928.3 (9,623.4)	1,473.2	683.0 (1,364.9)	-	127.7 (86.5)	17.0 (26.5)	12,973.8 (10,928.3)	2,156.4 (1,736.0)	560.4	633.1 (441.2)	(55.2)	49.9 (30.3)	2.5 (9.5)	3,247.3 (2,156.4)	9,726.5 (8,771.9)	8,771.9 (7,887.4)	
INTANGIBLE ASSETS																	
Computer Software	288.4 (270.5)	15.0	43.8 (17.0)	-	-	0.9 (0.9)	348.1 (288.4)	240.1 (223.3)	3.5	24.9 (16.3)	-	-	0.4 (0.5)	268.9 (240.1)	79.2 (48.3)	48.3 (47.2)	
Trade Mark & Patents	0.8 (0.8)	-	306.3	-	-	-	307.1 (0.8)	0.8 (0.8)	-	40.2	-	-	-	41.0 (0.8)	266.1	-	
Goodwill	181.6 (141.3)	-	25.3 (26.6)	-	-	9.0 (13.7)	215.9 (181.6)	53.0 (14.0)	-	48.5 (43.7)	-	(0.9)	-	101.5 (53.0)	114.4 (128.6)	128.6 (127.3)	
Technology	174.9 (160.7)	-	-	-	-	8.1 (14.2)	183.0 (174.9)	27.9 (11.4)	-	17.9 (17.7)	-	-	1.0 (1.2)	46.8 (27.9)	136.2 (147.0)	147.0 (149.3)	
	645.7 (573.3)	15.0	375.4 (43.6)	-	-	18.0 (28.8)	1,054.1 (645.7)	321.8 (249.5)	3.5	131.5 (77.7)	-	(0.9)	1.4 (4.5)	456.2 (321.8)	595.9 (323.9)	323.9 (323.8)	
Capital Work in Progress																	
Intangible Assets under Development																	
T O T A L	11,574.0 (10,196.7)	1,488.2	1,058.4 (1,408.5)	-	127.7 (86.5)	35.0 (55.3)	14,027.9 (11,574.0)	2,478.2 (1,985.5)	563.9	764.6 (518.9)	(55.2)	49.9 (31.2)	3.9 (5.0)	3,705.5 (2,478.2)	11,429.3 (9,802.6)	9,802.6 (9,106.0)	

Notes :

1. Addition to fixed assets include items of fixed assets aggregating Rs. 68.8 Millions (Previous Year Rs. 1,78.5 Millions) located at Research and Development Centres of the Company.
2. Addition to fixed assets includes exchange loss on foreign currency loan capitalised Rs. 23.3 Millions (Previous Year Rs. 207.1 Millions).
3. Pursuant to the requirement of Companies Act, 2013 the company has determined the remaining useful life of building, plant and machinery based on the report of other fixed assets, the company has adhered to the useful lives as recommended in schedule II to the Act. Consequently the changes in the useful lives of the assets its depreciation during the year is higher by Rs.126.7 Millions. The Assets without any remaining useful life at the beginning of the year have been charged to the Statement of Profit & Loss aggregating to Rs.4.3 Millions. Cost of Land forming part of building has been identified and accordingly reclassified and depreciation charged on the land has been reversed amounting to Rs.55.2 Millions.

ALKEM LABORATORIES LIMITED						
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. In Millions	Rs. In Millions	Rs. in Millions	Rs. in Millions
2.12: NON CURRENT INVESTMENTS:						
[At Cost / Carrying Amount unless otherwise stated]						
1) In Equity Shares of Other Companies:						
a) Unquoted (Trade):						
Bharuch Eco-Aqua Infrastructure Limited	510000 (510000)	INR 10	5.1		5.1	
Shivalik Solid Waste Management Limited	36000 (18000)	INR 10	0.4		0.2	
b) Unquoted (Non Trade):						
Propstack Services Private Limited (Rs.20,000 Previous Year Nil)	2000 (Nil)	INR 10			-	
The Saraswat Co-operative Bank Limited	107000 (2000)	INR 10	1.1		0.2	
				6.6		5.5
2) Investment In Fund						
a) Unquoted(Non Trade) :						
Asia Healthcare Fund Investment Trust (Units of Rs.100 each, Paid up value per unit of Rs.70 each, Previous year Rs.48 each)	183566 (200000)	100	12.8		9.6	
Tata Capital Healthcare Fund (Units of Re.1 each, Paid up value per unit of Rs.0.5 each, Previous year Rs.0.4 each)	100000000 (100000000)	1	49.3		44.6	
Avenue Venture Real Estate Fund (Units of Rs.100,000 each, fully paid-up)	22214 (24487)	100000	2,221.4		2,448.7	
India Business Excellence Fund (Units of Rs.1,000,000 each, Paid up value per unit of Rs.975,000 each, Previous year Rs.975,000 each)	20 (25)	1000000	22.1		22.5	
India Business Excellence Fund-II (Units of Rs.1,000 each, Paid up value per unit of Rs.400 each, Previous year Rs.200 each)	100000 (100000)	1000	40.0		20.0	
Yournest Angel Fund-Scheme 1 (Units of Rs.10,000 each, Paid up value per unit of Rs.7,573 each, Previous year Rs.6,473 each)	2000 (1000)	10000	15.1		6.5	
Indusage Technology Venture Fund I (Units of Rs.1,000 each, Paid up value per unit of Rs.250 each, Previous year Rs.250 each)	20000 (20000)	10000	5.0		5.0	
Motilal Oswal Most Focused Multicap 35 Fund - Regular - Growth	2039517.70 (Nil)	INR 10	25.0	2,390.7	-	2,556.9
3) Debentures :						
Non Convertible Non Trade						
Unquoted						
12.50% Cholamandalam Investment & Finance Limited	40 (40)	5 Lakh	20.0		20.0	
10.17% HDB financial Service Limited (Refer Note 4)	200 (200)	10 Lakhs	202.5		202.4	
Quoted						
8% Indian Railway Finance Corporation Limited (Refer Note 4)	108754 (108754)	1,000.00	108.6		108.6	
12.00% ECL Finance Limited	10000 (Nil)	1,000.00	10.0		-	
12.25% Religare Finvest Limited	Nil (50000)	1,000.00	-		50.0	
8.63% NHB Limited (Refer Note 4)	7220 (7220)	0.05	36.1		36.1	
9.01% NHB Limited (Refer Note 4)	4000 (4000)	0.05	20.2		20.2	
				397.4		437.3
4) Bonds : Non Trade						
Quoted						
11% Bank of India (Refer Note 4)	250 (Nil)	1000000	250.0		-	
11% Bank of India (Refer Note 4)	20 (Nil)	1000000	20.0		-	
10.25% Tata Capital Limited.	40 (40)	5 Lakh	22.2		22.2	
11.50% Tata Steel Limited	100 (100)	10 Lakh	105.5		105.5	
11.25% Tata Motors Finance Limited	100 (100)	5 Lakh	50.0		50.0	
11.03% Tata Motors Finance Limited	100 (100)	10 Lakh	100.0		100.0	
11.80 % Tata Steel Limited	50 (50)	10 Lakhs	54.3		54.3	
11.40% Tata Power Limited	50 (50)	10 Lakh	50.6		50.6	
9.55% Kotak Mahindra Prime (Refer Note 4)	750 (Nil)	10 Lakhs	750.0		-	382.6
Total				4,197.3		3,382.3
Notes:			As at 31 March 2015		As at 31 March 2014	
1) Aggregate value of Unquoted Investments:			Cost	Market Value	Cost	Market Value
2) Aggregate value of Quoted Investments:			2,619.7	N.A.	2,784.7	N.A.
3) All Investments in Shares and Securities are fully paid up except for investment in fund (Refer note 2.12(2))			1,577.6	1,641.2	597.6	597.6
Note:-						
4) Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to Rs.1,387.5 Millions (Previous Year Nil) are in the process of pledge against issuance of Stand by letter of credit 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.						

ALKEM LABORATORIES LIMITED						
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31st March 2015		As at 31st March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
2.13. : CURRENT INVESTMENTS:						
a) (Non Trade):						
1) Mutual Funds: (Quoted):						
Benchmark Liquid Bees	0.7840	1,000.00				
Rs.784.10 (Previous YearRs. 743.01)	(0.7430)					
Benchmark Mutual Fund (Nifty Bees)	Nil (209)	1,000.00	-		0.1	
IDFC Money Manager Fund-DIR-DLY	13950.8150 (46413.7640)	10.00	0.1		0.5	
				0.1		0.6
2) Debentures :						
Current Portion of Non Current Investments						
Non Convertible						
Quoted						
11.10% Shriram Transport Finance Company Limited	Nil (5000)	1,000.00	-		5.0	
12.15% Religare Finvest Limited	Nil (50000)	1,000.00	-		50.0	
12.25% Religare Finvest Limited	50000 Nil	1,000.00	50.0		-	
Unquoted						
13.09% Manapuram Finance Limited	Nil (50)	873.50 Lakhs	-		43.7	
3) Commercial Papers: (Unquoted)						
9.50% Barclays Investments Limited			502.5		-	
				552.5		98.7
4) Bonds : (Quoted)						
Current Portion of Non Current Investments						
9.8% LIC Housing Finance Limited (Refer Note No 3)	Nil (1300)	10 Lakh	-		1,300.0	
9.68% HDFC Limited. (Refer Note No 3)	Nil (200)	10 Lakh	-		201.4	
9.70% HDFC Limited. (Refer Note No 3)	Nil (650)	10 Lakh	-		652.8	
				-		2,154.2
5) Equity Shares: (Quoted)						
Adani Ports & Special Economic Zone Limited	6297 (6297)	10	0.9		0.9	
ACC Limited	Nil (549)	10	-		0.8	
Asian Paints Limited	882 (7358)	1	0.5		3.6	
Bajaj Auto Limited	Nil (101)	10	-		0.2	
Bajaj Electricals Limited	Nil (2507)	2	-		0.4	
Bajaj Corp Limited	Nil (2538)	1	-		0.6	
Bajaj Finance Limited	391 (5107)	10	0.9		5.4	
Bajaj Holding and Investment Limited	Nil (426)	10	-		0.3	
Bata India Limited	Nil (298)	10	-		0.3	
Bank of Baroda Limited	Nil (804)	10	-		0.6	
Bharat Forge Limited	526 (Nil)	2	0.7		-	
Bhushan Steel Limited.	2000 (Nil)	2	0.6		-	
Bosch Limited	117 (1496)	10	1.9		12.1	
Cairn India Limited	1000 (8902)	10	0.3		2.9	
Castrol India Limited	Nil (5040)	10	-		0.2	
Coal India Limited	Nil (24723)	10	-		6.3	
Colgate-Palmolive (India) Limited	228 (Nil)	1	0.4		-	
Container Corporation of India Limited	341 (1855)	10	0.5		1.3	
Credit Analysis & Research Limited (Care)	Nil (12000)	10	-		9.0	
Cipla Limited	Nil (1387)	2	-		0.5	
City Union Bank Limited	6953 (83433)	1	0.5		4.6	

ALKEM LABORATORIES LIMITED						
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
<i>Equity Shares : Contd...</i>						
Century Textiles & Industries Limited	Nil (1445)	10	-		0.5	
Chambal Fertilisers & Chemical Limited.	3000 Nil	10	0.2		-	
Cox & Kings India Limited	Nil (5535)	5	-		0.8	
Crompton Greaves Limited	Nil (5792)	2	-		0.8	
Cummins India Limited	942 (10367)	2	0.7		4.9	
DCB Bank Limited	5969 (23000)	10	0.5		1.2	
D Q Entertainment Limited	12958 (12958)	10	0.9		0.9	
Deccan Chronical Holdings Limited	256 (256)	2	0.0		0.0	
Divis Laboratories Limited	Nil (2691)	2	-		3.2	
Eid Parry (India) Limited	Nil (2875)	1	-		0.8	
Eicher Motors Limited	322 (3709)	10	3.2		8.8	
Elgi Equipment Limited	Nil (4575)	1	-		0.4	
Elecon Engineering Co. Limited.	5000 (Nil)	2	0.3		-	
Engineers India Limited	900 (10230)	5	0.2		2.3	
Emami Limited	648 (7305)	1	0.4		2.9	
Essar Oil Limited.	3000 Nil	10	0.3		-	
Exide Industries Limited	Nil (6526)	1	-		0.8	
Future Retail Limited.	2560	2	0.3		-	
Future Lifestyle Fashion Limited	Nil (3048)	2	-		0.3	
Financial Technologies	5000 Nil	2	1.0		-	
Gitanjali Gems	5000 Nil	10	0.4		-	
Gateway Distriparks Limited	3587 (3587)	10	0.5		0.5	
Glaxosmithkline Consumer Healthcare Limited	104 (1683)	10	0.5		5.4	
Godrej Industries Limited	Nil (11287)	1	-		3.1	
Great Eastern shipping Company Limited	Nil (600)	10	-		0.2	
Grasim Industries Limited	Nil (261)	10	-		0.8	
HDFC Bank Limited	1101 (11905)	10	0.9		6.0	
HDFC Limited	745 (8086)	10	0.7		4.7	
Hero Motocorp Limited	197 (1812)	2	0.5		3.7	
Heidelberg Cement Limited	Nil (40000)	10	-		1.8	
Hindustan Unilever Limited	Nil (943)	1	-		0.5	
Hindustan Petroleum Corp. Limited	2218 (1378)	10	1.2		0.4	
Hindustan Construction Co.	8000 Nil	1	0.3		-	
Hindustan Copper Limited.	1000 Nil	5	0.1		-	
ICICI Bank Limited	1000 (891)	2	0.3		0.9	

ALKEM LABORATORIES LIMITED						
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT						
	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
<i>Equity Shares : Contd...</i>						
IFCI Limited.	1000	10	0.4	-	-	-
IL & FS Transportation Networks Limited	Nil (20000)	10	-	-	5.2	-
Indian Oil Corporation Limited	Nil (3436)	10	-	-	0.7	-
Infosys Technologies Limited	Nil (2269)	5	-	-	5.4	-
Indiabulls Infrastructure and Power Limited	Nil (9988)	10	-	-	0.0	-
ING Vyasya Bank Limited	667 (7855)	10	0.4	-	3.6	-
IRB Infrastructure Developers Limited	7904 (7904)	10	1.2	-	1.2	-
ISMT Limited	Nil (16795)	5	-	-	0.5	-
ITC Limited	500 (3179)	1	0.2	-	0.9	-
IPCA Lab Limited	971 (10881)	2	0.7	-	6.8	-
Jammu and Kashmir Bank Limited	4478 (4911)	10	0.7	-	5.4	-
Jubilant Foods Works Limited	Nil (380)	10	-	-	0.4	-
Karnataka Bank	5000 Nil	10	0.7	-	-	-
La Opala RG Limited	Nil (5510)	10	-	-	2.2	-
L&T Finance Holdings Limited.	25000 Nil	10	1.8	-	-	-
Larsen & Toubro Limited	1879 (5254)	2	1.6	-	4.5	-
Lupin Limited	Nil (192)	10	-	-	0.2	-
Mahindra & Mahindra Financial Service	500 Nil	2	0.2	-	-	-
MOIL Limited.	800 Nil	10	0.3	-	-	-
Marico Limited	Nil (1651)	1	-	-	0.3	-
Max India Limited	1285 (Nil)	2	0.5	-	-	-
MPS Limited	Nil (9540)	10	-	-	2.2	-
McLeod Russel India Limited	Nil (14233)	5	-	-	4.1	-
Nava Bharat Ventures Limited	3966 (3966)	2	0.8	-	0.8	-
Nestle India Limited	Nil (1437)	10	-	-	5.2	-
NTPC Limited	Nil (13600)	10	-	-	2.0	-
NMDC Limited	Nil (13293)	1	-	-	1.7	-
Orient Cement Limited	Nil (10882)	1	-	-	0.4	-
Oil India Limited	Nil (1453)	10	-	-	0.8	-
On Mobile Global Limited	Nil (42400)	10	-	-	1.8	-
Oil & Natural Gas Corporation	2500 Nil	5	1.0	-	-	-
Orissa Mineral Development Corporation Limited	Nil (450)	10	-	-	2.3	-
Pantaloon Fashion & Retail Limited	Nil (660)	10	-	-	0.1	-
Pantaloon Retail India Limited (Future Retail Limited)	Nil (2970)	2	-	-	0.3	-
Pantaloon Retail India Limited Class B (Future Retail Limited)	Nil (5845)	2	-	-	0.4	-
Page Industries Limited	182 (2831)	10	1.4	-	9.9	-
Pidilite Industries Limited	Nil (18754)	10	-	-	4.2	-
Punjab National Bank	Nil (1226)	10	-	-	0.8	-

ALKEM LABORATORIES LIMITED
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT

	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
<i>Equity Shares : Contd...</i>						
Petronet LNG Limited	Nil (3833)	10	-		0.6	
Punj Lloyd Limited.	10000 Nil	2	0.6		-	
Punjab & Sind Bank Limited	981 (6759)	10	0.1		0.7	
Reliance Communications Limited.	5000 Nil	5	0.4		-	
Reliance Infrastructure Limited.	450 Nil	10	0.2		-	
Sanghavi Movers Limited	4122 (4122)	2	0.4		0.4	
Shasun Pharmaceuticals	1000 Nil	2	0.4		-	
SKS Microfinance Limited.	750 Nil	10	0.4		-	
State Bank of India Limited	2980 (3126)	10	0.8		6.9	
State Bank of India	6000 Nil	1	1.1		-	
Shanti Gears Limited	Nil (10000)	1	-		0.7	
State Bank of Travancore Limited	Nil (2025)	10	-		0.6	
State Bank of Mysore Limited	Nil (927)	10	-		0.5	
Speciality Restaurant Limited	736 (11395)	10	0.1		2.1	
Sesa Sterlite Limited	Nil (3454)	1	-		0.7	
Sun TV Network Limited	Nil (1497)	5	-		0.6	
Sun Pharmaceutical Limited	1662 (Nil)	2	1.4		-	
Tata Consultancy Services Limited	299 (270)	1	0.7		0.6	
Tech Mahindra Limited	1572 (3216)	10	0.9		5.1	
Tata Global Beverages Limited	Nil (3499)	1	-		0.5	
Tata Coffee	5000 Nil	1	0.5		-	
Tata Consultancy Services Limited.	100 Nil	1	0.3		-	
Tara Jewels Limited	28535 (93227)	10	6.6		21.4	
Torrent Power Limited	2490 (2490)	10	0.5		0.5	
Tulip Telecom Limited	Nil (2878)	10	-		0.4	
TV 18 Broadcast	10000	2	0.3		-	
United Spirits Limited	188 (152)	10	0.5		0.4	
UCO Bank	500 Nil	10	0.1		-	
Union Bank of India Limited	Nil (5703)	10	-		0.7	
VA Tech Wabag Limited	9274 (4637)	2	2.3		2.3	
Voltas Limited	4167 (37520)	1	0.9		3.9	
3D System Corp Deaware (U.S. Security)	Nil (1332)	US \$ 0.001	-		2.7	
Amberella	Nil (300)	US \$0.00045	-		0.6	
Berkshire Hathway	105 (45)	US \$ 0.0033	0.9		0.3	
Cliffs Natural Resources	Nil (841)		-		0.8	
Dassault Systemes SA	Nil (189)	EUR 1.00	-		1.1	
Proto Labs Inc	Nil (343)	US \$ 0.001	-		0.7	
Stratasy Inc (U.S. Security)	Nil (364)	US \$ 0.01	-		1.7	
					52.9	238.2

ALKEM LABORATORIES LIMITED
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT

	Number	Face Value	As at 31 March 2015		As at 31 March 2014	
			Rs. in Millions	Rs. in Millions	Rs. in Millions	Rs. in Millions
b) Unquoted (Non Trade):						
1) In Equity Funds:						
HDFC CMF Treasury Advantage Retail -WD	256042.19	10.00	2.6		0.1	
	(11593.72)					
Cap Veda Absolute Return Fund	Nil	10.00	-		11.1	
	100000			2.6		11.2
2) In Debenture						
Propstack Services Private Limited	Nil	1 Lakh	-		4.5	
	(45)					4.5
3) Equity Shares:						
G R Infraprojects Limited	6626	2	1.3		1.3	
	(6626)					
One 97 Communication Limited	Nil	10	-		1.5	
	(5871)					
Intarvo Technologies Limited	4299	10	0.9		0.9	
	(4299)					
GMR Energy Limited	16531	10	0.2		0.2	
	(16531)					
Marico Kaya Enterprises Limited	Nil	10	-		0.1	
	(33)					
				2.4		4.0
4) Preference Shares:						
Intarvo Technologies Limited -CCPS	1616	10	0.1		0.1	
	(1616)					
Regen Powertech Private-CCPS	4328		3.1		3.1	
	(4328)					
GMR Energy Limited-CCPS	1799	10	1.8		1.8	
	(1799)					
0.1% Cumulative Non Convertible Preference Shares	500000	10.00	5.0		5.0	
	(500000)					
Saraswat Bank-NCPS				10.0		10.0
				620.5		2,521.4
Less: Provision for diminution in the value of Investments				10.0		24.1
Total				610.5		2,497.3
Notes:						
1) Aggregate value of Quoted investments			Cost	Market Value	Cost	Market Value
Aggregate value of Unquoted investments			102.9	102.2	2,448.0	2,534.5
2) All Investments in Shares & Securities are fully paid up.			517.6	N.A.	73.4	N.A.
3) Current Year Nil (Previous Year: Bonds 9.80 % LIC Housing Finance Limited, 9.68% HDFC Limited and Bond with 9.70% HDFC Limited aggregating to Rs. 2,154.3 Millions was pledged against issuance of Standby letter of credit 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) Aggregate carrying amount of "Long term Investment" within the meaning of AS 13				As at 31 March 2015 50.0		As at 31 March 2014 2,252.9

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.14 : DEFERRED TAX ASSETS (NET):		
Other Timing Differences (Carried forward business losses)	44.8	51.1
	44.8	51.1
2.15 : LONG TERM LOANS AND ADVANCES:		
(Unsecured, Considered Good)		
Capital Advances	152.7	66.0
Security Deposits	91.1	66.6
MAT Credit Entitlement	4,499.6	3,891.3
Loans and Advances to Employees	22.9	-
Advance recoverable in cash or in kind	108.9	100.1
Advance payment of Income Tax (Net of Provisions)	546.5	260.8
TOTAL	5,421.7	4,384.8
2.16 : OTHER NON CURRENT ASSETS		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months (Refer Note 2.19)	4,515.9	7,680.7
Accrued Interest on Deposits, but not due	547.1	146.3
	5,063.0	7,827.0
Notes:		
1. Bank Deposits of Rs.3,807.3 Millions (Previous Year Rs.6,980.5 Millions) is under lien with the Banks against Over Draft Facility.		
2.17 : INVENTORIES:		
(Valued at Lower of Cost or Net realisable value)		
Raw and Packing Materials	2,347.2	1,435.4
Goods-in-Transit	1.7	0.7
	2,348.9	1,436.1
Work-in-Progress	361.1	387.4
Finished Goods	2,393.6	2,357.9
Goods-in-Transit	276.8	185.8
	2,670.4	2,543.7
Stock-in-Trade	2,116.3	1,720.0
Goods-in-Transit	345.6	116.1
	2,461.9	1,836.1
TOTAL	7,842.3	6,203.3
2.18 : TRADE RECEIVABLES:		
(Unsecured:)		
Outstanding for a period exceeding six months:		
Considered Good	407.0	1,603.4
Considered Doubtful	97.4	138.5
Less: Provision for doubtful trade receivables	(97.4)	(138.5)
	407.0	1,603.4
Other Trade Receivables:		
Considered Good	4,863.8	2,131.2
Considered Doubtful	2.1	31.5
Less: Provision for doubtful trade receivables	(2.1)	(31.5)
	4,863.8	2,131.2
TOTAL	5,270.8	3,734.6
Note :		
Above Trade Receivables include amount due from related parties Rs.Nil (Previous Year Rs. 111.7 Millions) - (Refer Note 2.38)		

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	As at	As at
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.19. : CASH AND BANK BALANCES:		
Cash & Cash Equivalents:		
Cash on hand	9.5	6.0
Cheques and Drafts on hand	58.6	58.6
Balance with Banks:		
In Current Accounts	1,327.9	940.3
In Exchange Earners' Foreign Currency Account	-	3.3
Other Bank Balances:		
In Deposit Accounts:		
Bank Deposits with maturity within 12 months	6,511.6	1,054.7
TOTAL	7,907.6	2,062.9
Notes:		
1. Bank Deposits of Rs.5,023.7 Millions (Previous Year Rs.744.7 Millions) is under lien with the Banks against Over Draft Facility.		
Details of Bank Balances/Deposits		
Bank Deposits with maturity within 12 months	6,511.6	1,054.7
Bank Deposits with maturity beyond 12 months (Refer Note No.2.16)	4,515.9	7,680.7
	11,027.5	8,735.4
2.20. : SHORT TERM LOANS AND ADVANCES:		
(Unsecured, Considered Good, unless Otherwise stated)		
Balances with Government Authorities	731.7	623.5
Advance to Suppliers:		
Considered Good	326.3	372.2
Considered Doubtful	38.8	10.3
	365.1	382.5
Less: Provision for Doubtful Advances	(38.8)	(10.3)
	326.3	372.2
Prepaid Expenses	147.8	159.3
Security Deposits	2.9	4.2
Loans and Advances to Others	3.4	23.4
Loans and Advances to Employees	84.2	116.6
TOTAL	1,296.3	1,299.2
2.21. : OTHER CURRENT ASSETS:		
Interest Accrued on Bank Deposits	153.3	125.2
Export Incentives Receivable	116.0	110.1
Other Receivables*	183.7	92.3
TOTAL	453.0	327.6
*Includes insurance claim receivable Rs 81.7 Millions (Previous year Rs 3.9 Millions)		

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	For the year ended	For the year ended
	31 March 2015	31 March 2014
	Rs. in Millions	Rs. in Millions
2.22. : REVENUE FROM OPERATIONS:		
Sale of products (gross)	37,781.0	31,431.2
Other Operating Revenue:		
Manufacturing Charges	23.1	41.1
Technology Income	-	272.8
Export Incentives and Excise Refunds	555.1	422.6
Scrap Sales	23.8	24.3
Foreign Currency Transactions and Translation gain (Net)	22.2	45.1
Excise Duty (Net)	-	67.8
Government subsidy income (Refer Note 1.20)	36.6	-
Royalty Income	41.5	-
Miscellaneous Receipts	115.3	54.8
	817.6	928.5
TOTAL	38,598.6	32,359.7
2.23. : OTHER INCOME:		
Interest on Bank Deposits	915.0	1,070.1
Other Interest	378.1	415.4
Dividend Income	3.1	5.6
Income from real estate investment in funds	283.2	51.0
Compensation Received for pretermination lease	-	72.7
Provision no longer required written back	17.8	28.5
Rental Income	34.2	31.3
Net Profit on sale of investments	156.1	8.2
Miscellaneous Income	22.9	7.4
TOTAL	1,810.4	1,690.2
2.24. : COST OF MATERIAL CONSUMED		
Raw Material Consumed	6,245.5	5,487.7
Packing Material Consumed	2,374.8	2,101.7
	8,620.3	7,589.4
2.25. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:		
Opening Stock:		
Finished Goods	2,543.7	2,094.9
Stock-in-Trade	1,836.1	1,725.9
Work-in-Progress	387.4	264.4
	4,767.2	4,085.2
Less: Closing stock:		
Finished Goods	2,325.0	2,543.7
Stock-in-Trade	2,455.6	1,836.1
Work-in-Progress	324.2	387.4
	5,104.8	4,767.2
Effect of Foreign Exchange Translation Reserve	0.8	74.7
TOTAL	(336.8)	(607.3)
2.26. : EMPLOYEE BENEFITS EXPENSE:		
Salaries, wages and bonus	5,755.8	4,695.7
Contribution to provident and other fund (Refer Note 2.31)	442.3	266.1
Employees' Welfare Expenses	260.6	239.7
TOTAL	6,458.7	5,201.5
2.27. : FINANCE COST:		
Interest on Borrowings	784.6	890.4
Other borrowing cost	26.5	40.4
TOTAL	811.1	930.8

ALKEM LABORATORIES LIMITED		
NOTE - 2: CONSOLIDATED NOTES TO THE FINANCIAL STATEMENT		
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
	Rs. in Millions	Rs. in Millions
2.28. : OTHER EXPENSES:		
Consumption of stores and spare parts	419.0	367.3
Power and Fuel	533.1	603.2
Excise Duty (Net)	2.9	-
Processing Charges	123.9	110.0
Rent	178.0	171.4
Rates and Taxes	31.4	36.7
Insurance	112.4	104.8
Marketing and Promotions	2,395.4	2,092.8
Selling and Distribution Expenses	1,190.5	1,001.8
Legal and professional Fees (Refer Note 2.40(b))	662.0	440.2
Sales-Tax , Octroi Duty, Custom Duty etc.	138.3	133.2
Commission and cash discount	551.6	387.6
Travelling and Conveyance	1,257.2	924.2
Repairs:		
- Buildings	23.9	25.7
- Plant and Machineries	102.7	90.8
- Others	79.2	71.1
Loss on sale of Fixed Assets (net)	49.3	111.0
Loss on closure of Subsidiaries	-	3.7
Donation	2.8	8.5
Communication and Printing Expenses	143.5	136.7
Vehicle Expenses	69.8	62.0
Clinical and Analytical Charges	257.7	198.0
Sundry balance written off	97.9	10.8
Corporate Social Responsibility (CSR) expenditure (Refer Note 2.44)	12.0	-
Miscellaneous expenses (Refer Note 2.40)	1,027.1	487.8
Foreign Currency Loss/Gain on transaction	94.3	243.3
Royalty Expenses	294.6	288.0
TOTAL	9,850.5	8,110.6

ALKEM LABORATORIES LIMITED
2.29 Contingent Liabilities and Commitments
a) Contingent Liabilities not Provided For
(Rs. In Millions)

Sr.No.	Particulars	As at	
		31 March 2015	31 March 2014
1	Letter of Credit opened by the Banks	225.8	183.6
2	Outstanding Bank Guarantees	52.8	47.7
3	Central Excise demand disputed in appeal {advances paid in dispute Rs.30.8 Millions (Previous Year Rs. 35.5 Millions)}	56.8	64.0
4	Sales Tax demand disputed in appeal {advances paid in dispute Rs.3.5 Millions (Previous Year Rs.8.7 Millions)}	122.5	34.6
5	Service Tax demand disputed in appeal	37.5	-
6	Income Tax	426.0	426.0
7	Claims against the Company not acknowledged as debt a. In relation to purchase commitments- Rs 968 millions* (Previous year Nil) b. Supply of Goods: Rs. 717.4 Millions** (Previous year 714.3 Millions) c. in relation to property- Rs 13.8 Millions (Previous year Nil)	1,699.2	714.3
8	Pending Export Obligation under advance licence/ EPCG Scheme	10.0	3.7
	Total	2,630.6	1,473.8

Management considers the service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies has been made.

* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

** Claim from customer in relation to product quality issues and packing norms in recipient country.

In view of the company no provision for these claims are required

b) Commitments
(Rs. In Millions)

Sr.No.	Particulars	As at	
		31 March 2015	31 March 2014
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid Rs. 58.8 Millions (Previous Year Rs.7.9 Millions)}	142.4	120.0
2	Uncalled/ Unpaid contribution towards investment in funds (Refer Note.2.11(4))	136.6	165.0
3	Other Commitments: Commitment towards research and development - USD 3 Millions	187.5	179.7
4	Other Commitments - Non Cancellable Operating Lease (Refer Note. 2.33)		

2.30 Dues to Micro, Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in following disclosure.

(Rs. In Millions)

Sr.No.	Particulars	31 March 2015	31 March 2014
1	Principal amount remaining unpaid to any supplier as at the year end	467.2	468.8
2	Interest due thereon	1.0	-
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.0	-
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

2.31 Disclosure of Employee Benefits as per Accounting Standard 15 is as under:
The Company
i) Defined contribution plans:

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

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

The Company has recognised the following amounts in the Statement of Profit and Loss

(Rs. In Millions)

Particulars	31 March 2015	31 March 2014
- Contribution to Provident Fund	117.2	110.6
- Contribution to Superannuation fund	2.8	2.7
Total	120.0	113.3

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 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, 2015 by an independent 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, 2015 (Rs. In Millions)

Sr. No.	Particulars	Gratuity 31 March 2015	Gratuity 31 March 2014
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	94.0	54.5
	Interest Cost	42.9	28.4
	Actuarial (gain) / losses	76.3	(17.5)
	Benefits paid	(35.9)	(22.2)
	PVO at the beginning of the year	409.4	366.1
	PVO at end of the year	586.7	409.4
II)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of period	586.7	409.4
	Fair Value of planned assets at end of year	-	-
	Funded status	(586.7)	(409.4)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(586.7)	(409.4)
III)	Net cost for the year ended March 31 ,2015 :		
	Current Service cost	94.0	54.5
	Interest cost	42.9	28.4
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	76.3	(17.5)
	Net cost	213.2	65.4
IV)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	8.00	10.95
	Salary escalation rate (%)	6.25	5.00

The amounts of the present value of the obligation, fair value of plan assets, and experience adjustment arising on plan liabilities and plan assets are as below :

Particulars	(Rs. in Millions)				
	As at/for the year ended 31 March 2015	As at/for the year ended 31 March 2014	As at/for the year ended 31 March 2013	As at/for the year ended 31 March 2012	As at/for the year ended 31 March 2011
Defined Benefit Obligation at end of the period	586.7	409.4	366.1	348.6	270.3
Plan Assets at end of the Period	-	-	-	-	-
Funded Assets	-	-	-	-	-
Experience Gain/Loss Adjustment on plan Liabilities	(16.4)	(48.9)	12.5	82.8	(71.2)
Experience Gain/Loss Adjustment on plan assets	-	-	-	-	-
Actuarial Gain/(Loss) due to change on assumption	92.7	31.3	(60.5)	(75.8)	65.2

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED ("Subsidiary)

 (i) Defined contribution plans:

The Company makes contributions towards provident 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 to the government.

The Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
- Contribution to Provident Fund	25.2	N.A.

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(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, 2015 by the actuary.

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, 2015.

		(Rs. in Millions)
Sr. No.	Particulars	Gratuity 31 March 2015
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :	
	Current Service Cost	7.4
	Interest Cost	2.6
	Actuarial (gain) / losses	(7.7)
	Benefits paid	(1.9)
	PVO at the beginning of the year	33.5
	PVO at end of the year	41.0
II)	Reconciliation of PVO and fair value of plan assets:	
	PVO at end of period	41.0
	Fair Value of planned assets at end of year	-
	Funded status	-
	Unrecognised actuarial gain/ (loss)	-
	Net asset/ (liability) recognised in the balance sheet	(41.0)
III)	Net cost for the year ended Mar 31 st , 2014 :	
	Current Service cost	7.4
	Interest cost	2.6
	Expected return on plan assets	-
	Actuarial (gain) / losses	7.7
	Net cost	9.3
IV)	Assumption used in accounting for the gratuity plan:	
	Discount rate (%)	8.00
	Salary escalation rate (%)	7.00

CACHET PHARMACEUTICALS PRIVATE LIMITED ("Subsidiary)
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 to the Government.

The Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
- Contribution to Provident Fund	20.5	N.A.

(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, 2015 by the Actuary.

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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, 2015

		(Rs. in Millions)
Sr. No.	Particulars	Gratuity 31 March 2015
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :	
	Current Service Cost	5.60
	Interest Cost	3.78
	Actuarial (gain) / losses	3.63
	Benefits paid	(4.97)
	PVO at the beginning of the year	34.69
	PVO at end of the year	42.73
II)	Reconciliation of PVO and fair value of plan assets:	-
	PVO at end of period	42.73
	Fair Value of planned assets at end of year	-
	Funded status	(42.73)
	Unrecognised actuarial gain/ (loss)	-
	Net asset/ (liability) recognised in the balance sheet	(42.73)
III)	Net cost for the year ended March 31st ,2015 :	-
	Current Service cost	5.51
	Interest cost	3.78
	Expected return on plan assets	-
	Actuarial (gain) / losses	3.63
	Net cost	12.92
IV)	Assumption used in accounting for the gratuity plan:	
	Discount rate (%)	7.96
	Salary escalation rate (%)	5

ENZENE BIOSCIENCES LIMITED (Subsidiary)
(i) Defined contribution plans:

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

The Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
- Contribution to Provident Fund	0.6	0.4

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 the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of the 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, 2015 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.

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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, 2015.

Sr. No.	Particulars	(Rs. in Millions)	
		Gratuity	Gratuity
		31 March 2015	31 March 2014
I)	Reconciliation in present value of obligations		
	Obligations at period beginning – Current	0.0	0.1
	Obligations at period beginning - Non-current	0.7	0.5
	Current Service Cost	0.4	0.2
	Interest Cost	0.1	0.1
	Benefits paid	(0.1)	-
	Actuarial (gain) / losses	0.2	(0.1)
	PVO at end of the year	1.4	0.8
	Current Liability (within 12 months)	0.1	0.0
	Non Current Liability	1.3	0.7
II)	Reconciliation of PVO and fair value of plan assets:	-	-
	PVO at end of period	1.4	0.8
	Fair Value of planned assets at end of year	-	-
	Funded status	(1.4)	(0.8)
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	(1.4)	(0.8)
III)	Net cost for the year ended Mar 31.03.2015:	-	-
	Current Service cost	0.4	0.2
	Interest cost	0.1	0.1
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	0.2	(0.1)
	Net cost	0.6	0.2
IV)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	8.00	8.25
	Salary escalation rate (%)	7.00	6.00

The PharmaNetwork LLC, (Subsidiary)

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the board of directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. Discretionary contributions are fully vested after six years of employment. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Chase Manhattan Bank, N.A. and the Equitable Life Assurance.

Company matching contributions to the Plan totaled \$79,066 (INR 4.83 Millions) and \$72,842 (INR 4.38 Millions) for the years ended March 31, 2015 and 2014, respectively. No discretionary contributions were made in either year.

S&B Pharma Inc. (Subsidiary)

The Company sponsors a 401(k) profit sharing plan that covers eligible employees. The profit sharing portion of the plan provides for contributions to eligible employees based on 6% of total compensation. For the years ended March 31, 2015 and 2014, the Company's contributions to the plan were \$305,528 (INR.18.66 Million) and \$314,170 (INR.19.02 Millions) respectively.

The 401(k) portion of the plan provides for voluntary salary deferrals for eligible employees. Matching Company contributions are at the discretion of management; none were made for the years ended March 31, 2015 and 2014.

Subsidiary in Nigeria

Alkem Laboratories (Nigeria) Limited, the Group's subsidiary in Nigeria, operates a contributory Pension Scheme, which employees join upon employment. Employees and employer contribution are 8% and 10% of defined total package respectively, in accordance with the requirements of the Pension Reform Act, 2012. Contributions are made to a Trust Fund that manages the scheme. The subsidiary's liability in respect of the Scheme is charged to the Consolidated Statement of Profit and Loss of the year in which the contribution becomes payable.

During the year, the subsidiary's accrued contribution to the plan was **Rs.0.54 Millions**, Rs. 0.2 Millions for the years ended March 31, 2015 and 2014.

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2.32 Details of unhedged foreign currency exposure and Derivative Contracts

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

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

Particulars	31 March 2015		31 March 2014	
	Rs. In Millions	Amount in foreign currency	Rs. In Millions	Amount in foreign currency
Export of goods				
EUR	28.4	422,910.7	115.0	1,391,172.9
GBP	17.0	183,810.2	5.5	54,911.1
USD	473.5	7,576,695.4	643.5	10,739,740.9

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

Particulars	31 March 2015		31 March 2014	
	Rs. In Millions	Amount in foreign currency	Rs. In Millions	Amount in foreign currency
Import of goods and services				
USD	186.8	2,989,218.1	192.8	3,218,149.2
EUR	70.8	1,053,039.1	2.2	27,085.0
GBP	0.4	3,803.3	0.7	7,236.0
SGD	-	-	0.6	12,554.0
Unsecured loans				
USD	1,093.8	17,500,000.0	1,408.2	23,503,519.5
Secured loans				
USD	875.0	14,000,000.0	1,023.5	17,082,132.5

2.33 a) The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
Rent expense	164.6	165.9
Total	164.6	165.9

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
Not later than one year	66.7	32.8
Later than one year but not later than five years	90.9	79.6
Later than five years	1.9	-
Total	159.5	112.4

b) Subsidiary companies in the U.S. have future obligations under finance lease for procurement of Plant & Equipments which are payable as follows:

Particulars	(Rs. in Millions)	
	31 March 2015	31 March 2014
Not later than one year	28.7	27.8
Later than one year but not later than five years	50.9	77.8
Later than five years	-	-
Total	79.6	105.6

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2.34 Segmental Reporting as required by Accounting Standard – 17 (AS-17)
Primary Segment

The Group is currently focussing on two business segments i.e., pharmaceutical and investing. The business of food division is insignificant and accordingly, has not been considered as a separate business segment. The research & development activity of the Group is part of the pharmaceutical business.

Particulars	PHARMA BUSINESS		INVESTING		UNALLOCABLE		TOTAL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
REVENUE								
Revenue (net)	37,433.5	31,307.6					37,433.5	31,307.6
Other income	49.2	126.2	1,761.2	1,564.0			1,810.4	1,690.2
Total Revenue	37,482.7	31,433.8	1,761.2	1,564.0	-	-	39,243.9	32,997.8
RESULT								
Segment Result	4,268.1	4,371.4	1,760.6	1,563.3			6,028.7	5,934.7
Less: Interest#	-	-	345.1	415.3	466.0	515.5	811.1	930.8
Less: Depreciation	709.4	468.8		50.1	-	-	709.4	518.9
Profit Before Tax	3,558.7	3,902.6	1,415.5	1,097.9	(466.0)	(515.5)	4,508.2	4,485.0
Less: Tax	-	-	-	-	-	-	284.9	15.4
Less: Deferred tax liability/ (asset)	-	-	-	-	-	-	307.4	79.6
Profit After Tax	3,558.7	3,902.6	1,415.5	1,097.9	(466.0)	(515.5)	3,915.8	4,390.0
OTHER INFORMATION								
Segmental assets	31,262.5	22,850.8	16,604.2	15,266.7	5,090.9	4,203.3	52,957.6	43,477.0
Segmental liabilities	21,902.4	15,158.2	-	-	1,064.7	611.3	22,967.1	16,926.1
Capital expenditure	2,946.6	1,408.5	-	-	-	-	2,946.6	1,408.5
Depreciation	709.3	468.8	-	50.1	-	-	709.4	518.9
Non cash expenditure other than depreciation	707.0	10.0	-	-	-	-	707.0	10.0

Interest is allocated to the segment on the basis of net asset utilised

Secondary Segment:

The Segment Revenue, considered for disclosure in the geographical segments, 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 Group's Total Assets and Total Capital Expenditure respectively and hence not disclosed separately.

Particulars	Revenue from Sale of Product		Other Operating Revenue		Revenue from Operations	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
India	27,129.7	23,098.2	734.2	556.8	27,863.9	23,655.0
Outside India	9,486.2	7,280.8	83.4	371.9	9,569.6	7,652.7
Total	36,615.9	30,379.0	817.6	928.7	37,433.5	31,307.7

ALKEM LABORATORIES LIMITED

2.35 The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is Rs.1,695.5 Millions (Previous Year Rs. 1,626.9 Millions).

2.36 Earnings per share (EPS)

Particulars			31 March 2015	31 March 2014
Profit /(loss) after tax attributable to equity shareholders	Rs.in Millions	A	3,915.9	4,390.0
Weighted average number of equity shares outstanding during the period	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (Rs) - Face value of Rs.2 per share	In Rs.	(A / B)	32.75	36.72

Since the split in face value of equity shares from Rs.10 each to Rs.2 each fully paid up and the issue of bonus shares in the ratio of 1 fully paid up equity shares of face value of Rs.2 each for each existing equity shares of face value of Rs.2 each is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2013-14, the earliest period reported.

2.37 Disclosure As per Accounting Standard (AS 29) for provisions is as under:

Particulars	31 March 2015	31 March 2014
Provision for anticipated sales return:	(Rs. in Millions)	
Carrying amount at the Beginning of the year	-	-
Add: Provision made during the year *	504.2	-
Less: Amount used/utilized during the year	-	-
Carrying amount at the end of the year	504.2	-

Until 31 March 2014, the company accounted for sales returns on actual returns. During the year ended 31 March 2015, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns as at 31 March 2015 by charging it to Statement of Profit and Loss.

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

A. List of related parties and their relationship
A Key Managerial Personnel

Mr. Samprada Singh	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Prabhat Narain Singh (up to 20 Feb, 2015)	Director
Mr. Nawal Kishore Singh (up to 2 Jan, 2015)	Director
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mrityunjay Kumar Singh (up to 31 July, 2014)	Director
Mr. Sandeep Singh	Joint Managing Director
Mr. Prabhat Agrawal (w.e.f 21st Oct, 2014)	Chief Executive Officer

B. Relatives of Key Management Personnel

Mr. Satish Kumar Singh	Son of Samprada Singh
Mrs. Jayanti Sinha	Sister of Samprada Singh
Mrs. Archana Singh	Daughter of Basudev Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sarvesh Singh	Brother of Sandeep Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premalata Singh,	Mother of Sandeep Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Ms. Inderjit Arora	Wife of Sandeep Singh
Rekha Singh	Wife of Basudev Narain Singh
Shalini Singh	Daughter of Naval Kishore Singh
Neha Singh	Daughter of Naval Kishore Singh
Khushboo Singh	Daughter of Naval Kishore Singh
Anju Singh	Wife of Naval Kishore Singh
Mr. Nawal Kishore Singh (w.e.f 3 Jan, 2015)	Son of Samprada Singh
Mr. Mrityunjay Kumar Singh (w.e.f 1 August, 2014)	Son of Basudev Narain Singh

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

M/s Galpha Laboratories Ltd., Travelon Services Pvt. Ltd./M/s. Cachet Pharmaceuticals Pvt. Ltd (up to 26 March, 2015) ,Indchemie Health Specialities Pvt. Ltd (up to 29 March, 2015), M/s.Samprada Singh (HUF)

Details of Transactions with Related Parties

(Rs. in Millions)

Sr. No.	Particulars	Key Management Personnel			Relatives of Key Management Personnel			Entities			Total
		a	b	c	d	e	f	g	h		
1	Remuneration	307.7	22.9	-	(356.5)	(9.0)	-	-	-	330.7	(365.5)
2	Loans Taken	319.2	-	-	(198.9)	(78.7)	(1.0)	-	-	319.2	(278.6)
3	Loans Repaid	679.9	283.8	2.6	(47.1)	(0.7)	-	-	-	966.2	(47.8)
4	Interest expense on loans taken	37.7	24.1	0.3	(27.0)	(23.0)	(0.2)	-	-	62.1	(50.3)
5	Purchase of Goods	-	-	2,003.1	-	-	(1,580.2)	-	-	2,003.1	(1,580.2)
6	Sale of Goods	-	-	59.4	-	-	(200.8)	-	-	59.4	(200.8)
7	Sale of Raw and Packing Materials	-	-	15.8	-	-	(23.1)	-	-	15.8	(23.1)
8	Purchase of Raw and Packing Materials	-	-	90.8	-	-	(41.2)	-	-	90.8	(41.2)
9	Services received	-	-	117.1	-	-	(207.3)	-	-	117.1	(207.3)
10	Services rendered	-	-	23.1	-	-	(22.8)	-	-	23.1	(22.8)
11	Rental Income	-	-	16.5	-	-	(12.4)	-	-	16.5	(12.4)
12	Rent Expenses	0.6	3.4	-	(0.5)	(3.0)	-	-	-	4.0	(3.5)
13	Final/Interim Dividend paid	147.1	185.1	0.6	(92.3)	(79.6)	(0.3)	-	-	332.7	(172.2)
14	Sale of Assets/Assets under construction	34.7	-	0.5	-	-	(0.3)	-	-	35.2	(0.3)
15	Purchase of Assets	-	-	-	-	-	(13.5)	-	-	-	(13.5)
16	Gas Sales	-	-	2.3	-	-	(2.8)	-	-	2.3	(2.8)
17	Loans Given (net)	3.0	-	-	-	-	-	-	-	3.0	-
18	Interest Income from	0.1	-	-	-	-	-	-	-	0.1	-
19	Scrap Sales	-	-	-	-	-	(0.4)	-	-	-	(0.4)
20	Reimbursement of expenses to	-	-	-	-	-	(4.9)	-	-	-	(4.9)

ALKEM LABORATORIES LIMITED

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

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

(Rs. in Millions)				
Sr. No.	Transactions	Related Party relation	2014-15	2013-14
1	Remuneration			
	Mr. Samprada Singh	Key Management Personnel	85.5	141.8
	Mr. Basudeo Narayan Singh	Key Management Personnel	86.4	141.9
	Mr. Naval Kishor Singh	Key Management Personnel	68.6	-
2	Loans Taken			
	Mr. Basudeo Narayan Singh	Key Management Personnel	122.5	78.7
	Mr. Dhananjay Kumar Singh	Key Management Personnel	35.3	20.0
	Mr. Samprada Singh	Key Management Personnel	55.0	64.0
	Mr. Balmiki Prasad Singh	Key Management Personnel	105.2	35.0
	Mr. Sarandhar Singh	Relatives of KMP	-	22.5
3	Loans Repaid			
	Mr. Basudeo Narayan Singh	Key Management Personnel	238.9	41.5
	Mr. Samprada Singh	Key Management Personnel	124.6	5.6
	Mr. Balmiki Prasad Singh	Key Management Personnel	200.1	-
	Mrs. Rekha Singh	Spouse of Director	126.6	-
4	Interest Expenses on Loans Taken			
	Mr. Balmiki Prasad Singh	Key Management Personnel	12.8	7.3
	Mr. Basudeo Narayan Singh	Key Management Personnel	13.6	9.7
	Mrs. Rekha Singh	Spouse of Director	8.7	8.4
	Mr. Samprada Singh	Key Management Personnel	-	3.7
	Mr. Dhananjay Kumar Singh	Key Management Personnel	-	5.6
	Mrs. Madhurima Singh	Spouse of Director	-	3.3
	Mrs. Manju Singh	Spouse of Director	-	2.5
	Mr. Sarandhar Singh	Son of Director	-	2.7
	Mr. Srinivas Singh	Son of Director	-	2.7
5	Purchase of Goods			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	722.0	613.3
	Indchemie Health Specialities Pvt. Ltd.	Entities	866.3	646.3
	Galpha Laboratories Limited	Entities	414.7	320.5
6	Sale of Goods			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	192.3
7	Sale of Raw and Packing Materials			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	3.4
	Indchemie Health Specialities Pvt. Ltd.	Entities	11.4	14.4
	Galpha Laboratories Limited	Entities	2.9	5.3
8	Purchase of raw and Packing Materials			
	Galpha Laboratories Limited	Entities	87.9	39.7
9	Services Received			
	Travelon Services Pvt. Ltd.	Entities	-	97.9
	Indchemie Health Specialities Pvt. Ltd.	Entities	79.8	79.4
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	20.9	-
	Galpha Laboratories Limited	Entities	16.4	-
10	Services Rendered			
	Galpha Laboratories Limited	Entities	22.8	22.6
11	Rental Income			
	Indchemie Health Specialities Pvt. Ltd.	Entities	10.2	7.6
	Galpha Laboratories Limited	Entities	3.3	3.3
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	3.0	1.5
12	Rent Expenses			
	Mr. Dhananjay Kumar Singh	Key Management Personnel	0.6	0.5
	Mrs. Divya Singh	Daughter of Director	1.1	1.0
	Mrs. Madhurima Singh	Spouse of Director	1.3	1.1
	Mr. Sarvesh Singh	Brother of Director	1.0	0.9
13	Sale of Assets/Assets under construction			
	Mr. Basudeo Narayan Singh	Key Management Personnel	34.7	-
	Indchemie Health Specialities Pvt. Ltd.	Entities	-	0.3
14	Purchase of Assets			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	13.5
15	Gas Sales			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	0.8	1.0
	Indchemie Health Specialities Pvt. Ltd.	Entities	0.9	1.1
	Galpha Laboratories Limited	Entities	0.6	0.7

ALKEM LABORATORIES LIMITED

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

16	Loans Given (net)			
	a) Loans Given			
	Mr. Prabhat Agrawal	Chief Executive Officer	3.7	-
	b) Loan Repayment			
	Mr. Prabhat Agrawal	Chief Executive Officer	0.7	-
17	Interest Income from			
	Mr. Prabhat Agrawal	Chief Executive Officer	0.1	
18	Scrap Sales			
	Galpha Laboratories Limited	Entities	-	0.4
	Indchemie Healthspecialities Limited	Entities	-	0.1
19	Reimbursement of expenses to			
	Cachet Pharmaceuticals Pvt. Ltd.	Entities	-	2.7
	Indchemie Health Specialities Pvt. Ltd.	Entities	-	2.2

Balance due from / to the related Parties

(Rs. in Millions)

Sr. No.	Particulars	2015			Total
		Key Management Personnel	Relatives of Key Management Personnel	Others	
1	Outstanding Payables	-	-	53.8	53.8
2	Loans Receivable	3.0	-	-	3.0

(Rs. in Millions)

Sr. No.	Particulars	2014			Total
		Key Management Personnel	Relatives of Key Management Personnel	Others	
1	Outstanding Receivables	-	-	111.7	111.7
2	Outstanding Payables	-	-	301.9	301.9
3	Loans Payable	360.8	283.8	2.6	647.1
4	Interest Payable on Loan	24.3	20.7	0.2	45.2

Note :

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2014. The Company will undertake a study for transactions up to 31 March 2015 and an independent opinion will be obtained for the same. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2014 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

ALKEM LABORATORIES LIMITED

2.39 Derivative Contracts

Company has entered into an interest rate swap contract to hedge the interest rate risk in foreign currency borrowing with a variable interest rates based on LIBOR. The company has fair valued the financial instruments and the mark to market losses on the instrument has been charged to Consolidated Statement of Profit & Loss during the year amount Rs.10.9 Millions (Previous Year Rs.Nil)

2.40 a) During the year, the Company has settled some pending legal matters in relation to product infringement claims on the company. As a part of settlement, the Company has paid **Rs.262.5 Millions** (P.Y Nil) which is shown under Miscellaneous expenses in Other Expenses under note 2.27.

b) During the year the Subsidiary in USA has initiated, with the help of external consultants and lawyers, to implement system related to Government reporting and arrived at additional amount payable to U.S Department of Health and Human Services. The total cost of **USD 51,02,206** equivalent to **Rs.311.6 Millions** considered as expenditure during the year of which **Rs.188.8 Millions** is under legal and professional charges and **Rs.122.8 Millions** is under Other expenses under Note 2.27.

2.41 a) During the year the company has acquired 51% equity stake in following companies in India:

i) Indchemie Health Specialities Pvt. Ltd ("IHSPL") at a total cost of Rs.1,640.7 Millions

ii) Cachet Pharmaceuticals Pvt. Ltd ("CPPL") at a total cost of Rs.638.9 Millions

persuant to the acquisition IHSPL & CCPL have become subsidiary of the Company.

b) During the year the company purchased additional 20% equity stake in its subsidiary M/s. Enzene Biosciences Limited ("EBL") at a total cost of Rs. 35.0 Millions. persuant to these acquisition EBL has become a wholly owned subsidiary of the company.

c) During the year company has set up a wholly owned subsidiary in United Kingdom viz, "Ascend Laboratories (UK) Limited" by way of a capital contribution of Rs.4.9 Millions.

d) During the year the company has acquired 51% equity stake in M/s. S&B Pharma Inc. from its wholly owned subsidiary viz M/s. S&B Holdings B.V. Netherlands. Pursuant to the acquisition M/s.S&B Pharma Inc. has now become a direct wholly owned subsidiary of the Company.

e) During the year the company has contributed Rs.0.1 Million in Alkem Real Estate LLP as capital contribution and the same has been withdrawn pursuant to the process of winding up of the Alkem Real Estate LLP.

2.42 Goodwill on Consolidation comprises of

(Rs. in Millions)

Name of the Entities	2014-15	2013-14
The Pharamanetwork LLC, United States of America	1,775.9	1,659.8
Pharmacor Ltd Australia	151.0	173.6
Enzene Biosciences Limited	106.0	70.9
Cachet Pharmaceuticals Pvt. Ltd	487.9	
Indchemie Health Specialities Pvt. Ltd	900.3	
Total	3,421.1	1,904.3

2.43 Minority interest represents the minority's share in equity of the subsidiaries as below:

(Rs. in Millions)

Name of the Entities	2014-15	2013-14
Cachet Pharmaceuticals Pvt. Ltd		
Share in Equity Capital	0.7	-
Share in Reserves and Surplus	144.4	-
Sub Total (A)	145.1	-
Indchemie Health Specialities Pvt. Ltd		
Share in Equity Capital	1.2	-
Share in Reserves and Surplus	710.2	-
Sub Total (B)	711.4	-
Grand Total (A) + (B)	856.5	-

ALKEM LABORATORIES LIMITED

2.44 The gross amount required to be spent on Corporate Social Responsibilities ("CSR") by the Company during the year is 94.6 Million. The company has spent Rs.12.0 million (Previous Year Nil) towards CSR as per the approved CSR policy of the Company on research projects related to promotion of positive health, development of women healthcare center and other hospitals.

2.45 Name of the enterprises	Net assets i.e. total assets minus all total liabilities		Share in profit or loss	
	As (%) of consolidated net assets	Amount (Rs. In Millions)	As (%) of consolidated profit or loss	Amount (Rs. In Millions)
Parent Company				
Alkem Laboratories Limited	100.52%	31,010.21	93.86%	3,677
Subsidiaries				
Indian				
Enzene Biosciences Limited	-0.18%	(56.2)	-0.47%	(18.3)
Cachet Pharmaceuticals Private Limited	1.03%	317.5	0.00%	-
Indchemie Health Specialities Private Limited	4.79%	1,477.2	0.00%	-
Foreign				
Alkem Laboratories (Nigeria) Limited	-0.34%	(105.2)	-1.04%	(40.6)
Alkem Laboratories Pty Ltd	-0.01%	(4.5)	-0.03%	(1.0)
Alkem Pharma GmbH	0.00%	(1.5)	-0.01%	(0.2)
Alkem Laboratories Corporation	-0.21%	(66.1)	-0.76%	(29.7)
S & B Holdings B.V	6.68%	2,061.2	-9.46%	(370.8)
Pharmacor Ltd	-0.23%	(69.8)	-0.91%	(35.8)
The Pharmanetwork LLC & Subsidiaries	8.66%	2,670.6	25.97%	1,017.5
Ascends Laboratories SDN BHD.	0.00%	0.0	0.00%	0.0
Ascend Laboratories SpA	0.00%	0.5	0.21%	8.2
Alkem Laboratories, Korea Inc	0.00%	0.1	0.00%	0.0
Pharmacor Ltd.	0.00%	0.1	0.00%	(0.0)
S&B Pharma Inc.	-0.03%	(9.3)	-0.25%	(9.8)
The PharmaNetwork, LLP	-0.10%	(30.2)	-0.64%	(25.1)
Ascend Laboratories (UK) Limited	0.00%	1.4	-0.09%	(3.4)
Total Eliminations	-23.35%	(7,203.9)	-6.39%	(250.3)
Minority Interest	2.78%	856.5	0.00%	-
Total	100.00%	30,848.6	100.00%	3,917.6

2.46 During the year, the Company observed some procedural non compliance related to earlier years under the Companies Act, 1956. After obtaining legal opinion the Company has initiated application to the Ministry of Corporate Affairs ('MCA') for Compounding. Pending order from MCA, the Company is of the view there will be no significant financial impact.

2.47 Previous year's financial statements were audited by a firm of Chartered Accountants other than B S R & Co. LLP. The figures for the previous year have been regrouped/ rearranged wherever necessary to conform to the current year's presentation.

ALKEM LABORATORIES LIMITED

As per our Report attached of even date,
For BSR & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

For and on behalf of the Board of
Alkem Laboratories Limited
CIN: U00305MH1973PLC174201

Sadashiv Shetty
Partner
Membership No. 048648
Mumbai
Date : **29 June, 2015**

Samprada Singh
Chairman Emeritus

B.N. Singh
Executive Chairman

D.K.Singh
Joint Managing Director

Sandeep Singh
Joint Managing Director

B.P. Singh
Director

M.K. Singh
Director

A.K.Purwar
Director

R.L.Shenoy
Director

Sudha Ravi
Director

Sangeeta Singh
Director

A.M. Prasad
Director

M.C.Shah
Director

Prabhat Agrawal
Chief Executive Officer

Rajesh Dubey
Chief Financial Officer

Manish Narang
Sr.VP - Legal &
Company Secretary

Statement containing salient features of the financial statement of subsidiaries

Sr. No	Name of Subsidiary	Reporting Currency	Share Capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Amount in Millions	
												Proposed Dividend	% of shareholding
1	PHARMACOR PTY LIMITED	AUS\$	88.1	(157.9)	391.2	461.0	-	514.8	(35.8)	-	(35.8)	-	100%
2	Cachet Pharmaceuticals Private Limited *	INR	1.5	316.0	1,404.1	1,086.7	0.1	2,871.4	23.5	6.9	16.6	-	51%
3	ASCEND LABORATORIES SpA	CLP	0.1	0.4	253.8	253.3	-	64.1	8.2	-	8.2	-	100%
4	Enzene Biosciences Ltd.	INR	11.2	(67.4)	225.8	273.4	-	-	(18.3)	-	(18.3)	-	100%
5	ALKEM PHARMA GMBH, GERMANY	EURO	1.7	(3.2)	0.2	1.8	-	-	(0.2)	-	(0.2)	-	100%
6	Indchemie Health Specialities Private Limited **	INR	2.5	1,474.7	2,804.5	1,327.4	11.6	2,894.1	172.3	36.6	135.7	5.0	51%
7	The PharmaNetwork, LLP	TENGE	0.1	(30.3)	95.4	125.7	-	129.6	(24.9)	-	(24.9)	-	100%
8	Alkem Laboratories Korea Inc	WON	0.1	0.0	0.1	-	-	-	0.0	-	0.0	-	100%
9	Ascends Laboratories SDN BHD	RM	0.0	0.0	0.0	-	-	-	(0.0)	-	(0.0)	-	100%
10	S & B Holdings B.V.	EURO	2,897.2	(836.0)	2,378.1	316.9	2,053.5	-	(63.3)	307.5	370.8	-	100%
11	Alkem Laboratories (INIG) Limited	NAIRA	9.4	(114.6)	61.7	166.9	-	51.5	(40.6)	-	(40.6)	-	100%
12	Pharmacor Limited	KES	0.1	(0.0)	0.1	-	-	-	(0.0)	-	(0.0)	-	100%
13	ALKEM LABORATORIES CORPORATION	PESO	9.6	(75.7)	204.0	207.5	-	-	(34.1)	-	(29.7)	-	100%
14	S & B Pharma Inc.	USD	0.0	(9.3)	933.6	943.0	-	732.0	3.1	(12.9)	(9.8)	-	100%
15	ALKEM LABORATORIES (Pty) LIMITED	RAND	0.9	(5.4)	7.8	12.4	-	105.3	(1.0)	-	(1.0)	-	100%
16	ThePharmaNetwork, LLC	USD	578.9	365.3	3,825.4	2,881.2	-	6,459.7	1,017.3	-	1,017.3	-	100%
17	ASCEND LABORATORIES (UK) LIMITED ***	GBP	4.9	(3.4)	4.0	2.6	-	-	(3.4)	-	(3.4)	-	100%

**acquired 51% stake on March 27, 2015.

*** incorporated during the year.

For and on behalf of the Board of Directors of
Alkem Laboratories Limited

CIN: U00305MH1973PLC174201

Sd/-
Samprade Singh
Chairman Emeritus

Sd/-
B.N. Singh
Executive Chairman

Sd/-
D.K.Singh
Joint Managing Director

Sd/-
Sandeep Singh
Joint Managing Director

Sd/-
B.P. Singh
Director

M.K. Singh
Director

Sd/-
M.C.Shah
Director

Sd/-
Prabhat Agrawal
Chief Executive Officer

Sd/-
Rajesh Dubey
Chief Financial Officer

Sd/-
Manish Narang
Sr.VP - Legal &
Company Secretary

Sd/-
P.V.Damodaran
VP-Business Finance

Date: 29 June, 2015
Mumbai

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Registered Office:

Alkem Laboratories Ltd.

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