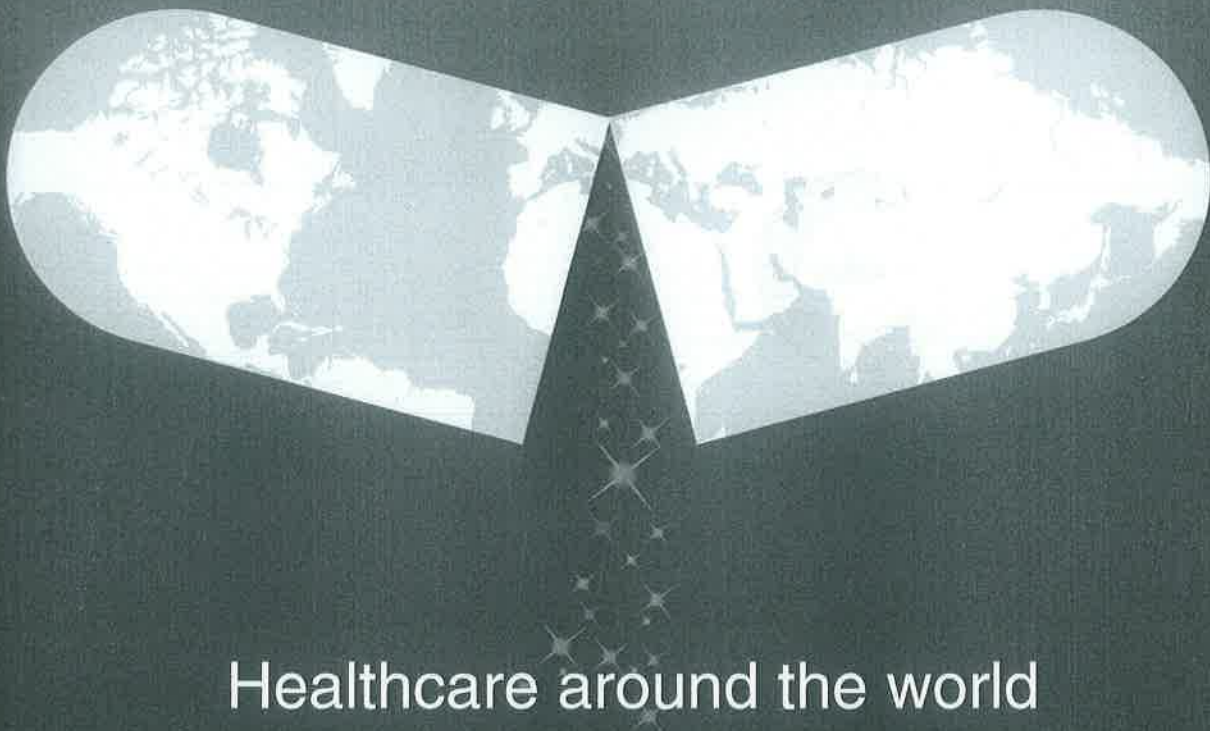


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Healthcare around the world

ALKEM LABORATORIES LTD. | ANNUAL REPORT 2010-11





ALKEM LABORATORIES LIMITED

Monthly Contribution > Online Challan Status



SHRI. SAMPRADA SINGH



SHRI. BASUDEO NARAIN SINGH

VISION

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

Through

Quality that is infinite

Service that cares

Hardwork that endures





ALKEM

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ALKEM LABORATORIES LTD

Board of Directors

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

Bankers

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

Auditors

R S Sanghai & Associates

Registered Office

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

Factories

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

R & D Centres

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



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 37th Annual Report along with the audited accounts for the year ended 31st March, 2011.

Monthly Contribution > Online Challan Status

FINANCIAL RESULTS:

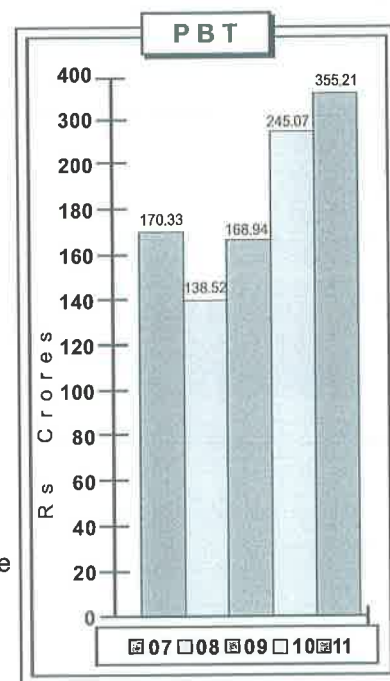
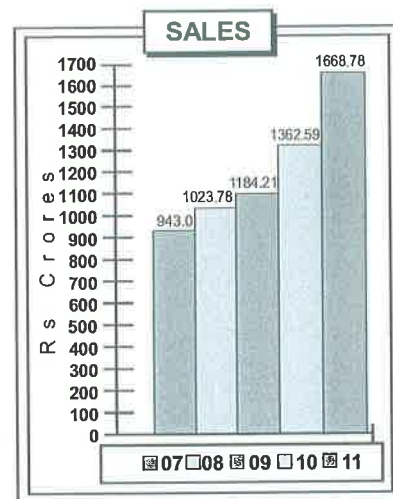
	(Rs. in Lakhs)	
	2010-11	2009-10
Sales (Gross)	1,66,877.87	1,36,259.92
Profit before tax	35,520.96	24,507.07
Less: Provision for Income Tax	7,100.00	4,600.00
Add: Less: Provision for Deferred Taxation	69.24	(177.00)
Add: MAT Credit Entitlement	(4,657.67)	(3,421.11)
Profit after tax	33,009.39	23,505.18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

DIVIDEND :

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

OPERATIONS :

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





ALKEM

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DIRECTORS' REPORT**PERSONNEL :**

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

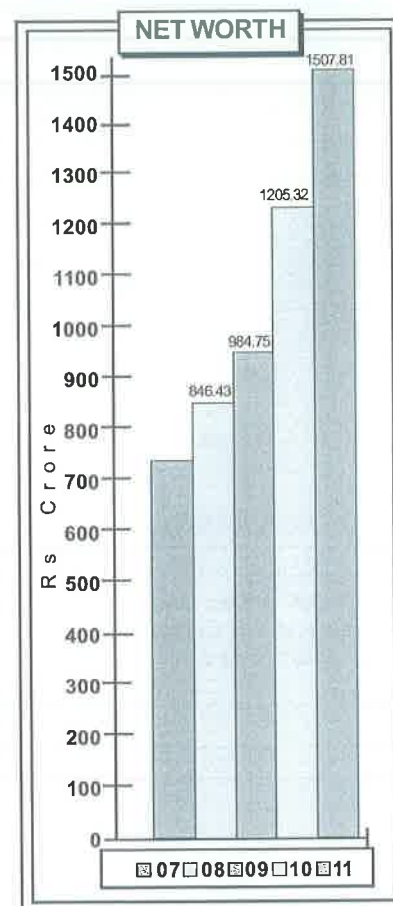
DIRECTORS :

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

DIRECTORS RESPONSIBILITY STATEMENT :

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- That the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts have been prepared on a going concern basis.

**ENERGY, TECHNOLOGY & FOREIGN EXCHANGE :**

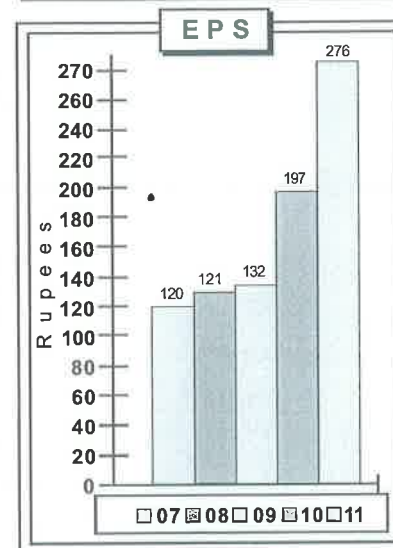
Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the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

AUDITORS :

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

AUDITORS REMARK :

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



DIRECTORS' REPORT

SUBSIDIARIES:

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

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

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

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

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

ACKNOWLEDGEMENTS :

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

For and on behalf of the Board

SD/-
SAMPRADA SINGH
Chairman

Mumbai, 14th June , 2011

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

a) Energy Conservation Measures taken:

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

b) Additional proposals or activities, if any:

Improving the insulation of low and high temperature services.

c) Impact of measures taken:

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

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

As per Form A of the Annexure hereunder.

FORM A :

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

ANNEXURE TO DIRECTORS' REPORT

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

CONSUMPTION PER UNIT OF PRODUCTION

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

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D work is carried out :
The focus of the Company's R & D efforts was on the following areas:
 - i. Development of new drug formulations for existing and newer active drug substances.
 - ii. Development of agrotechnology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.
 - iii. Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.
 - iv. Patenting of newer processes/newer products/newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.
 - v. Development of new innovative technology for the manufacture of existing APIs and their intermediates.
 - vi. Development of new products, both in the area of APIs as well as formulations, specifically for export.
 - vii. Development of methods to improve safety procedures, effluent control, pollution control, etc.
 - viii. Projects to develop APIs and formulations jointly with overseas companies.
 - ix. Development of products related to the indigenous system of medicines.
2. Some of the major benefits derived as a result of R&D include:
 - i. Successful commercial scale up of several new APIs and formulations.
 - ii. Development of new drug delivery systems and devices.
 - iii. Improved processes and enhanced productivity in both APIs and formulations.

ANNEXURE TO DIRECTORS' REPORT

3. Future plan of action:
- i) Optimisation of process parameters with emphasis on cost reduction and simplification.
 - ii) Development of new drug delivery systems, pharmaceutical and nutritive supplements.
 - iii) Studying feasibility of using new manufacturing technology in existing solid dosage forms.
 - iv) Development of formulations based on certain herbal preparation, a set of diagnostic kits based on Elisa techniques, etc.
 - v) Development of new molecules for formulations & processes for manufacture of bulk drugs.
4. Expenditure on R & D : (Rs. Lakhs)
- | | |
|---|----------|
| i) Capital : | 822.34 |
| ii) Recurring : (excluding depreciation of Rs. 248.94 Lakhs) | 4,602.76 |
| iii) Total : | 5,425.10 |
| iv) Total R & D expenditure as percentage to total turnover : | 3.25 % |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaption and innovation:
- i. Development and patenting of new molecular forms and methods of synthesis.
 - ii. Development of new drug delivery systems.
2. Benefits derived as a result of the above efforts:
- i. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
 - ii. Meeting norms of external regulatory agencies to facilitate more exports.
 - iii. Improvements in effluent treatment, pollution control and all-round safety standards.
 - iv. Maximum utilization of indigenous raw materials.
 - v. Development of products for import substitution.
3. In case of imported technology(imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports : Initiatives taken to increase export development of new export markets for products and services. The Company is continuously exploring possibilities of exporting more of its products to different markets. The exports have been mainly to Europe, Mauritius, New Zealand, South American, African countries etc.
- b) Earnings in foreign exchange was equivalent to Rs. 15,408.98 Lakhs and expenditure was Rs. 6,130.64 Lakhs.

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

Name of the Subsidiary Companies	Alkem Laboratories (Nigeria) Ltd Nigeria	Alkem Laboratories Pty Ltd South Africa	Alkem Laboratorios Do Brazil Ltda Brazil	Alkem Laboratories Corporation Philippines	Alkem Pharma GmbH Germany
1. Extent of interest in the subsidiary companies	100%	100%	100%	100%	100%
2. Financial year of the subsidiary Companies	31.03.2011	31.03.2011	31.12.2010	31.03.2011	31.03.2011
3. The amount of profit/ (losses) of the subsidiary companies for the financial year so far as they concern the members of holding company:					
a) Dealt within the accounts of holding company					
I) for the financial year of the subsidiary company	NIL	NIL	NIL	NIL	NIL
II) for the previous financial year of the subsidiary co. since it became subsidiary	NIL	NIL	NIL	NIL	NIL
b) Not dealt within accounts of Holding company:					
I) for the financial year of the subsidiary company	Naira (35441160)	S A Rand (1874)	Brazilian Real NIL	Pesos 112578	Euro (3664)
II) for the previous financial year of the subsidiary co. since it became subsidiary	(15205765)	11234	(50030)	151130	(6025)
4. Changes in the interest of the company or the subsidiary company between the end of the financial year of the subsidiary company or sub-subsidiary company and 31.03.2011	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise
Number of shares acquired					
5. Material changes between the end of the financial year of the subsidiary or sub-subsidiary company as the case may be and 31.03.2011					
a) Fixed Assets					
b) Investments					
c) Money lent by the subsidiary company.					
d) Moneys borrowed by the subsidiary company other than for meeting current	Does not arise	Does not arise	Does not arise	Does not arise	Does not arise

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

Place: Mumbai
Mumbai, 14th June, 2011