

**Independent Auditor's Report**

To the Members of,  
**ALKEM FOUNDATION**

**Report on the Ind AS Financial Statements:**

We have audited the accompanying Ind AS financial statements of **Alkem Foundation** ("the company") which comprise the Balance Sheet as at **31<sup>st</sup> March, 2018**, the Income and Expenditure Account, Cash Flow Statement and the Statement of Changes in equity changes for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under.

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 Ind AS 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 Ind AS 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 of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS 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 management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018, and its financial performance, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. The requirements of the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 are not applicable to the Company in terms of Clause 1(2)(iii) of the said order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanation 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 and the Income and Expenditure account dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statement 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 as on 31<sup>st</sup> March, 2018, taken on record by the management, none of the directors is disqualified as on 31<sup>st</sup> March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **R.S.SANGHAI & ASSOCIATES**

Chartered Accountants

Firm Registration No. 109094W

  
**R.S.SANGHAI**

**Partner**

Membership No.: 036931

Mumbai

Date: 19<sup>th</sup> May, 2018



ALKEM FOUNDATION  
 FINANCIAL STATEMENTS  
 BALANCE SHEET AS ON 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
<b>I. ASSETS</b>			
<b>TOTAL ASSETS</b>		-	-
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	2.1	1,00,000	1,00,000
(b) Accumulated losses	2.1	(1,00,000)	(1,00,000)
<b>Total Equity</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		-	-

Significant Accounting Policies

1

Notes to Accounts

2


The accompanying notes are an integral part of financial statements.

As per our Report of even date  
 For **R.S.Sanghai & Associates**  
 Chartered Accountants  
 Firm's registration number: 109094W

For & on behalf of the Board,  
 For Alkem Foundation  
 CIN No: U85100MH2010NPL206161

  
**R.S.SANGHAI**  
 Partner  
 Membership number: 036931  
 Place: Mumbai  
 Date: 19th May, 2018



  
**Dhananjay Kumar Singh**  
 Director  
 DIN No.: 00739153

  
**Balmiki Prasad Singh**  
 Director  
 DIN No.: 00739856

ALKEM FOUNDATION  
 FINANCIAL STATEMENTS  
 INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

Particulars	Note No.	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
<b>1 Income</b>			
<b>Total Income</b>		-	-
<b>2 Expenses</b>			
(a) Other expenses	2.2	-	65,897
<b>Total Expenses</b>		-	65,897
<b>3 Surplus/Defecit before tax (1) - (2)</b>		-	(65,897)
<b>4 Tax expenses</b>		-	-
<b>5 Surplus/Defecit for the period (3) - (4)</b>		-	(65,897)
<b>6 Other Comprehensive Income</b>			
Total of Other Comprehensive Income for the period, net of tax		-	-
<b>7 Total Comprehensive Income for the period (5) + (6)</b>		-	(65,897)
<b>8 Basic and diluted earnings per share</b>	2.3	-	(6.59)

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of financial statements.

As per our Report of even date  
 For **R.S.Sanghai & Associates**  
 Chartered Accountants  
 Firm's registration number: 109094W

For & on behalf of the Board,  
 For **Alkem Foundation**  
 CIN No: U85100MH2010NPL206161

  
**R.S.SANGHAI**  
 Partner  
 Membership number: 036931  
 Place: Mumbai  
 Date: 19th May, 2018



  
**Dhananjay Kumar Singh**  
 Director  
 DIN No.: 00739153

  
**Balmiki Prasad Singh**  
 Director  
 DIN No.: 00739856

**ALKEM FOUNDATION  
FINANCIAL STATEMENTS  
CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>A. Cash Flow from Operating activities</b>		
Profit before Tax	-	(65,897)
Operating Profit before Working Capital Changes	-	(65,897)
<b>Adjustments for :</b>		
<b>Cash (used in) / Generated from Operations</b>	-	(65,897)
<b>Net cash (used in) /generated from operating activities</b>	-	(65,897)
<b>B. Cash Flow from Investing activities</b>	-	-
<b>Net cash (used in) /generated from Investing activities</b>	-	-
<b>C. Cash Flow from Financing activities</b>	-	-
Proceed from issuse of Shares	-	-
<b>Net cash (used in) /generated from Financing activities</b>	-	-
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	-	(65,897)
Cash and Cash Equivalents at the beginning of the year	-	65,897
Cash and Cash Equivalents at the end of the year	-	-

Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on Cash Flow Statement.

As per our Report of even date  
**For R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094W

**For & on behalf of the Board,  
For Alkem Foundation**

CIN No: U85100MH2010NPL206161

**R.S.SANGHAI**

Partner

Membership Number: 036931

Place : Mumbai

Dated : 19th May, 2018



*Dhananjay Kumar Singh*  
**Dhananjay Kumar Singh**  
Director  
DIN No.: 00739153

**Balmiki Prasad Singh**

Director

DIN No.: 00739856

**ALKEM FOUNDATION**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in Rs.)

**(a) Equity share capital**

	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	10,000	1,00,000	10,000	1,00,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	10,000	1,00,000	10,000	1,00,000

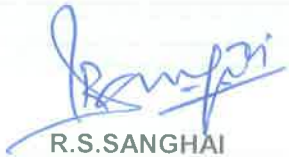
**Accumulated Losses**

(Amount in Rs.)

Particulars	Retained Earnings	Total
Balance at 1st April, 2016	(34,103)	(34,103)
<b>Total Comprehensive</b>		
Surplus/Defecit for the year	(65,897)	(65,897)
Other Comprehensive Income	-	-
<b>Balance at 31st March, 2017</b>	<b>(1,00,000)</b>	<b>(1,00,000)</b>
<b>Total Comprehensive</b>		
Surplus/Defecit for the year	-	-
Other Comprehensive Income	-	-
<b>Balance at 31st March, 2018</b>	<b>(1,00,000)</b>	<b>(1,00,000)</b>

As per our Report of even date  
For **R.S.Sanghai & Associates**  
Chartered Accountants  
Firm's registration number: 109094W

**For & on behalf of the Board,**  
For **Alkem Foundation**  
CIN No: U85100MH2010NPL206161

  
**R.S.SANGHAI**

Partner  
Membership number: 036931  
Place: Mumbai  
Date: 19th May, 2018



  
**Dhananjay Kumar Singh**  
Director  
DIN No.: 00739153



**Balmiki Prasad Singh**  
Director  
DIN No.: 00739856

**1A General Information**

Alkem Foundation ('the Company') was incorporated in India on 31st July, 2010 as a limited company under section 25 of the Companies Act, 1956.

**1B SIGNIFICANT ACCOUNTING POLICIES:****1 Basis of preparation of Financial Statements:**

The financial statements of the Company as at and for the year ended 31st March, 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The Financial statement are prepared in Indian rupees.

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a) Expected to be realised or intended to sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period,
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**1.2 Revenue Recognition:**

Revenue is recognized to the extents that it is probable that the economic benefits will flow to the company and can be reliably measured. In addition, the following criteria must also be met before revenue is recognised.

- a) Voluntary Contribution are accounted on the date of receipt.
- b) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.

**1.3 Taxes on Income:**

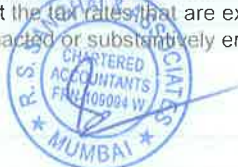
Income tax expense represents the sum of the current tax and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income and Expenditure account because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.





A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

**1.4 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) 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. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

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, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**1.5 Earnings per share ('EPS'):**

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.



ALKEM FOUNDATION

NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

(Amount in Rs.)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.
<b>2.1 : SHARE CAPITAL:</b>		
<b>Authorised:</b>		
10,000 equity shares of Rs.10/- each (31st March, 2017: 10,000 equity shares of Rs.10/- each)	1,00,000	1,00,000
	1,00,000	1,00,000
<b>Issued, Subscribed and Paid up:</b>		
10,000 equity shares of Rs.10/- each fully paid up (31st March, 2017: 10,000 equity shares of Rs.10/- each fully paid up)	1,00,000	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>	<b>1,00,000</b>

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

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number of Shares	Rs.	Number of Shares	Rs.
At the commencement of the year	10,000	1,00,000	10,000	1,00,000
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>10,000</b>	<b>1,00,000</b>	<b>10,000</b>	<b>1,00,000</b>

(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. 10/- per share. Each shareholder is eligible for one vote per share held.

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 31st March, 2018		As at 31st March, 2017	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of Rs.10 Each (Previous Year Rs.10 Each) held by:				
Alkem Laboratories Limited (Holding Company)	10,000	100%	-	-
Dhananjay Kumar Singh	-	-	5,000	50%
Balmiki Prasad Singh	-	-	5,000	50%
<b>Total</b>	<b>10,000</b>	<b>100%</b>	<b>10,000</b>	<b>100%</b>

Alkem Laboratories Limited became the Holding Company of Alkem Foundation, by acquiring 10,000 shares from existing shareholders on 14th December, 2017

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.
<b>ACCUMULATED LOSSES</b>		
<b>Retained Earnings:</b>		
At the commencement of the period/year	(1,00,000)	(34,103)
Add: Surplus/Defecit for the period/year	-	(65,897)
	(1,00,000)	(1,00,000)
<b>Other Comprehensive Income:</b>		
At the commencement of the period/year	-	-
Add: Surplus/Defecit for the period/year	-	-
At the end of the period/year	-	-
<b>TOTAL</b>	<b>(1,00,000)</b>	<b>(1,00,000)</b>

Particulars	For the Year ended 31st March, 2018 Rs.	For the Year ended 31st March, 2017 Rs.
<b>2.2 : OTHER EXPENSES:</b>		
Donation	-	65,000
Miscellaneous expenses	-	897
<b>TOTAL</b>	<b>-</b>	<b>65,897</b>



**ALKEM FOUNDATION**

**NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

**2.3 Earnings per share (EPS)**

Particulars			Year ended 31st March, 2018	Year ended 31st March, 2017
Profit /(loss) after tax attributable to equity shareholders	In Rs.	A	-	(65,897)
Number of equity shares at the beginning of the year	Nos.		10,000	10,000
Equity shares issued during the period	Nos.		-	-
Number of equity shares outstanding at the end of the year	Nos.		10,000	10,000
Weighted average number of equity shares outstanding during the period	Nos.	B	10,000	10,000
Basic and diluted earnings per equity share (Rs) - Face value of Rs.10 per share	In Rs.	(A / B)	-	(6.59)



**ALKEM FOUNDATION**

**NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

**2.4** Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March, 2018.

**List of related parties and their relationship**

**A Holding Company**

Alkem Laboratories Limited (w.e.f. 14th December, 2017) India

**B Fellow Subsidiaries : (w.e.f. 14th December, 2017)**

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
Alkem Laboratories Korea Inc	Korea
Ascend Laboratoires Ltd	Canada
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The PharmaNetwork, LLP	Kazakhstan
Ascend Laboratories, LLC ( Wholly owned by ThePharmanetwork, LLC)	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
Cachet Pharmaceuticals Pvt. Ltd	India
Indchemie Health Specialities Pvt. Ltd.	India
Pharma Network SpA ( Wholly owned by Ascend Laboratories SpA) (with effect from 27 March 2018)	Chile
Enzene Biosciences Limited	India

**C Key Managerial Personnel ("KMP")**

Dhananjay Kumar Singh	Director
Balmiki Prasad Singh	Director

As per our Report of even date  
For **R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094W

**R.S.SANGHAI**

Partner

Membership number: 036931

Place: Mumbai

Date: 19th May, 2018



**For & on behalf of the Board,**

**For Alkem Foundation**

CIN No: U85100MH2010NPL206161

**Dhananjay Kumar Singh**

Director

DIN No.: 00739153

*Balmiki Prasad Singh*

**Balmiki Prasad Singh**

Director

DIN No.: 00739856