

Report on the financial statements of Ascend Laboratories Limited, Canada a foreign subsidiary of Alkem Laboratories Limited, India required for the purposes of Section 129(3) of the Companies Act, 2013 and its consolidation with the financial statements of the holding company.

**Independent Auditor's Report**

To,  
The Board of Directors,  
**Alkem Laboratories Limited, India**

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

We have audited the accompanying standalone Ind AS financial statements of **Ascend Laboratories Limited, Canada** ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the statement of Profit & Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements") prepared by its management in its reporting currency in Canadian Dollar. These financial statements are translated by the management of its holding company M/s Alkem Laboratories Ltd., India in Indian currency (INR) and is also presented in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS, for the purpose of presenting to its shareholders as required by Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India.

**Management's Responsibility for the Standalone Financial Statements:**

The Company's Board of Directors is responsible for preparation of these Ind AS standalone 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) prescribed under Section 133 of the act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone 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 standalone 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 to the extent applicable.

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 standalone Ind AS financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required 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 including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

1. This audit is for the purpose of presenting the standalone Ind AS financial statements in Indian currency (INR) and in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 as per Ind AS, for the purpose of presenting it to the shareholders of the holding company as required by Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India and is not a report under Section 143 of the Companies Act, 2013, and accordingly does not include any statement on the matters specified in and required by Section 143 (11), 143(3)(g) and 143(3)(i) of the Companies Act, 2013 and Rule 11 of the Companies (Audit and Auditors') Rules, 2014 including the Companies (Auditors' Report) Order, 2016;
2. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
3. 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;
4. The Balance Sheet, the Statement of Profit and Loss, the Cash Flows Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
5. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.



6. In our opinion, the standalone Ind AS financial statements dealt with by this report are translated from Canadian Dollar to Indian Rupees by adopting the applicable rates of foreign currency for the year in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015.

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

Chartered Accountants

Firm Registration No. 109094W

  
**R.S.SANGHAI**

Partner

Membership No.: 036931

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



ASCEND LABORATORIES LIMITED  
 FINANCIAL STATEMENTS  
 BALANCE SHEET AS ON 31ST MARCH, 2018

Particulars	Note No.	As at	As at
		31st March, 2018	31st March, 2018
		CAD	Rs.
<b>I. ASSETS</b>			
<b>1 Current assets</b>			
(i) Cash and Cash Equivalents	2.1	0.10	5
<b>Total Current assets</b>		0.10	5
<b>TOTAL ASSETS</b>		0.10	5
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	2.2	0.10	5
(b) Other Equity( Refer statement of changes in equity)		-	-
<b>Total Equity</b>		0.10	5
<b>TOTAL EQUITY AND LIABILITIES</b>		0.10	5

Significant accounting policies

1B

Notes to separate financial statement

2


The accompanying notes are an integral part of financial statements

As per our attached report of even date  
 For **R.S.SANGHAI & ASSOCIATES**  
 Chartered Accountants  
 Firm's registration number: 109094W

For and on behalf of the Board

  
**R.S.SANGHAI**  
 Partner



  
**Sandeep Singh**  
 Director

  
**Amit Ghare**  
 Director

Membership Number: 036931  
 Place : Mumbai  
 Dated : 19th May, 2018

Canada.

ASCEND LABORATORIES LIMITED  
FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 7TH SEPTEMBER 2017 TO 31ST MARCH, 2018

Particulars	Note No.	For the Year ended 31st March, 2018	For the Year ended 31st March, 2018
		CAD	Rs.
<b>1 Income</b>			
(a) Revenue from Operations		-	-
(b) Other Income		-	-
<b>Total Income</b>		-	-
<b>2 Expenses</b>			
<b>Total Expenses</b>		-	-
<b>3 Profit before tax (1) - (2)</b>		-	-
<b>4 Tax expenses</b>			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>5 Profit for the period (3) - (4)</b>		-	-
<b>6 Other Comprehensive Income</b>			
(i) Foreign Currency Translation Difference		-	-
<b>Total of Other Comprehensive Income for the period, net of tax</b>		-	-
<b>7 Total Comprehensive Income for the period (5) + (6)</b>		-	-
<b>8 Basic and diluted earnings per share</b>	2.3	-	-

Significant accounting policies

1B

Notes to separate financial statement

2

The accompanying notes are an integral part of financial statements

As per our attached 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

Dated : 19th May, 2018

For and on behalf of the Board

**Sandeep Singh**  
Director

**Amit Ghare**  
Director

ASCEND LABORATORIES LIMITED  
 FINANCIAL STATEMENTS  
 CASH FLOW STATEMENT FOR THE PERIOD 7TH SEPTEMBER 2017 TO 31ST MARCH 2018

Particulars	Year ending 31st March, 2018	
	CAD	Rs.
<b>A. Cash Flow from Operating activities</b>		
Profit before Tax	-	-
Operating Profit before Working Capital Changes	-	-
<b>Adjustments for :</b>		
Cash (used in) / Generated from Operations	-	-
Net cash (used in) /generated from operating activities	-	-
<b>B. Cash Flow from Investing activities</b>		
Net cash (used in) /generated from Investing activities	-	-
<b>C. Cash Flow from Financing activities</b>		
Proceed from issue of Shares	0.10	5
Net cash (used in) /generated from Financing activities	0.10	5
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	0.10	5
Cash and Cash Equivalents at the beginning of the year	-	-
Cash and Cash Equivalents at the end of the year	0.10	5

Notes :


1) Cash and Cash Equivalents include :

Particulars	As at 31st March, 2018	
	CAD	Rs.
Cash and Bank balances (Refer Note 2.1)	0.10	5
Exchange difference (Unrealised (Gain) / Loss)	-	-
<b>Total</b>	<b>0.10</b>	<b>5</b>


2) 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 attached report of even date  
 For **R.S.SANGHAI & ASSOCIATES**  
 Chartered Accountants  
 Firm's registration number: 109094W

For and on behalf of the Board

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



  
**Sandeep Singh**  
 Director

  
**Amit Ghare**  
 Director

**ASCEND LABORATORIES LIMITED**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018**

CAD

(a) Equity share capital	As at 31st March, 2018	
	No. of Shares	Amount
Balance at the beginning of the reporting period	-	-
Changes in equity share capital during the year	1	0.10
Balance at the end of the reporting period	1	0.10
		INR
(a) Equity share capital	As at 31st March, 2018	
	No. of Shares	Amount
Balance at the beginning of the reporting period	-	-
Changes in equity share capital during the year	1	5
Balance at the end of the reporting period	1	5

As per our attached report of even date  
For **R.S.SANGHAI & ASSOCIATES**

Chartered Accountants  
Significant accounting policies

*R.S. Sanghai*  
**R.S.SANGHAI**

Partner

Firm's registration number: 109094W

Place : Mumbai

Dated : 19th May, 2018



For and on behalf of the Board

*Sandeep Singh*

**Sandeep Singh**  
Director

*Amit Ghare*

**Amit Ghare**  
Director

**1A GENERAL INFORMATION**

These financial statements are prepared solely for the purposes of consolidation by the holding company, Alkem Laboratories Ltd. The Company was incorporated on 7th September 2017 in Canada under the Corporations Act. Its core business is of selling and distribution of pharmaceutical products throughout Canada and to provide marketing services. The Company is a wholly-owned subsidiary of Alkem Laboratories Ltd.

**1B SIGNIFICANT ACCOUNTING POLICIES:**

**1.1 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 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 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**1.3 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.

**1.4 Foreign currencies Transactions & Translation**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. The functional currency of the Company is Canadian Dollars

**ii. Foreign Operations:**

The assets and liabilities of foreign operations, and fair value adjustments arising on acquisition, are translated into Indian Rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve. When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.





ASCEND LABORATORIES LIMITED

NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 7TH SEPTEMBER 2017 TO 31ST MARCH, 2018

Particulars	As at 31st March, 2018	As at 31st March, 2018
	CAD	Rs.
<b>2.1 : Cash and Cash Equivalents:</b>		
Cash on hand	0.10	5
<b>TOTAL</b>	<b>0.10</b>	<b>5</b>
<b>2.2 : EQUITY SHARE CAPITAL:</b>		
<b>Issued, subscribed &amp; paid-up :</b>		
1 Share of CAD 0.10/- each	0.10	5
<b>TOTAL</b>	<b>0.10</b>	<b>5</b>
<b><u>OTHER EQUITY</u></b>		
<b>Retained Earnings:</b>		
At the commencement of the period/year	-	-
Add: Profit for the period/year	-	-
At the end of the period/year	-	-
<b>Other Comprehensive Income:</b>		
At the commencement of the period/year	-	-
Add: Profit for the period/year	-	-
At the end of the period/year	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>



**ASCEND LABORATORIES LIMITED**

**NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 7TH SEPTEMBER 2017 TO 31ST MARCH, 2018**

**2.3 Earnings per share (EPS)**

**CAD**

Particulars			Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	CAD	A	-
Weighted average number of equity shares outstanding during the year	Nos.	B	1
Basic and diluted earnings per equity share	CAD	(A / B)	-

**Rs.**

Particulars			Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Rs.	A	-
Weighted average number of equity shares outstanding during the year	Nos.	B	1
Basic and diluted earnings per equity share	Rs.	(A / B)	-

**2.4 Closing exchange rate as on 31st March, 2018 considered for the purpose of translation as referred in note no. 1.4 is Rs. 50.35 / 1 CAD**



**2.5 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 Company whose control exists**

Alkem Laboratories Limited

**B Fellow 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
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 (w.e.f 27 March 2015)	India
Indchemie Health Specialities Pvt. Ltd.(w.e.f 30 March 2015)	India
Alkem Laboratories, Korea Inc.	Korea
Alkem Foundation	India

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

Mr. Sandeep Singh  
Mr.Amit Ghare

Director  
Director



**ASCEND LABORATORIES LIMITED**

**NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 7TH SEPTEMBER 2017 TO 31ST MARCH, 2018**

**2.6 Financial instrument fair values and risk management**

**A. Accounting classification and fair values**

	As at 31st March 2018							
	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amotised Cost	Total	FVTPL	FVTOCI	Amotised Cost	Total
<b>Financial assets</b>								
Cash and cash equivalents			0.10	0.10	-		5	5
	-	-	0.10	0.10	-	-	5	5
<b>Financial liabilities</b>								
	-	-	-	-	-	-	-	-

**The Company has no exposure to the following risks arising from financial instruments:**

- Credit risk ;
- Liquidity risk ; and
- Market risk

As per our attached 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

Dated : 19th May, 2018



**For and on behalf of the Board**



**Sandeep Singh**  
Director



**Amit Ghare**  
Director