

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 (NIG) Limited, Nigeria** 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 Nigeria in its reporting currency in Nigerian Naira as per the requirements of the Nigerian Laws and Nigerian GAAPs and have been audited by its auditors in Nigeria.
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 (NIG) Limited, Nigeria prepared in Nigerian currency as per Nigerian GAAP and audited by its auditors in Nigeria 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 Nigerian Naira to Indian Rupees by adopting the applicable rates of foreign currency for the period 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 (NIGERIA) LIMITED
BALANCE SHEET AS AT 31ST MARCH 2016

PARTICULARS	Note No.	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2.1	271,56,388	94,18,433	271,56,388	94,18,433
(b) Reserves and Surplus	2.2	(4728,84,508)	(1545,29,366)	(3796,91,589)	(1146,01,393)
		(4457,28,120)	(1451,10,933)	(3525,35,201)	(1051,82,960)
(2) Non Current Liabilities					
(a) Long Term Borrowings	2.3	1788,53,048	590,64,431	1802,51,084	560,59,889
		1788,53,048	590,64,431	1802,51,084	560,59,889
(3) Current Liabilities					
(a) Trade Payables	2.4	3223,86,871	1064,65,040	3494,11,958	1086,70,613
(b) Other Current Liabilities	2.5	109,79,904	36,26,004	68,35,644	21,25,954
		3333,66,775	1100,91,044	3562,47,603	1107,96,567
TOTAL		664,91,702	240,44,541	1839,63,485	616,73,496
II. ASSETS					
(1) Non Current Assets					
(a) Fixed Assets- Tangible Assets	2.6	29,45,786	30,60,385	64,42,016	30,74,581
		29,45,786	30,60,385	64,42,016	30,74,581
(2) Current Assets					
(a) Inventories	2.7	3,04,784	99,405	846,28,535	297,08,283
(b) Trade receivables	2.8	407,67,107	134,62,929	751,28,826	233,65,817
(c) Cash and Cash equivalents	2.9	158,84,267	52,45,620	108,34,865	33,69,752
(d) Short Term Loans and Advances	2.10	11,48,740	3,79,360	20,16,736	6,27,225
(e) Other current assets	2.11	54,41,018	17,96,842	49,12,507	15,27,838
		635,45,916	209,84,157	1775,21,469	585,98,915
TOTAL		664,91,702	240,44,541	1839,63,485	616,73,496

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

R S SANGHAI

Partner

Place : Mumbai

Dated : 20th May 2016



For and on behalf of the Board

P.V. Damodaran
Director

Ashish Sinha
Director

ALKEM LABORATORIES (NIGERIA) LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2016

PARTICULARS	Note No.	Year ended	Year ended	Year ended	Year ended
		31st March 2016 NAIRA	31st March 2016 Rs.	31st March 2015 NAIRA	31st March 2015 Rs.
Revenue from operations	2.12	845,35,000	275,70,985	1467,22,696	515,06,024
Other income	2.13	10,45,641	3,41,034	10,10,817	199,71,533
Total Revenue		855,80,641	279,12,019	1477,33,513	714,77,558
Expenses:					
Purchases of Stock-in-Trade		160,71,284	52,41,629	1053,78,812	369,92,529
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.14	843,23,751	275,02,086	(45,43,623)	1,00,122
Employee benefits expense	2.15	285,36,653	93,07,194	277,02,706	97,24,850
Finance costs	2.16	4,16,059	1,35,697	4,60,557	1,61,675
Depreciation and amortization expense		31,75,607	10,25,601	58,39,303	4,87,848
Other expenses	2.17	462,50,206	246,27,784	1839,18,027	644,63,197
Total expenses		1787,73,560	678,39,992	3187,55,781	1119,30,221
Profit Before Tax		(931,92,919)	(399,27,973)	(1710,22,268)	(404,52,664)
Tax Expense		-	-	-	-
Profit (Loss) for the period		(931,92,919)	(399,27,973)	(1710,22,268)	(405,52,664)
Earnings per equity share:					
(1) Basic		(3.43)	(1.47)	(6.30)	(1.49)
(2) Diluted		(3.43)	(1.47)	(6.30)	(1.49)

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

R S SANGHAI

Partner

Place : Mumbai

Dated : 20th May 2016



For and on behalf of the Board

P.V. Damodaran
Director

Ashish Sinha
Director

ALKEM LABORATORIES (NIGERIA) LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Current Year ending 31st March 2016		Current Year ending 31st March 2015	
	NAIRA	Rs.	NAIRA	Rs.
A. Cash Flow from Operating activities				
-Profit before Tax	(931,92,919)	(399,27,973)	(1710,22,268)	(404,52,664)
-Adjustments for :				
-Exchange difference	-	95,43,338	-	194,83,563
-Depreciation	31,75,607	10,25,601	58,39,303	20,49,848
Operating Profit before Working Capital Changes	(900,17,312)	(293,59,034)	(1651,82,966)	(189,19,253)
-Adjustments for :				
Inventories	843,23,752	275,02,086	(45,43,623)	(15,95,009)
Trade receivables	343,61,718	112,07,031	(34,69,893)	(12,18,083)
Other current assets	(5,28,512)	(1,72,373)	22,38,959	7,85,972
Short Term Loans and Advances	8,67,996	2,83,096	(4,08,344)	(1,43,346)
Trade Payables	(270,25,088)	(88,14,199)	1311,62,145	460,43,597
Other Current Liabilities	41,44,260	13,51,645	38,25,589	13,42,948
Long Term Borrowings	(13,98,036)	(4,55,968)	419,09,471	147,12,040
Cash (used in) / Generated from Operations	47,28,779	15,42,285	55,31,338	410,08,865
Net cash (used in) /generated from operating activities	47,28,779	15,42,285	55,31,338	410,08,865
B. Cash Flow from Investing activities				
Purchase of Fixed Assets	(2,12,975)	(69,462)	(1,55,000)	(54,412)
Sale of Property Plant & Equipments	5,33,598	1,74,032		
Net cash (used in) /generated from investment activities	3,20,623	1,04,571	(1,55,000)	(54,412)
C. Cash Flow from Financing activities				
	-	-	-	-
Net Increase/(decrease) in cash and cash equivalents	50,49,402	16,46,856	53,76,338	409,54,454
Cash and cash equivalents at the beginning of the year	108,34,865	33,69,752	54,58,526	19,53,224
Cash and cash equivalents at the end of the year	158,84,267	50,16,608	108,34,864	429,07,678



Notes :

1) Cash and cash equivalents include :

Particulars	As at 31.03.2016		As at 31.03.2015	
	NAIRA	Rs.	NAIRA	Rs.
Cash and Bank balances (Refer Note 2.9)	158,84,267	52,45,620	108,34,865	33,69,751
Exchange difference (Unrealised (Gain) / Loss)	-	(2,29,012)	-	395,37,927
Total	158,84,267	50,16,608	108,34,865	429,07,678

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

Dated : 20th May 2016



For and on behalf of the Board


P.V. Damodaran

Director


Ashish Sinha

Director

ALKEM LABORATORIES (NIGERIA) LIMITED

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

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 Basis of preparation: -

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

1.2 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.

1.3 Tangible Fixed Assets and Depreciation:

- a) Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any.
- b) Depreciation on Tangible Fixed Assets is provided on Straight Line Method (SLM) using the rates arrived at based on the useful lives of the respective assets.
- c) Following are the estimated life of fixed assets taken into consideration for depreciation: -

Assets	Estimated Useful Life
Motor Vehicles	4 Years
Furniture & Fittings	5 Years
Office Equipment	5 Years

1.4 Inventories:

Inventories are measured at the lower of cost and net realizable value.



ALKEM LABORATORIES (NIGERIA) LIMITED

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

1.5 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.

1.6 Cash and Cash Equivalents:

Cash and Cash Equivalent for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investment with an original maturity of three months or less (if any).

1.7 Deferred Taxation:

Provision for deferred taxation is made using liability method and calculated at the current rate of taxation on the differences between the net book value of qualifying fixed assets and their corresponding written down value.

1.8 Retirement Benefit Scheme:

The company operates a contributory pension scheme which employees join upon employment. Employee and employer contributions are 8% and 10% of defined total package, in line with the requirements of the Pension Reforms Act, 2012. The company's liabilities in respect of the scheme are charged to the profit of the year in which they become payable, payments are made to a pension fund administrator that manages the scheme.

1.9 Provisions:

Provisions are recognized which the company has a present obligations whether legal or constructive as a result of a post event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligating.

1.10 Revenue Recognition:

- a) Revenue is recognized to the extents that it is probable that the economic benefits will flow to the company and can be reliably measured.
- b) Revenue from sale of products is recognized when the significant risks rewards of ownership of the goods have passed on to the buyer which is generally on dispatch of goods.



ALKEM LABORATORIES (NIGERIA) LIMITED

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

1.11 Translation to Indian Rupees: -

The local accounts are maintained in local and functional currency, which is the **Naira**. 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 are 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 (NIGERIA) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 2.1 : SHARE CAPITAL

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
(A) Authorised, Issued, Subscribed and paid - up share capital and par value per share				
AUTHORISED SHARE CAPITAL : 5,00,00,000 Equity Shares of Niara.1/- each (Previous Year 5,00,00,000 Equity Shares of Niara.1/- each Fully paid)	500,00,000	1441,66,169	500,00,000	1441,66,169
	500,00,000	1441,66,169	500,00,000	1441,66,169
ISSUED, SUBSCRIBED & PAID-UP : 2,71,56,388 Equity Shares of Niara.1/- each (Previous Year 2,71,56,388 Equity Shares of Niara.1/- each Fully paid)	271,56,388	94,18,433	271,56,388	94,18,433
	271,56,388	94,18,433	271,56,388	94,18,433

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

Particulars	As at 31st March 2016	As at 31st March 2015
Numbers of Shares Outstanding as at the beginning of the period	271,56,388	271,56,388
Shares issued during the period	-	-
shares bought back during the period	-	-
Numbers of Shares Outstanding as at the Closing of the period	271,56,388	271,56,388

(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	271,56,388	100%	271,56,388	100%

NOTE 2.2 : RESERVES AND SURPLUS

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	(3796,91,588)	(1146,01,393)	(2086,69,321)	(740,48,729)
Profit and Loss of Current period	(931,92,919)	(399,27,973)	(1710,22,268)	(405,52,664)
Profit available for appropriation	(4728,84,508)	(1545,29,366)	(3796,91,589)	(1146,01,393)
	(4728,84,508)	(1545,29,366)	(3796,91,589)	(1146,01,393)



ALKEM LABORATORIES (NIGERIA) LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
NOTE 2.3: LONG TERM BORROWING

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Exchange Loss on revaluation	405,11,435	133,78,496	419,09,471	130,34,265
Loan From directors & shareholders	1383,41,613	456,85,934	1383,41,613	430,25,625
	1788,53,048	590,64,431	1802,51,084	560,59,889

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 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Total outstanding due to creditors other than micro enterprises & small enterprises	2570,27,691	848,80,825	2758,87,876	858,03,888
Exchange Loss on revaluation	653,59,179	215,84,215	735,24,082	228,66,725
	3223,86,871	1064,65,040	3494,11,958	1086,70,613

NOTE 2.5: OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Other Payables	109,79,904	36,26,004	68,35,644	21,25,954
	109,79,904	36,26,004	68,35,644	21,25,954

NOTE 2.7 : INVENTORIES

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Finished Goods valued at cost	3,04,785	99,405	842,53,902	295,76,771
Goods-in transit			3,74,633	1,31,513
	3,04,785	99,405	846,28,535	297,08,283



ALKEM LABORATORIES (NIGERIA) LIMITED.

Note 2.6 Fixed Assets Schedule

		Gross Block					Depreciation and Amortisation					Net Block		
		As at 1 st April 2015	Additions	Deletion	As at 31st March 2016	Upto 1st April 2015	For the period	Deletion	As at 31st March 2016	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015	As at 31st March 2015	
PARTICULARS														
Tangible Assets		21,89,140		-	21,89,140	20,65,130	31,025	-	20,96,155	92,985	1,24,010			
Furniture & fixtures		62,34,983	2,12,975	44,82,741	19,65,217	58,22,760	2,53,823	44,80,062	15,96,521	3,68,696	4,12,223			
Equipments		446,55,781	-	227,62,931	218,92,850	387,49,998	28,90,758	222,32,011	194,08,745	24,84,105	59,05,783			
Motor Vehicle														
Grand Total		530,79,904	2,12,975	272,45,672	260,47,207	466,37,888	31,75,606	267,12,073	231,01,421	29,45,786	64,42,016			
Previous Year		529,24,904	1,55,000	-	530,79,904	407,98,585	58,39,303	-	466,37,888	64,42,016	121,26,319			
Amount in Rs.														
PARTICULARS														
Tangible Assets		6,46,451		-	6,46,451	6,46,451	-	-	6,46,451	-	-			
Furniture & fixtures		141,50,653	69,462	14,62,040	127,58,075	110,76,072	82,784	14,61,167	96,97,690	30,60,385	30,74,581			
Equipments		18,42,474	-	18,42,474	-	18,42,474	9,42,817	27,85,291	-	-	-			
Motor Vehicle														
Grand Total		166,39,578	69,462	33,04,514	134,04,525	135,64,997	10,25,601	42,46,458	103,44,140	30,60,385	30,74,581			
Previous Year		165,85,166	54,412	-	166,39,578	130,77,149	4,87,848	-	135,64,997	30,74,581	35,08,018			



ALKEM LABORATORIES (NIGERIA) LIMITED

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

NOTE 2.8 : TRADE RECEIVABLES

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Outstanding for a period of less than six months from date they are due				
Unsecured, considered good	475,95,852	157,18,054	819,57,571	254,89,624
Less : Provision	68,28,745	22,55,125	68,28,745	21,23,809
	407,67,107	134,62,929	751,28,826	233,65,815

NOTE 2.9 : CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
(a) Balance with Bank				
In Current Account	158,80,056	52,44,230	107,40,095	33,40,277
(b) Cash in Hand	4,211	1,391	94,771	29,475
	158,84,267	52,45,620	108,34,865	33,69,752

NOTE 2.10 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Loans and advances to employees	-	-	3,96,736	1,23,389
Money Deposits for Tenders	-	-	16,20,000	5,03,836
Other Advances	11,48,740	3,79,360	-	-
	11,48,740	3,79,360	20,16,736	6,27,225

NOTE 2.11 : OTHER CURRENT ASSETS

Particulars	As at 31st March 2016 NAIRA	As at 31st March 2016 Rs.	As at 31st March 2015 NAIRA	As at 31st March 2015 Rs.
Prepaid Expenses	45,47,428	15,01,743	40,18,917	12,49,923
Advance tax	8,93,590	2,95,099	8,93,590	2,77,915
	54,41,018	17,96,842	49,12,507	15,27,838



ALKEM LABORATORIES (NIGERIA) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 2.12 : REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Sale of Product	845,35,000	275,70,985	1467,22,696	515,06,024
	845,35,000	275,70,985	1467,22,696	515,06,024

NOTE 2.13 : OTHER INCOME

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Miscellaneous Income	3,59,238	1,17,165	10,10,817	3,54,841
Profit on sale of Assets	6,86,403	2,23,869	-	-
Exchange Gain		-	-	196,16,693
	10,45,641	3,41,034	10,10,817	199,71,533

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

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Opening Stock :				
Goods-in -transit	3,74,633	1,31,513	-	-
Finished Goods	842,53,902	295,76,771	800,84,912	298,08,405
	846,28,535	297,08,283	800,84,912	298,08,405
Less : Closing Stock :				
Work in process			3,74,633	1,31,513
Goods-in -transit			842,53,902	295,76,771
Finished Goods	3,04,785	98,483	846,28,535	297,08,283
	3,04,785	98,483	846,28,535	297,08,283
Exchange difference on translation		(21,07,714)		
Decrease in stocks of finished goods (includes traded goods & Work in process)	843,23,751	275,02,086	(45,43,623)	1,00,122



ALKEM LABORATORIES (NIGERIA) LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
 NOTE 2.15 : EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Salaries, Wages and Bonus	265,05,893	86,44,864	263,04,766	92,34,113
Employee Welfare	20,30,760	6,62,330	13,97,940	4,90,738
	285,36,653	93,07,194	277,02,706	97,24,850

NOTE 2.16 : FINANCE COST

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Banking Charges	4,16,059	1,35,697	4,60,557	1,61,675
	4,16,059	1,35,697	4,60,557	1,61,675

NOTE 2.17 : OTHER EXPENSES

Particulars	Year ended 31st March 2016 NAIRA	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 NAIRA	Year ended 31st March 2015 Rs.
Printing and stationery	24,100	7,860	9,24,120	3,24,406
Legal and Professional Exp	46,59,827	15,19,797	7,95,000	2,79,079
Electricity	-	-	64,600	22,677
Transport & Travelling	132,42,172	43,18,918	164,13,392	56,61,812
Motor Running Expenses	8,94,613	2,91,777	7,75,477	2,72,226
Audit fees	5,30,000	1,72,859	5,00,000	1,75,522
Postages	56,315	18,367	22,66,629	7,95,685
Product Registration	2,52,625	82,393	17,73,500	6,22,575
Bad Debts	1,65,110	53,850	-	-
Insurance	12,28,300	4,00,608	25,82,510	9,06,573
Distribution Expenses	22,65,948	7,39,036	-	-
Communication charges	13,68,811	4,46,436	15,33,512	5,38,329
Repairs & Maintenance	41,24,475	13,45,192	52,93,130	18,58,118
Rent rates & taxes	109,94,785	35,85,935	107,42,694	37,71,151
Sales & Promotions	43,02,931	14,03,395	172,40,415	60,52,133
Office Running exp	12,27,344	4,00,297	9,79,216	3,43,747
Cash Discount	5,78,358	1,88,631	36,43,616	12,79,067
Applicable net gain/loss foreign currency transactions	2,48,373	96,24,344	1169,18,487	410,43,455
Miscellaneous Expenses	86,120	28,088	13,57,159	4,76,421
Brokerage and commission	-	-	1,14,572	40,220
	462,50,206	246,27,784	1839,18,027	644,63,197



ALKEM LABORATORIES (NIGERIA) LIMITED

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

2.18 Company Overview: -

The Company was incorporated on 17th September 2007 in Nigeria under the Corporations Act Its core business is to sale and distribution of pharmaceutical products throughout Nigeria and to provide marketing services. The Company is a wholly- owned subsidiary of Alkem Laboratories Ltd.

2.19 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 (PTY) Limited	South Africa
Alkem Pharma GmbH	Germany
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
ThePharmanetwork, LLC	United States of America
Ascends Laboratories SDN BHD.	Malaysia
Ascends Laboratories SpA	Chile
Enzene Biosciences Ltd.	India
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The PharmaNetwork, LLP	Kazakhstan
Ascend 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 : P.V. Damodaran (Director)
: Ashish Sinha (Director)

b) Transactions with the related parties:

Sr. No	Transaction	Holding Company	
		Naira	Rs
1.	Purchase	15,059,682 (85,336,293)	4,911,697 (29,956,737)



ALKEM LABORATORIES (NIGERIA) LIMITED

 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	
			Naira	Rs	Naira	Rs
1.	Purchase (Alkem Laboratories Ltd)	Holding Company	15,059,682	4,911,697	85,336,293	29,956,737

- d) Balances due from / to the related parties:

Sr. No	Transaction	As at 31 st March 2016	
		Holding Company	
		Naira	Rs
1.	Trade Payable	321,951,664 (275,814,082)	106,321,317 (85,780,938)
2.	Long Term Borrowing	178,853,048 (180,251,084)	59,064,431 (56,059,889)

Note: -

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

2.20: Earnings per share are calculated as follows:-

Particulars	For the year ended 31 st March 2016 NAIRA	For the year ended 31 st March 2016. INR.	For the year ended 31 st March 2015. NAIRA	For the year ended 31 st March 2015. INR.
Net profit/(loss) after tax attributable to Equity Shareholders	(93,192,919)	(39,927,973)	(1,71,022,268)	(40,552,664)
Weighted average number of Equity Shares (No.)	2,71,56,388	2,71,56,388	2,71,56,388	2,71,56,388
-Basic	2,71,56,388	2,71,56,388	2,71,56,388	2,71,56,388
-Diluted				
Earnings per Share				
* -Basic	(3.43)	(1.47)	(6.30)	(1.49)
** -Diluted	(3.43)	(1.47)	(6.30)	(1.49)



ALKEM LABORATORIES (NIGERIA) LIMITED

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

- 2.21: The books of accounts are maintained by the Company in Naira and converted into Indian Rupees in accordance with the accounting policy stated in note 1.11 above.
- 2.22: Average exchange rate as on 31st March 2016 considered for the purpose of translation as referred in note no. 1.11 (i) is Rs.0.3261/1Naira (Rs. 0.35104/1Naira)
- Closing exchange rate as on 31st March 2016 considered for the purpose of translation as referred in note no. 1.11 (ii) is Rs.0.3302/1Naira (Rs. 0.3110/1 Naira)
- 2.23: Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

Signature to Notes 1.1 to 2.23

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



P.V. Damodaran
Director



Ashish Sinha
Director