

Accountant's Report on the financial statements of the foreign subsidiary of Alkem Laboratories Ltd., on its translation in Indian currency and its presentation as per Schedule – III to the Companies Act, 2013 required for the purposes of Section 129(3) of the Companies Act, 2013 and its consolidation with the financial statements of the holding company.

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

1. The financial statements of **M/s Alkem Laboratories Corporation, Philippines** for the year ended 31st March, 2016 (which comprises of its Balance Sheet as at 31st March, 2016, its Profit & Loss Statement and its Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")) are prepared by its management in Philippines in its reporting currency in Philippine Peso as per the requirements of the Philippine Laws and Philippine GAAPs and have been audited by its auditors in Philippines.
2. Those financial statements are translated by the Indian management in Indian currency (INR) and is also presented in the formats and as per requirements of Schedule III to the Companies Act, 2013 and as per the Indian GAAP for the purpose of presenting it to the shareholders of its holding company M/s Alkem Laboratories Ltd., India as per the requirements of Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company.
3. Translation of these financial statements in Indian currency and its presentation as per Schedule III to the Companies Act, 2013 and as per Indian GAAP for the purpose of Section 129(3) of the Act and for the purpose of its consolidation with the financial statements of the holding company is the responsibility of the company's management. Our responsibility is to express an opinion on the said translation and its presentation.
4. This report is issued solely for the purpose of the requirements of Section 129(3) of the Act to present these financial statements to the shareholders of the holding company M/s Alkem Laboratories Ltd., India and for consolidation of these financial statements with the financial statements of its holding company and should not be used for any other purpose.
5. This report is not a report under Section 143 of the Companies Act, 2013 including the Companies (Auditors) Report Order, 2016, and accordingly does not include any statement on the matters specified therein.
6. We conducted our verification in accordance with the standards generally accepted in India. Those standards require that we plan and perform our work to obtain reasonable assurance about whether the financial statements are



translated in Indian currency by adopting appropriate rates of foreign currency and are prepared in the formats and in the manner required by Schedule III to the Companies Act, 2013 and as per Indian GAAP. We believe that our verification provides a reasonable basis for our opinion.

7. We report that:

- a) The financial statements dealt with by this report are prepared from and are in agreement with the financial statements of M/s Alkem Laboratories Corporation, Philippines prepared in Philippine currency as per Philippine GAAP and audited by its auditors in Philippines for the year ended 31st March, 2016 which comprises its Balance Sheet as at 31st March, 2016, its Profit and Loss Statement and its Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information;
- b) In our opinion, the financial statements dealt with by this report are translated from Philippine Peso to Indian Rupees by adopting the applicable rates of foreign currency for the year in accordance with AS-11 prescribed by Rule 7 of the Companies (Accounts) Rules, 2014 read with Companies (Accounting Standard) Rules, 2006.
- c) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon is prepared as per the formats and in the manner required by Schedule III to the Companies Act, 2013 and as per the requirements of Indian GAAP.

For R.S.SANGHAI & ASSOCIATES
Chartered Accountants
Registration No. 109094W


R.S.SANGHAI

Partner
Membership No.: 036931
Mumbai: 20th May, 2016



ALKEM LABORATORIES CORPORATION
BALANCE SHEET AS AT 31 MARCH, 2016

PARTICULARS	Note No.	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 2015 Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2.1	518,00,000	693,33,778	94,00,000	95,72,434
(b) Reserves and Surplus	2.2	(1120,95,549)	(1560,85,195)	(561,44,489)	(756,74,041)
		(602,95,549)	(867,51,417)	(467,44,489)	(661,01,607)
(2) Share Application Money Received Pending Allotment				444,10,447	625,95,000
(3) Non - Current Liabilities					
(a) Long Term Borrowings	2.3	1172,06,394	1680,08,334	1066,71,334	1487,97,977
		1172,06,394	1680,08,334	1066,71,334	1487,97,977
(4) Current Liabilities					
(a) Trade Payables	2.4	264,94,973	379,78,954	407,80,703	568,85,818
(b) Other Current Liabilities	2.5	86,18,745	123,54,453	13,24,927	18,48,167
		351,13,718	503,33,407	421,05,630	587,33,985
TOTAL		920,24,563	1315,90,324	1464,42,922	2040,25,355
II. ASSETS					
(1) Non Current Assets					
(a) Fixed Assets	2.6				
(i) Tangible Assets		6,79,760	9,31,517	13,72,216	19,10,181
(ii) Intangible Assets		2,10,363	2,87,233	3,51,198	4,86,278
(b) Deffered Tax Assets (Net)		269,97,530	386,99,339	194,96,804	271,96,482
		278,87,653	399,18,088	212,20,218	295,92,941
(2) Current Assets					
(a) Inventories	2.7	131,32,758	185,60,844	132,44,480	182,31,750
(b) Trade receivables	2.8	393,25,264	563,70,406	631,59,990	881,03,133
(c) Cash and Cash equivalents	2.9	59,92,970	85,90,563	450,87,832	628,93,919
(d) Short Term Loans and Advances	2.10	29,03,704	41,62,285	17,24,063	24,04,930
(e) Other current assets	2.11	27,82,215	39,88,138	20,06,339	27,98,682
		641,36,910	916,72,236	1252,22,704	1744,32,414
TOTAL		920,24,563	1315,90,324	1464,42,922	2040,25,355

Significant Accounting Policies 1
Notes to Accounts 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

For and on behalf of the Board

R S SANGHAI

Partner

Place : Mumbai

Date: 20th May 2016

Sandeep Singh

Director

Somdutta Awasthi

Director

ALKEM LABORATORIES CORPORATION
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31st MARCH 2016

PARTICULARS	Note No.	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Revenue from operations	2.12	561,23,831	793,21,167	890,40,551	1225,69,179
Other income	2.13	2,17,015	3,06,712	3,87,575	5,33,518
Total Revenue		563,40,846	796,27,879	894,28,126	1231,02,697
Expenses:					
Purchases of Stock-in-Trade		262,84,257	371,48,176	324,63,247	446,87,431
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.14	1,11,722	1,57,900	(83,88,240)	(114,89,538)
Employee benefits expense	2.15	280,25,936	396,09,733	302,51,427	416,42,740
Depreciation		9,53,826	13,48,065	8,37,454	11,52,801
Finance Cost	2.16	48,27,509	68,22,836	1,00,700	1,38,619
Other expenses	2.17	595,89,382	855,53,282	564,73,656	810,67,680
Total expenses		1197,92,632	1706,39,990	1117,38,244	1571,99,734
Profit (Loss) for the period		(634,51,786)	(910,12,111)	(223,10,118)	(340,97,037)
Tax Expense					
(1) Current tax		(136,68,588)	(193,18,146)	(66,31,828)	(91,29,073)
(2) deferred tax		61,67,862	87,17,188	34,61,459	47,64,887
Profit After Tax		(559,51,060)	(804,11,154)	(191,39,749)	(297,32,851)
Earnings per equity share:					
(1) Basic		(137)	(197.26)	(203.61)	(316.31)
(2) Diluted		(137)	(197.26)	(203.61)	(316.31)

Significant Accounting Policies
1
Notes to Accounts
2
The accompanying notes are an integral part of financial statements

As per our attached report of even date

For R S SANGHAI & ASSOCIATES
For and on behalf of the Board

Chartered Accountants

R S SANGHAI

Partner

Place : Mumbai

Date: 20th May 2016


Sandeep Singh
Director

Somdutta Awasthi
Director

ALKEM LABORATORIES CORPORATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	Current Year ended 31st March 2016		Current Year ended 31st March 2015	
	Peso	Rs.	Peso	Rs.
A. Cash Flow from Operating activities				
Net Profit / (Loss) before Tax	(634,51,786)	(910,12,111)	(223,10,118)	(223,10,118)
Adjustments for :				
Depreciation and Amortisation	9,53,826	13,48,065	8,37,454	11,52,801
Foreign Currency Translation Reserve		13,34,169		(84,00,977)
Operating Loss before Working Capital Changes	(624,97,961)	(883,29,878)	(214,72,664)	(295,58,294)
Adjustments for :				
Trade Receivables	238,34,726	336,86,194	(373,20,968)	(513,74,350)
Inventories	1,11,722	1,57,900	(83,88,240)	(115,46,870)
Short term Loans and Advances	(11,79,641)	(16,67,215)	1,84,386	2,53,817
Other current Asset	(7,75,876)	(10,96,564)	(14,38,960)	(19,80,807)
Trade Payable	(142,85,730)	(201,90,367)	303,92,166	418,36,475
Other Current Liabilities	52,83,371	74,67,116	7,16,166	9,85,842
	129,88,573	183,57,064	(158,55,450)	(218,25,892)
Net Cash used in Operating Activities	(495,09,388)	(699,72,814)	(373,28,114)	(513,84,186)
B. Cash flow from Investing activities				
Purchase of Fixed Assets	(1,20,535)	(1,70,355)	(5,20,743)	(7,16,831)
Net cash used in Investing activities	(1,20,535)	(1,70,355)	(5,20,743)	(7,16,831)
C. Cash flow from financing activities				
Long term borrowing	105,35,060	148,89,456	374,43,584	515,43,137
Share Application Money Received during the year	-	-	444,10,447	611,33,404
Net cash generated from Financing activities	105,35,060	148,89,456	818,54,031	1126,76,542
Net (Decrease)/ increase in cash and cash equivalents	(390,94,862)	(552,53,713)	440,05,174	605,75,524
Cash and cash equivalents at the beginning of the year/period	450,87,832	628,93,919	10,82,658	14,41,722
Cash and cash equivalents at the end of the year/period	59,92,970	76,40,206	450,87,832	620,17,245

Notes :

1) Cash and cash equivalents include :

Particulars	As at 31st March 2016		As at 31st March 2015	
	Peso	Rs.	Peso	Rs.
Cash and Bank balances (Refer Note No. 2.9)	59,92,970	85,90,563	450,87,832	628,93,919
Exchange difference (Unrealised (Gain) / Loss)	-	(9,50,357)	-	(8,76,673)
Total	59,92,970	76,40,206	450,87,832	620,17,245

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (AS-3) "Cash Flow Statement".

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

R S SANGHAI

Partner

Place : Mumbai

Date: 20th May 2016



For and on behalf of the Board

Sandeep Singh

Sandeep Singh
Director

Somdutta Awasthi

Somdutta Awasthi
Director

NOTE – 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared solely for the purposes of consolidation by the holding company, Alkem Laboratories Ltd and to comply with the provisions of Section 129(3) of the Indian Companies Act, 2013

1.1 Company Overview: -

The Company was incorporated on 7th November 2008 in Philippines under the Corporations Act Its core business is to sale and distribution of pharmaceutical products throughout in Philippines and to provide marketing services. The Company is a wholly-owned subsidiary of Alkem Laboratories Ltd.

The registered office address of the Company is at 5/F, Filipino Bldg. 135 Dela Rosa Cor. Legaspi Cor Bolanos Sts. Legaspi Village, Makati City, Metro Manila.

1.2 Basis of preparation: -

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention on an accrual basis in compliance with all material aspect of the applicable Accounting Standard.

1.3 Use of Estimates: -

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialized.

1.4 Cash Flow Statement:

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flow. The cash flows from operating, investing and financing activities of the Company are segregated.

1.5 Foreign Currency Translation:-

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of statement of profit and loss.



ALKEM LABORATORIES CORPORATION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
MARCH, 2016

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and all other foreign exchange gains and losses are presented in the statement of statement of profit and loss.

1.6 Cash and Cash Equivalents:-

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

1.7 Tangible Fixed Asset and Depreciation:-

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to of statement of profit and loss during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Assets	Estimated Useful Life
Leasehold Improvements	3 years
Furniture and Fixtures	3 years
Computer and Software	3 years
Office Equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed. and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognized within 'others' in the statement of statement of profit and loss.

1.8 Impairment:-

At each reporting date, property, equipment, investments in associates and investment property are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of a possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower. the carrying

ALKEM LABORATORIES CORPORATION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

1.9 Borrowings:-

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in 'finance cost'.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.10 Provisions and Contingencies:-

Provisions for restructuring costs and legal claims are recognized when:

(a) The Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

The Company does not recognise a contingent asset.

1.11 Revenue Recognition:-

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is measured at the fair value of the consideration received or receivable, net of value-added tax, returns, rebates and discounts

The Company recognizes revenue when:

- (a) The amount of revenue can be reliably measured;
- (b) It is probable that future economic benefits will flow to the entity; and
- (c) Specific criteria have met for each of the Company's activities, as described below.

1.12 Sales of goods:-

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.



ALKEM LABORATORIES CORPORATION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
MARCH, 2016

1.13 Interest income:-

Interest income is recognized when earned and is presented net of final tax withheld by the bank.

1.14 Expense Recognition:-

Expenses are recognized in the statement of profit and loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of profit and loss on the basis of:

- (a) A direct association between the costs incurred and the earning of specific items of income;
- (b) Systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
- (c) Immediately, when an expenditure produces no future economic benefits or when and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset.

1.15 Income Taxation:-

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable income for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to reduce taxable income in the future and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable income, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable income. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable income (taxable loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be substantively enacted by the end of the reporting period.



1.16 Leases :-

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the term of the relevant lease. Leases of property and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are depreciated and assessed for impairment losses in the same way as owned assets. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Finance charges are deducted in measuring income. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position. The property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1.17 Events after the End of the Reporting Period :-

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

1.18 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The Company's financial statements prepared in accordance with PFRS for SMEs require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other Factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 revisions affect both current and future periods

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



1.19 Estimating useful lives of assets:-

The useful lives of the Company assets with definite life are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company assets. Based on management's assessment as at March 31, 2015, there is no change in estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

1.20 Allowance for impairment of trade and other receivables

Allowance is made for specific and group of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

1.21 Inventories:-

Inventories are valued at the lower of cost or net realizable value. None of the inventories are placed in pledge or trust agreements.

1.22 Translation to Indian Rupees: -

The local accounts are maintained in local and functional currency, which is the **Peso**. The financial statements have been translated to Indian Rupees considering the operations of the Company as “ **Integral operations** ” for the parent company 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 and share capital is translated at historical rates.
- iv) The resulting exchange difference is accounted in 'Exchange Difference on Translation Account' and is charged/credited to the Profit and Loss Account.



ALKEM LABORATORIES CORPORATION
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2016

NOTE 2.1 : SHARE CAPITAL

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
(A) Authorised, Issued, Subscribed and paid - up share capital and par value per share				
AUTHORISED SHARE CAPITAL :				
1,790,000 Equity Shares of PESO.100/- each (Previous Year 94,000 Equity Shares of PESO100/- each Fully paid)	1790,00,000	95,72,434	94,00,000	95,72,434
	1790,00,000	95,72,434	94,00,000	95,72,434
ISSUED, SUBSCRIBED & PAID-UP :				
5,18,000 Equity Shares of PESO.100/- each (Previous Year 94,000 Equity Shares of PESO100/- each Fully paid)	518,00,000	693,33,778	94,00,000	95,72,434
	518,00,000	693,33,778	94,00,000	95,72,434

(B) Reconciliation of Number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March 2016	As at 31st March 2015
Numbers of Shares Outstanding as at the beginning of the year	94,000	94,000
Shares issued during the year	4,24,000	-
shares bought back during the year	-	-
Numbers of Shares Outstanding as at the Closing of the year	5,18,000	94,000

(C) Shares in Company held by each shareholder holding more than 5% Shares

Name of the shareholder	As at 31st March 2016		As at 31st March 2015	
	Number of Shares	Percentage	Number of Shares	Percentage
Alkem Laboratories Limited	5,18,000	100%	94,000	100%

NOTE 2.2 : RESERVES AND SURPLUS

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	(561,44,489)	(756,74,041)	(370,04,740)	(459,41,190)
Profit and Loss of Current period	(559,51,060)	(804,11,154)	(191,39,749)	(297,32,851)
Profit available for appropriation	(1120,95,549)	(1560,85,195)	(561,44,489)	(756,74,041)
Balance carried to Profit and Loss A/c	(1120,95,549)	(1560,85,195)	(561,44,489)	(756,74,041)



ALKEM LABORATORIES CORPORATION
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2016
NOTE 2.3: LONG TERM BORROWING

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Unsecured Loans				
Loans and Advances from related parties From directors & shareholders	1172,06,394	1680,08,334	1066,71,334	1487,97,977
	1172,06,394	1680,08,334	1066,71,334	1487,97,977

Notes:

1. There is no default, as at the balance sheet date, in repayment of any of the above loans.

NOTE 2.4: TRADE PAYABLES

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Total outstanding due to creditors other than micro enterprises & small enterprises	264,94,973	379,78,954	407,80,703	568,85,818
	264,94,973	379,78,954	407,80,703	568,85,818

NOTE 2.5: OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Income Tax Payable	1,45,138	2,08,047	2,89,628	4,04,008
Withholding Tax Payable	3,26,676	4,68,270	4,95,262	6,90,851
Payroll Payables	9,83,779	14,10,187	3,58,927	5,00,674
Other payable	3,48,849	5,00,054	1,81,110	2,52,634
Accrued Interest Payable	48,03,857	68,86,040	-	-
Deposit taken from Alkem	20,10,447	28,81,855	-	-
	86,18,745	123,54,453	13,24,927	18,48,167

NOTE 2.7: INVENTORIES

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Finished Goods valued at cost	131,32,758	185,60,844	132,44,480	182,31,750
	131,32,758	185,60,844	132,44,480	182,31,750



ALKEM LABORATORIES CORPORATION

Note 2.6: Fixed Asset Schedule

Amount in PESSO

PARTICULARS	Gross Block			Depreciation and Amortisation			Net Block	
	As at 1st April, 2015	Additions	As at 31st March, 2016	As at 1st April, 2015	For the period	Deletion	As at 31st March, 2016	As at 31st March 2015
Tangible Assets								
Furniture and Fixtures	4,44,572	-	4,44,572	1,25,175	1,48,190	-	2,73,365	3,19,397
Office Equipments	11,518	77,679	89,197	6,399	23,259	-	29,658	5,119
Leasehold equipments	17,96,056	-	17,96,056	7,48,356	5,98,685	-	13,47,041	10,47,700
	22,52,146	77,679	23,29,825	8,79,930	7,70,135	-	16,50,065	13,72,216
Intangible Assets								
Computer Software	5,26,072	42,856	5,68,928	1,74,874	1,83,691	-	3,58,565	3,51,198
	5,26,072	42,856	5,68,928	1,74,874	1,83,691	-	3,58,565	3,51,198
Total	27,78,218	1,20,535	28,98,753	10,54,804	9,53,826	-	20,08,630	17,23,414
Previous Year	22,57,475	5,20,743	27,78,218	2,17,350	8,37,454	-	17,23,414	20,40,125

Amount in Rs.

PARTICULARS	Gross Block			Depreciation and Amortisation			Net Block	
	As at 1st April, 2015	Additions	As at 31st March, 2016	As at 1st April, 2015	For the period	Deletion	As at 31st March, 2016	As at 31st March 2015
Tangible Assets								
Furniture and Fixtures	6,13,885	-	6,13,885	1,72,510	2,09,441.07	-	3,81,951	4,41,375
Office Equipments	15,991	1,09,785.61	1,25,777	8,839	32,872.42	-	41,711	7,152
Leasehold equipments	24,93,573	-	24,93,573	10,31,920	8,46,136.37	-	18,78,056	14,61,653
	31,23,450	1,09,786	32,33,235	12,13,269	10,88,450	-	23,01,719	19,10,180
Intangible Assets								
Computer Software	7,27,570	60,569.42	7,88,140	2,41,292	2,59,614.76	-	5,00,907	4,86,278
	7,27,570	60,569	7,88,140	2,41,292	2,59,615	-	5,00,907	4,86,278
Total	38,51,020	1,70,355	40,21,375	14,54,561	13,48,065	-	28,02,625	23,96,458
Previous Year	31,34,189	7,16,831	38,51,020	3,01,760	11,52,801	-	14,54,561	28,32,429



ALKEM LABORATORIES CORPORATION
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2016
NOTE 2.8: TRADE RECEIVABLES

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Outstanding for a period of less than six months from date they are due				
Unsecured, considered good	393,25,264	563,70,406	890,40,551	1225,69,179
	393,25,264	563,70,406	631,59,990	881,03,133

NOTE 2.9: CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
(a) Balance with Bank				
Current Account	59,72,970	85,61,894	450,87,832	628,93,919
(b) Cash on Hand	20,000	28,669		
	59,92,970	85,90,563	450,87,832	628,93,919

NOTE 2.10 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Withholding Tax	2,46,420	3,53,228	784	1,094
VAT Receivables	3,98,507	5,71,235	8,87,893	12,38,540
Loans and advances	66,964	95,989	33,195	46,304
Other receivables - Employee	21,91,813	31,41,833	8,02,191	11,18,992
	29,03,704	41,62,285	17,24,063	24,04,930

NOTE 2.11 : OTHER CURRENT ASSETS

Particulars	As at 31st March 2016 PESO	As at 31st March 2016 Rs.	As at 31st March 2015 PESO	As at 31st March 2015 Rs.
Deposits	3,33,250	4,77,694	2,88,150	4,01,946
Prepaid Rent	-	-	-	-
Others	95,195	1,36,456	-	-
Deferred Charges - MCIT	23,53,770	33,73,988	17,18,189	23,96,736
Prepaid	-	-	-	-
	27,82,215	39,88,138	20,06,339	27,98,682



NOTE 2.12 : REVENUE FROM OPERATIONS

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Sale of Product	561,23,831	793,21,166	890,40,551	1225,69,179
	561,23,831	793,21,166	890,40,551	1225,69,179

NOTE 2.13: OTHER INCOME

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Interest Income	34,190	48,322	7,755	10,675
Unrealized foreign exchange gain or loss	1,82,825	2,58,390	3,79,820	5,22,843
	2,17,015	3,06,712	3,87,575	5,33,518

NOTE 2.14 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Opening Stock :				
Work in process/ stock in transit				
Finished Goods	132,44,480	182,31,750	48,56,240	67,42,211
	132,44,480	182,31,750	48,56,240	67,42,211
Less : Closing Stock :				
Work in process				
Finished Goods	131,32,758	185,60,844	132,44,480	182,31,750
	131,32,758	185,60,844	132,44,480	182,31,750
Exchange difference on Translation		4,86,994		
Decrease in stocks of finished goods (includes traded goods & Work in process)	1,11,722	1,57,900	(83,88,240)	(114,89,538)



ALKEM LABORATORIES CORPORATION
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2016

NOTE 2.15: EMPLOYEE BENEFIT EXPENSES

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Salaries, Wages and Bonus	252,96,002	357,51,451	237,60,783	327,08,015
Welfare Expenses	14,70,942	20,78,918	53,92,079	74,22,491
Contribution to Provident & Other Fund	12,58,992	17,79,364	10,98,565	15,12,235
	280,25,936	396,09,733	302,51,427	416,42,740

NOTE 2.16: FINANCE COST

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Bank charges	23,653	33,429	1,00,700	1,38,619
Interest Expenses	48,03,857	67,89,407	-	-
	48,27,509	68,22,836	1,00,700	1,38,619

NOTE 2.17: OTHER EXPENSES

Particulars	Year Ended 31st March 2016 PESO	Year Ended 31st March 2016 PESO	Year Ended 31st March 2015 PESO	Year Ended 31st March 2015 Rs.
Office expenses	2,67,902	3,78,633	10,64,033	14,64,700
Rent	29,64,027	41,89,131	34,32,461	47,24,970
Legal & Professional Charges	18,38,194	25,97,964	6,42,415	8,84,319
Insurance	9,76,393	13,79,961	12,32,660	16,96,824
Selling & Distribution Expenses	164,69,018	232,76,061	30,29,398	41,70,132
Advertisement & Marketing Expenses	239,25,850	338,14,982	409,20,094	563,28,743
Bad Debts	84,49,355	119,41,678	5,63,041	7,75,057
Communication and Printing Expenses	14,21,868	20,09,560	3,74,733	5,15,840
Product Registration Charges	-	-	-	-
License and other fees	11,78,887	16,66,150	12,58,993	17,33,073
Commission & Discount	6,29,502	8,89,691	29,94,782	41,22,481
Applicable net gain/loss on foreign currency transactions and translation	-	13,34,169	-	33,28,610
Miscellaneous Expenses	10,98,566	15,52,629	9,61,046	13,22,932
Electricity Charges	3,14,868	4,45,011	-	-
Expiry of Inventory	54,951	77,663	-	-
	595,89,382	855,53,282	564,73,656	810,67,680



ALKEM LABORATORIES CORPORATIONNOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

2.18 **Related Party Disclosures, as required by Accounting Standard 18 (AS-18) are given below:**

a) Names of Related parties and description of relationship: -

i) Company whose control exists: Alkem Laboratories Limited (Holding Company)

ii) Fellow Subsidiaries

Alkem Laboratories (NIG) Limited	Nigeria
Alkem Laboratories (PTY) Limited	South Africa
Alkem Pharma GmbH	Germany
Ascend Laboratories SpA.	Chile
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
ThePharmanetwork, LLC	United States of America
Ascends Laboratories SDN BHD.	Malaysia
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 Laboatories, LLC	United States of America
Ascend Laboratories (UK) Limited	United Kingdom
Cachet Pharmaceutical Pvt. Ltd	India
Indchemie Health specialties Pvt. Ltd	India
Alkem Real Estate LLP (Upto 11.09.2015)	India

iii) Key Management Personnel : Mr. Sandeep Singh (Director)
: Mr. Somdutta Awasthi (Director)

b) Transactions with the related parties:

Sr. No	Transaction	As on 31 st March 2016	
		Holding Company	
		PESO	Rs
1.	Purchase	9,378,471 (32,463,247)	13,254,820 (44,687,431)
2.	Loan Taken	10,535,060 (37,443,584)	15,101,376 (56,610,844)
3.	Interest Expenses	4,803,857 -	6,789,407 -
4	Share Application Money received	- (44,410,447)	- (62,595,000)



ALKEM LABORATORIES CORPORATION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

c) Out of the above items transactions in excess of 10% of the total related party transactions are as under :

Sr. No	Transactions	Related Party Relation	For the year ended 31.03.2016		For the year ended 31.03.2015	
			PESO	RS.	PESO	Rs
1.	Purchase (Alkem Laboratories Ltd)	Holding Company	9,378,471	13,254,820	32,463,247	44,687,431
2.	Loan taken (Alkem Laboratories Ltd)	Holding Company	10,535,060	15,101,376	37,443,584	56,610,844
3.	Share Application Money (Alkem Laboratories Ltd)	Holding Company	-	-	44,410,447	62,595,000

d) Balances due from / to the related parties:

Sr. No	Transaction	As on 31st March 2016	
		Holding Company	
		PESO	Rs
1.	Trade Payable	17,363,009 (40,780,703)	24,888,832 (56,885,818)
2.	Long Term Borrowing	117,206,394 (106,671,334)	168,008,334 (148,797,977)
3.	Interest Payable	4,803,857 (-)	6,886,040 (-)
4.	Deposit from (Alkem Laboratories Ltd)	2,010,447 (-)	3,141,833 (-)

Note: -

- Figures in brackets are for previous year.
- Related Party relationship is as identified by the company and relied upon by the Auditor.



ALKEM LABORATORIES CORPORATION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

2.19: Earnings per share are calculated as follows:-

Particulars	For the year ended 31 st March 2016 Peso.	For the year ended 31 st March 2016. INR.	For the year ended 31 st March 2015. Peso.	For the year ended 31 st March 2015. INR.
Net profit/(loss) after tax attributable to Equity Shareholders	(55,951,060)	(80,411,154)	(1,91,39,749)	(2,97,32,851)
Weighted average number of Equity Shares (No.)	407,644	407,644	94,000	94,000
-Basic	407,644	407,644	94,000	94,000
-Diluted				
Earnings per Share				
* -Basic	(137.25)	(197.26)	(203.61)	(316.31)
** -Diluted	(137.25)	(197.26)	(203.61)	(316.31)

2.20: The books of accounts are maintained by the Company in Peso and converted into Indian Rupees in accordance with the accounting policy stated in note 1.22 above.

2.21: Average exchange rate as on 31st March 2016 considered for the purpose of translation as referred in note no 1.22 (i) is Rs.1.41332/1Peso (Rs. 1.37655/1Peso)

Closing exchange rate as on 31st March 2015 considered for the purpose of translation as referred in note no. 1.22 (ii) is Rs.1.43344/1Peso (Rs. 1.39492/1Peso)

2.22: Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

Signature to Notes 1.1 to 2.22

As per our attached report of even date

For R S Sanghai & Associates
Chartered Accountant

R S Sanghai
Partner

Place: Mumbai

Date: 20th May, 2016.



For and on behalf of the Board

Sandeep Singh

Sandeep Singh
Director

Somdutta Awasthi
Director