

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 (Pty.) Limited, South Africa** 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 South Africa in its reporting currency in South African Rand as per the requirements of the South African Laws and South African GAAPs and have been audited by its auditors in South Africa.
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 (Pty.) Limited, South Africa prepared in South African currency as per South African GAAP and audited by its auditors in South Africa 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 South African Rand 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 (PROPRIETARY) LTD.
BALANCE SHEET AS AT 31ST MARCH 2016

PARTICULARS	Note No.	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2.1	1,58,900	9,16,200	1,58,900	9,16,200
(b) Reserves and Surplus	2.2	(20,96,619)	(94,24,328)	(10,76,474)	(54,44,319)
		(19,37,719)	(85,08,128)	(9,17,574)	(45,28,119)
(2) Current Liabilities					
(a) Trade Payables	2.3	56,91,521	249,94,542	23,86,090	123,32,696
(b) Other current liabilities	2.4	-	-	5,000	25,844
		56,91,521	249,94,542	23,91,090	123,58,540
TOTAL		37,53,802	164,86,415	14,73,516	78,30,421
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	2.5	3,695	17,670	3,988	25,204
		3,695	17,670	3,988	25,204
(2) Current Assets					
(a) Inventories	2.6	-	-	5,63,171	31,20,636
(b) Trade receivables	2.7	8,15,381	35,80,778	3,64,295	18,82,889
(c) Short Term and advances	2.8	2,37,500	10,42,991	2,93,407	15,16,498
(d) Cash and Cash equivalents	2.9	26,97,226	118,44,976	2,48,655	12,85,194
		37,50,107	164,68,745	14,69,528	78,05,217
TOTAL		37,53,802	164,86,415	14,73,516	78,30,421

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 Board


R S SANGHAI
 Partner
 Place : Mumbai
 Dated : 20th May, 2016




Sandeep Singh
 Director


D. K. Singh
 Director

ALKEM LABORATORIES (PROPRIETARY) LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

PARTICULARS	Note No.	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Revenue from operations	2.10	172,03,945	822,72,677	190,08,895	1053,31,878
Other Income		38,648	1,84,822	3,54,941	19,66,794
Total Revenue		172,42,593	824,57,500	193,63,836	1072,98,672
Expenses:					
Purchases		48,50,823	231,97,598	86,11,095	477,15,701
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.11	5,63,171	26,93,195	(1,50,354)	(6,54,647)
Employee Benefits	2.12	9,000	43,040	1,72,950	9,58,349
Finance costs	2.13	3,937	18,828	11,769	65,216
Depreciation		4,040	25,453	3,195	17,704
Other expenses	2.14	128,31,767	604,59,395	109,87,415	602,18,043
Total expenses		182,62,738	864,37,509	196,36,070	1083,20,365
Profit (loss) before tax		(10,20,145)	(39,80,009)	(2,72,234)	(10,21,693)
Tax Expense					
- current tax		-	-	-	-
		-	-	-	-
Profit (Loss) for the period		(10,20,145)	(39,80,009)	(2,72,234)	(10,21,693)
Earnings per equity share:					
(1) Basic		(64.20)	(250.47)	(17.13)	(64.30)
(2) Diluted		(64.20)	(250.47)	(17.13)	(64.30)

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

Dated : 20th May, 2016



Sandeep Singh
Director


D. K. Singh
Director

ALKEM LABORATORIES (PROPRIETARY) LTD.
CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	Current Year ending 31st March 2016		Current Year ending 31st March 2015	
	RAND	Rs.	RAND	Rs.
A. Cash Flow from Operating activities				
-Profit before Tax	(10,20,145)	(39,80,009)	(2,72,234)	(10,21,688)
-Adjustments for :				
-Exchange difference	-	(9,04,659)	-	4,86,810
-Depreciation	4,040	25,453	3,195	17,704
Operating Profit before Working Capital Changes	(10,16,105)	(48,59,216)	(2,69,039)	(5,17,174)
-Adjustments for :				
Inventories	5,63,171	26,93,195	(1,50,355)	(8,33,144)
Trade receivables	(4,51,086)	(21,57,183)	61,328	3,39,831
Short Term Loans and Advances	55,907	2,67,358	(2,49,761)	(13,83,970)
Trade Payables	33,05,431	158,07,228	10,29,480	57,04,544
Other Current Liabilities	(5,000)	(23,911)	(6,72,280)	(37,25,230)
Cash (used in) / Generated from Operations	24,52,318	117,27,472	(2,50,626)	(4,15,144)
Net cash (used in) /generated from operating activities	24,52,318	117,27,472	(2,50,626)	(4,15,144)
B. Cash Flow from Investing activities				
Purchase of Fixed Assets	(3,747)	(17,919)	-	-
Net cash (used in) /generated from Investing activities	(3,747)	(17,919)	-	-
C. Cash Flow from Financing activities				
Net Increase/(decrease) in cash and cash equivalents	24,48,571	117,09,553	(2,50,626)	(4,15,144)
Cash and cash equivalents at the beginning of the year	2,48,655	12,85,194	4,99,280	28,19,131
Cash and cash equivalents at the end of the year	26,97,226	129,94,747	2,48,655	24,03,987

Notes :

1) Cash and cash equivalents include :

Particulars	As at 31.03.2016		As at 31.03.2015	
	RAND	Rs.	RAND	Rs.
Cash and Bank balances (Refer Note 2.9)	26,97,226	118,44,976	2,48,655	12,85,194
Exchange difference (Unrealised (Gain) / Loss)	-	11,49,771	-	11,18,793
Total	26,97,226	129,94,747	2,48,655	24,03,987

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

For and on behalf of the Board

R S SANGHAI

Partner

Place : Mumbai

Dated : 20th May, 2016



Sandeep Singh
Sandeep Singh
Director

D.K. Singh
D.K. Singh
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 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.

1.2 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 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.

1.4 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).

1.5 Tangible Assets (Property, plant and equipment) :-

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company: and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized. Property, plant and equipment are depreciated on the straight line basis over their



ALKEM LABORATORIES (PROPRIETARY) LTD.

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

expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
IT equipment	3
Furniture and Fixtures	6

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the (company/group) holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Inventories:-

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.



1.7 Impairment of assets:-

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the company also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Revenue Recognition:-

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.



ALKEM LABORATORIES (PROPRIETARY) LTD.

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements. Dividends are recognised, in profit or loss, when the company's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.9 Translation to Indian Rupees: -

The local accounts are maintained in local and functional currency, which is the **Rand**. 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.



Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
NOTE 2.1 : SHARE CAPITAL				
(A) Authorised, Issued, Subscribed and paid - up share capital and par value per share				
AUTHORISED SHARE CAPITAL :				
50,000 Equity Shares of RAND 10/- each (Previous Year 50,000 Equity Shares of RAND10/- each)	5,00,000	28,82,945	5,00,000	28,82,945
	5,00,000	28,82,945	5,00,000	28,82,945
ISSUED, SUBSCRIBED & PAID-UP :				
15,890 Equity Shares of RAND 10/- each (Previous Year 15,890 Equity Shares of RAND10/- each)	1,58,900	9,16,200	1,58,900	9,16,200
	1,58,900	9,16,200	1,58,900	9,16,200

(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	15,890	15,890
Shares issued during the period	-	-
shares bought back during the period	-	-
Numbers of Shares Outstanding as at the Closing of the period	15,890	15,890

(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	15,890	100%	15,890	100%

NOTE 2.2 : RESERVES AND SURPLUS

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	(10,76,474)	(54,44,319)	(8,04,240)	(44,22,626)
Profit and Loss of Current Year	(10,20,145)	(39,80,009)	(2,72,234)	(10,21,693)
Balance carried to Balance Sheet	(20,96,619)	(94,24,328)	(10,76,474)	(54,44,319)



NOTE 2.3 : TRADE PAYABLES

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Sundry Creditors (Unrelated)	-	-	2,11,520	10,93,256
Sundry Creditors (Related Parties)	56,91,521	249,94,542	21,74,570	112,39,440
	56,91,521	249,94,542	23,86,090	123,32,696

NOTE 2.4 : OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Accrual for expenses	-	-	5,000	25,844
	-	-	5,000	25,844

NOTE 2.6: INVENTORIES

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Stock-in-trade	-	-	5,63,171	31,20,636
	-	-	5,63,171	31,20,636

NOTE 2.7 :TRADE RECEIVABLES

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Trade receivables	8,15,381	35,80,778	3,64,295	18,82,889
	8,15,381	35,80,778	3,64,295	18,82,889

NOTE 2.8 : SHORT TERM LOANS & ADVANCES

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
Loan- Alkem India	52,159	2,29,058	37,243	1,92,493
Advance to Supplier	-	-	-	-
Vat Input	1,85,341	8,13,932	2,56,164	13,24,004
	2,37,500	10,42,991	2,93,407	15,16,498



ALKEM LABORATORIES (PROPRIETARY) LTD.

NOTE NO 2.5

FIXED ASSETS SCHEDULE

Amount in Rand									
PARTICULARS	Gross Block			Depreciation and Amortisation			Net Block		
	As at 1st April 2015	Additions	Deletion	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									
Office equipment	9,585.00	-		9,585	5,597	3,988		9,585	3,988
Furniture and fixture		3,747.00		3,747		52		3,695	-
Total	9,585.00	3,747	-	13,332	5,597	4,040	-	9,637	3,988
Previous Period	9,585.00	-	-	9,585	2,402.00	3,195	-	5,597	7,183
Amount in Rs.									
PARTICULARS	Gross Block			Depreciation and Amortisation			Net Block		
	As at 1st April 2015	Additions	Deletion	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									
Office equipment	57,257	-	-	57,257	32,053	25,204	-	57,257	25,204
Furniture and fixture		17,919		17,919		249	-	17,670	-
Total	57,257	17,919	-	75,176	32,053	25,453	-	57,506	25,204
Previous Period	57,257	-	-	57,257	14,349	17,704	-	32,053	42,908



NOTE 2.9 : CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2016 RAND	As at 31st March 2016 Rs.	As at 31st March 2015 RAND	As at 31st March 2015 Rs.
(a) Balance with Bank Current Account	26,97,226	118,44,976	2,48,655	12,85,194
	26,97,226	118,44,976	2,48,655	12,85,194

NOTE 2.10 : OTHER INCOME

Particulars	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Vat Receivable	-	-	1,567	8,681
Other Revenue	38,648	1,84,822	3,53,374	19,58,113
	38,648	1,84,822	3,54,941	19,66,794

NOTE 2.11 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Opening Stock :				
Stock-in-trade	5,63,171	31,20,636	4,12,816	24,65,989
	5,63,171	31,20,636	4,12,816	24,65,989
Less: Closing				
Stock-in-trade	-	-	5,63,171	31,20,636
	-	-	5,63,171	31,20,636
Exchange rate difference		(4,27,441)		
	5,63,171.00	26,93,195.42	(1,50,354)	(6,54,647)

NOTE 2.12 : EMPLOYEE BENEFITS

Particulars	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Salary and wages to employees	9,000	43,040	1,72,950	9,58,349
	9,000	43,040	1,72,950	9,58,349



NOTE 2.13 : FINANCE COST

Particulars	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Bank Charges	3,937	18,828	11,769	65,216
	3,937	18,828	11,769	65,216

NOTE 2.14 : OTHER EXPENSES

Particulars	Year Ended 31st March 2016 RAND	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 RAND	Year Ended 31st March 2015 Rs.
Auditor fees	32,000	1,53,030	10,000	55,412
Printing and Stationery	68,187	3,26,084	9,764	54,107
Legal and Professional	51,150	2,44,609	99,310	5,50,293
Pharmaceutical Services	5,23,852	25,05,164	1,03,000	5,70,742
Marketing Expenses	115,86,274	554,07,860	99,19,844	549,67,730
Office Expenses	15,289	73,115	1,00,807	5,58,590
Testing & Analytical	25,873	1,23,730	1,01,706	5,63,574
Courier & Postage	10,847	51,873	-	-
Travelling expense	2,275	10,880	4,179	23,157
Subscription Fees	4,200	20,085	-	-
Applicable net gain/loss on foreign currency transactions and translation	4,07,423	10,43,718	5,53,555	24,02,051
license and other fees	17,700	84,645	29,000	1,60,694
Rent	86,697	4,14,602	56,250	3,11,692
	128,31,767	604,59,395	109,87,415	602,18,043



ALKEM LABORATORIES (PROPRIETARY) LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
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2.15 Company Overview: -

The Company was incorporated on 26th May 2008 in South Africa under the Corporations Act. Its core business is to sale and distribution of pharmaceutical products throughout South Africa and to provide marketing services. The Company is a wholly-owned subsidiary of Alkem Laboratories Ltd.

2.16 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
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
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 Laboratories, 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. D.K Singh (Director)

b) Transactions with the related parties:

Sr. No	Transaction	Holding Company	
		RAND	Rs
1.	Purchase	4,677,393 (8,250,923)	22,368,182 (45,719,920)
2.	Loan Given (Alkem Laboratories Ltd)	- (37,243)	- (192,493)



ALKEM LABORATORIES (PROPRIETARY) LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
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- 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	
			RAND	Rs	RAND	Rs
1.	Purchase (Alkem Laboratories Ltd)	Holding Company	4,677,393	22,368,182	8,250,923	45,719,920
2.	Loan Given (Alkem Laboratories Ltd)	Holding Company	-	-	37,243	192,493

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

Sr. No	Transaction	Holding Company	
		RAND	Rs
1.	Trade Payable	5,597,956 (2,174,571)	24,583,648 (11,239,440)
2.	Loan & Advance	52,159 (37,243)	229,058 (192,493)

Note: -

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

2.17: Earnings per share are calculated as follows:-

Particulars	For the year ended 31 st March 2016. RAND	For the year ended 31 st March 2016 INR.	For the year ended 31 st March 2015 RAND	For the year ended 31 st March 2015. INR.
Net profit/(loss) after tax attributable to Equity Shareholders	(1,020,145)	(3,980,009)	(272,234)	(1,021,693)
Weighted average number of Equity Shares (No.)				
-Basic	15,890	15,890	15,890	15,890
-Diluted	15,890	15,890	15,890	15,890



ALKEM LABORATORIES (PROPRIETARY) LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST
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* -Basic	(64.20)	(250.47)	(17.13)	(64.30)
** -Diluted	(64.20)	(250.47)	(17.13)	(64.30)
Earnings per Share				

2.18: The books of accounts are maintained by the Company in RAND and converted into Indian Rupees in accordance with the accounting policy stated in note 1.9 above.

2.19: Average exchange rate as on 31st March 2016 considered for the purpose of translation as referred in note no. 1.9 (i) is **Rs.4.78219/1RAND** (Rs5.54119/1RAND).

Closing exchange rate as on 31st March 2015 considered for the purpose of translation as referred in note no. 1.9 (ii) is **Rs.4.3915/1RAND** (Rs. 5.16858/1RAND).

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

Signature to Notes 1.1 to 2.20

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.

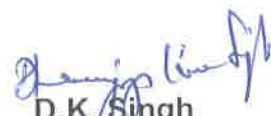


For and on behalf of the Board



Sandeep Singh

Director



D.K. Singh

Director