

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 Ascend Laboratories SpA, Chile** for the year ended 31<sup>st</sup> March, 2016 (which comprises of its Balance Sheet as at 31<sup>st</sup> 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 Chile in its reporting currency in Chilean Peso as per the requirements of the Chilean Laws and Chilean GAAPs.
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 Ascend Laboratories SpA, Chile prepared in Chilean currency as per Chilean GAAP for the year ended 31<sup>st</sup> March, 2016 which comprises its Balance Sheet as at 31<sup>st</sup> 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 Chilean 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: 20<sup>th</sup> May, 2016



**ASCEND LABORATORIES SpA**  
**BALANCE SHEET AS AT 31ST March , 2016**

PARTICULARS	Note No.	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	2.1	1,000,000	113,599	1,000,000	113,599
(b) Reserves and Surplus	2.2	296,828,000	32,282,554	(51,322,442)	377,797
		297,828,000	32,396,153	(50,322,442)	491,396
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	2.3	1,674,603,000	160,036,785	1,144,789,994	114,158,458
		1,674,603,000	160,036,785	1,144,789,994	114,158,458
<b>(3) Current Liabilities</b>					
(a) Trade Payables	2.4	5,413,568,000	517,358,453	1,365,163,132	136,134,068
(b) Other Current Liabilities	2.5	87,106,000	8,324,459	30,521,041	3,043,558
		5,500,674,000	525,682,912	1,395,684,173	139,177,626
<b>TOTAL</b>		7,473,105,000	718,115,850	2,490,151,725	253,827,480
<b>II. ASSETS</b>					
<b>(1) Non Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	2.6	12,945,000.0	1,589,499	13,430,912	1,636,630
(ii) Intangible Assets	2.6	1,947,000.0	188,850		
(b) Other Non Current Asset	2.7	878,348,000	83,941,083	2,000,000	199,440
(c) Deferred tax assets		3,481,000	332,669		
		896,721,000	86,052,101	15,430,912	1,836,070
<b>(2) Current Assets</b>					
(a) Inventories	2.8	2,505,268,000	242,999,409	1,212,974,043	126,170,022
(b) Trade receivables	2.9	2,501,835,000	239,092,863	714,041,361	71,204,205
(c) Cash and Cash equivalents	2.10	1,294,481,000	123,709,666	481,679,504	48,033,080
(d) Short Term Loans and Advances	2.11	197,540,000	18,878,305	52,756,285	5,260,857
(e) Other current assets	2.12	77,260,000	7,383,506	13,269,620	1,323,247
		6,576,384,000	632,063,749	2,474,720,813	251,991,410
<b>TOTAL</b>		7,473,105,000	718,115,850	2,490,151,725	253,827,480

**Significant Accounting Policies**

**Notes to Accounts**

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 Ascend Laboratories SpA

**Rajesh Dubey**

**Manish Narang**

**ASCEND LABORATORIES SpA**  
**PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2016**

PARTICULARS	Note No.	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Revenue from operations	2.13	4,533,994,000	439,776,448	616,097,957	64,084,713
Other income	2.14	4,718,000	457,624	-	3,727,422
<b>Total Revenue</b>		<b>4,538,712,000</b>	<b>440,234,072</b>	<b>616,097,957</b>	<b>67,812,135</b>
Expenses:					
Purchases of Stock-in-Trade		4,140,679,957	401,626,805	1,459,870,420	151,851,463
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.15	(1,292,293,957)	(125,346,537)	(1,113,847,183)	(114,530,092)
Depreciation		3,422,000	331,918	420,524	43,742
Employee benefits expense	2.16	244,700,000	23,734,768	43,955,914	4,572,166
Finance costs	2.17	115,541,000	11,206,943	644,421	67,031
Other expenses	2.18	978,512,558	96,779,763	194,584,703	17,572,928
<b>Total expenses</b>		<b>4,190,561,558</b>	<b>408,333,660</b>	<b>585,628,799</b>	<b>59,577,238</b>
<b>Profit (Loss) for the period</b>		<b>348,150,442</b>	<b>31,900,412</b>	<b>30,469,158</b>	<b>8,234,897</b>
Earnings per equity share:					
(1) Basic		348,150.44	31,900.41	30,469.16	8,234.90
(2) Diluted		348,150.44	31,900.41	30,469.16	8,234.90

**Significant Accounting Policies**

**Notes to Accounts**

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 Ascend Laboratories SpA

**Rajesh Dubey**

**Manish Narang**



**ASCEND LABORATORIES SpA**
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

Particulars	For the year ending 31st March 2016		For the Year ending 31st March 2015	
	CLP	Rs.	CLP	Rs.
<b>A. Cash Flow from Operating activities</b>				
-Profit before Tax	348,150,442	31,900,412	30,469,158	3,018,478
-Adjustments for :				
-Exchange difference	144,907,000	15,925,953	-	150,835
-Depreciation	3,422,000	331,918	420,524	43,742
	496,479,442	48,158,283	30,889,682	3,213,055
Operating Profit before Working Capital Changes				
-Adjustments for :				
Inventories	(1,292,293,957)	(125,346,537)	(1,113,847,183)	(115,859,135)
Trade receivables	(1,787,793,639)	(173,407,714)	(657,288,974)	(68,369,282)
Other current assets	(63,990,380)	(6,206,771)	(12,390,248)	(1,288,797)
Other non current assets	(876,348,000)	(85,001,703)	-	-
Short Term Loans and Advances	(144,783,715)	(14,043,351)	(22,853,985)	(2,377,205)
Trade Payables	4,089,009,874	396,615,046	1,262,362,933	131,307,310
Other Current Liabilities	56,584,959	5,488,479	(8,577,965)	(892,255)
Deferred tax Assets	(3,481,000)	(337,641)		
Cash (used in) / Generated from Operations	473,383,584	45,918,092	(521,705,740)	(54,266,309)
<b>Net cash (used in) /generated from operating activities</b>	473,383,584	45,918,092	(521,705,740)	(54,266,309)
<b>B. Cash Flow from Investing activities</b>				
Sale/Purchase of Fixed Assets	(1,835,088)	(177,995)	4,018,075	417,948
Purchase of Intangible Asses	(3,048,000)	(295,642)		
<b>Net cash (used in) /generated from Investing activities</b>	(4,883,088)	(473,637)	4,018,075	417,948
<b>C. Cash Flow from Financing activities</b>				
Long Term Borrowing Taken	344,301,000	33,395,605	977,684,711	101,695,912
Capital Reserve recived	-	-		
<b>Net cash (used in) /generated from Financing activities</b>	344,301,000	33,395,605	977,684,711	101,695,912
<b>Net Increase/(decrease) in cash and cash equivalents</b>	812,801,496	78,840,059	459,997,046	47,847,551
Cash and cash equivalents at the beginning of the period	481,679,504	48,033,080	21,682,458	2,354,932
Cash and cash equivalents at the end of the period	1,294,481,000	126,873,139	481,679,504	50,202,483

**Notes :**

1) Cash and cash equivalents include :

Particulars	As at 31.03.2016		As at 31.03.2015	
	CLP	Rs.	CLP	Rs.
Cash and Bank balances (Refer Note 2.10)	971,331,610	123,709,666	481,679,504	48,033,080
Exchange difference (Unrealised (Gain) / Loss)	-	3,163,473	-	2,169,403
<b>Total</b>	971,331,610	126,873,139	481,679,504	50,202,483

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 Ascend Laboratories SpA

**Rajesh Dubey**
**Manish Narang**

## NOTE – 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared solely for the purposes of consolidation by the holding company, Alkem Laboratories Ltd.

### 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. Depreciation on amounts of additions to fixed assets during the year or on its disposal/ demolition/ destruction of fixed assets during the year is provided on pro-rata basis.
- c) Following are the estimated life of fixed assets taken into consideration for depreciation: -

Assets	Estimated Useful Life
Furniture and office equipment	10 Years
Computer equipment	3-6 Years
Vehicles	8 Years

### 1.4 Inventories:

Inventories include Stock in trade. Stock In Trades are valued at lower of cost or net realizable value.



### 1.5 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.

### 1.6 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.

### 1.7 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).

### 1.8 Translation to Indian Rupees: -

The local accounts are maintained in local and functional currency, which is the **CLP**. 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 period.
- 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.



ASCEND LABORATORIES SpA  
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
<b>NOTE 2.1 : SHARE CAPITAL</b>				
<b>(A) Authorised, Issued, Subscribed and paid - up share capital and par value per</b>				
<b>AUTHORISED SHARE CAPITAL :</b> 1,000 Nominative Shares, without par value	1,000,000	1,000,000	1,000,000	113,599
	1,000,000	1,000,000	1,000,000	113,599
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b> 1,000 Equity Shares, without par value	1,000,000	113,599	1,000,000	113,599
	1,000,000	113,599	1,000,000	113,599

**(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 2016
Numbers of Shares Outstanding as at the beginning of the period	1,000	1,000
Shares issued during the period	-	-
Shares bought back during the period	-	-
<b>Numbers of Shares Outstanding as at the Closing of the period</b>	<b>1,000</b>	<b>1,000</b>

**(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	1,000	100%	1,000	100%

**NOTE 2.2 : RESERVES AND SURPLUS**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
<b>Capital Revenue</b>	<b>37,000</b>	<b>4,345</b>	<b>37,000</b>	<b>4,345</b>
<b>Surplus in Statement of Profit and Loss</b> As per last Balance Sheet	<b>(51,359,442)</b>	<b>377,797</b>	<b>(81,828,600)</b>	<b>(7,861,445)</b>
Profit and Loss of Current period	348,150,442	31,900,412	30,469,158	8,234,897
Balance carried to Profit and Loss A/c	296,828,000	32,282,554	(51,322,442)	377,797

**NOTE 2.3 : LONG TERM BORROWINGS**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
<b>Unsecured Loans</b>				
Loans and Advances from related parties	1,674,603,000	160,036,785	1,144,789,994	114,158,458
	1,674,603,000	160,036,785	1,144,789,994	114,158,458

**NOTE 2.4: TRADE PAYABLES**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Total outstanding due to creditors other than micro enterprises & small enterprises	5,413,568,000	517,358,453	1,365,163,132	136,134,068
	5,413,568,000	517,358,453	1,365,163,132	136,134,068





ASCEND LABORATORIES SpA  
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016  
**NOTE 2.5 : OTHER CURRENT LIABILITIES**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Salary payable	1,813,000	173,263		-
provision for Leave encashment	13,795,000	1,318,347	544,000	54,248
Provision of employee benefits	2,580,000	246,563	1,570,651	156,625
Tax Payable	10,333,000	987,494	6,797,121	677,809
Other liabilities	2,997,000	286,414	746,950	74,486
Advance from customer	55,588,000	5,312,378	20,862,319	2,080,390
	87,106,000	8,324,459	30,521,041	3,043,558

**NOTE 2.7: OTHER NON CURRENT ASSETS**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Investment in Fixed Deposit	2,000,000	191,134	2,000,000	199,440
Bank guarantee Deposit	876,348,000	83,749,949	-	-
	878,348,000	83,941,083	2,000,000	199,440

**NOTE 2.8: INVENTORIES**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Stock in Trade	2,505,268,000	242,999,409	593,242,873	61,707,393
Goods -in-Transit	-	-	619,731,170	64,462,629
	2,505,268,000	242,999,409	1,212,974,043	126,170,022

**NOTE 2.9: TRADE RECEIVABLES**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Outstanding for a period of more than six months from date they are due				
Unsecured, considered good	2,501,835,000	239,092,863	714,041,361	71,204,205
	2,501,835,000	239,092,863	714,041,361	71,204,205

**NOTE 2.10: CASH AND CASH EQUIVALENTS**

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
(a) Balance with Bank Current Account	1,294,222,000	123,684,914	480,647,329	47,930,152
(b) Cash on Hand	259,000	24,752	1,032,175	102,928
	1,294,481,000	123,709,666	481,679,504	48,033,080



ASCEND LABORATORIES SpA		Amount in CLP									
NOTE 2.6: FIXED ASSETS		Amount in CLP									
PARTICULARS	As at 1st April 2015	GROSS BLOCK			DEPRECIATION AND AMORTISATION						
		Additions	Deductions	As at 31st March 2016	Up to 31st March 2015	For the Year	Deductions	Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015	NET
TANGIBLE ASSETS											
Office Equipment	15,346,496		14,706,496	640,000	1,915,584	(370,000)	1,446,584	99,000	541,000	13,430,912	
Computer Equipment		2,776,000		2,776,000		1,008,000		1,008,000	1,768,000	-	
Vehicle		12,698,000	379,000	12,319,000		1,683,000		1,683,000	10,636,000	-	
TOTAL	15,346,496	15,474,000	15,085,496	15,735,000	1,915,584	2,321,000	1,446,584.00	2,790,000	12,945,000	13,430,912	
Previous Period	18,404,087	-	3,057,601	15,346,486	534,586	420,524	(960,474.00)	1,915,584	13,430,912	17,869,511	
Intangible Assets:											
PARTICULARS	As at 1st April 2015	GROSS BLOCK			DEPRECIATION AND AMORTISATION						
		Additions	Deductions	As at 31st March 2016	Up to 31st March 2015	For the Year	Deductions	Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015	NET
INTANGIBLE ASSETS											
Software	-	3,048,000	-	3,048,000	-	1,101,000	-	1,101,000	1,947,000	-	
TOTAL	-	3,048,000	-	3,048,000	-	1,101,000	-	1,101,000	1,947,000	-	

ASCEND LABORATORIES SpA		Amount in INR									
NOTE 2.6: FIXED ASSETS		Amount in INR									
PARTICULARS	As at 1st April 2015	GROSS BLOCK			DEPRECIATION AND AMORTISATION						
		Additions	Deductions	As at 31st March 2016	Up to 31st March 2015	For the Year	Deductions	Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015	NET
TANGIBLE ASSETS											
Office Equipment	1,843,051		1,428,462	416,589	206,421	-35,888	140,311.96	30,221	386,368	1,636,630	
Computer Equipment		269,259		269,259		97,771		97,771	171,488	-	
Vehicle		1,231,647	36,761	1,194,886		163,243		163,243	1,031,643	-	
TOTAL	1,843,051	1,500,906	1,463,223	1,880,734	206,421	225,126	140,311.96	291,235	1,589,499	1,636,630	
Previous Period	2,161,093	-	318,043	1,843,050	62,774	43,742	(99,906)	206,421	1,636,630	-	
Intangible Assets:											
PARTICULARS	As at 1st April 2015	GROSS BLOCK			DEPRECIATION AND AMORTISATION						
		Additions	Deductions	As at 31st March 2016	Up to 31st March 2015	For the Year	Deductions	Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015	NET
INTANGIBLE ASSETS											
Software	-	295,641.90	-	295,642	-	106,791.91	-	106,792	188,850	-	
TOTAL	-	295,642	-	295,642	-	106,792	-	106,792	188,850	-	
Previous Period	-	-	-	-	-	-	-	-	-	-	



ASCEND LABORATORIES SpA  
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016  
NOTE 2.11: SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Advance to Government	160,450,000	15,333,725	40,383,410	4,027,034
Advance to supplier	3,421,000	326,935	2,549,586	254,245
Employee advance	1,020,000	97,478	-	-
other loans and advance	32,649,000	3,120,167	9,823,289	979,578
	197,540,000	18,878,305	52,756,285	5,260,857

NOTE 2.12 : OTHER CURRENT ASSETS

Particulars	As at 31st March 2016 CLP	As at 31st March 2016 Rs.	As at 31st March 2015 CLP	As at 31st March 2015 Rs.
Advance from customer			8,691,481	866,714
Trademark Rights				-
Other current Assets	77,260,000	7,383,506	4,578,139	456,532
	77,260,000	7,383,506	13,269,620	1,323,247

NOTE 2.13 : REVENUE FROM OPERATIONS

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Sale of Product	4,533,994,000	439,776,448	616,097,957	64,084,713
	4,533,994,000	439,776,448	616,097,957	64,084,713

NOTE 2.14: OTHER INCOME

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Miscellaneous income	4,718,000	457,624	-	3,727,422
	4,718,000	457,624	-	3,727,422

NOTE 2.15 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Opening Stock:				
Finished Goods	1,212,974,043	126,170,022	99,126,860	11,639,930
	1,212,974,043	126,170,022	99,126,860	11,639,930
Less : Closing Stock :				
Finished Goods	2,505,268,000	242,999,409	1,212,974,043	126,170,022
	2,505,268,000	242,999,409	1,212,974,043	126,170,022
Effect of Foreign Exchange translation on movement of inventory		8,517,150		
Decrease in stocks of finished goods (includes traded goods & Work in process)	(1,292,293,957)	(125,346,537)	(1,113,847,183)	(114,530,092)



ASCEND LABORATORIES SpA  
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016  
**NOTE 2.16: EMPLOYEE BENEFIT EXPENSES**

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Salaries, Wages and Bonus	244,285,000	23,694,515	43,119,544	4,485,169
Welfare Expenses	415,000	40,253	836,370	86,997
	<b>244,700,000</b>	<b>23,734,768</b>	<b>43,955,914</b>	<b>4,572,166</b>

**NOTE 2.17: FINANCE COST**

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Bank Charges	14,339,000	1,390,817	614,805	63,950
Interest paid	101,202,000	9,816,126	29,616	3,081
	<b>115,541,000</b>	<b>11,206,943</b>	<b>644,421</b>	<b>67,031</b>

**NOTE 2.18: OTHER EXPENSES**

Particulars	Year Ended 31st March 2016 CLP	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 CLP	Year Ended 31st March 2015 Rs.
Miscellaneous	27,632,000	2,680,176	3,123,121	324,858
Legal and Professional	208,311,000	20,205,204	29,634,183	3,082,461
Product Registration Charges	276,000	26,771	19,552,431	2,033,787
Accounting charges	19,122,000	1,854,746	1,128,660	117,400
Rent	20,954,000	2,032,441	5,219,241	542,890
Selling and distribution charges	404,037,000	39,189,720	24,558,724	2,554,527
Advertising and marketing charges	-	-	48,000	4,993
Contribution and Subscription	117,603,000	11,406,947	-	-
Communication charges	7,307,000	708,745	1,266,558	131,744
Office Expenses	8,186,000	794,004	1,182,471	122,997
Prior period expense	5,869,558	569,320	-	-
Conveyance	14,308,000	1,387,810	204,309	21,252
Applicable net gain/loss on foreign currency translation	144,907,000	15,923,878.81	108,667,005	8,636,020
	<b>978,512,558</b>	<b>96,779,763</b>	<b>194,584,703</b>	<b>17,572,928</b>



**2.19 Company Overview: -**

The Company was incorporated on 19<sup>th</sup> February 2009 in Chile under the Corporations Act. Its core business is to sale and distribution of pharmaceutical products throughout Chile and to provide marketing services. The Company is a wholly-owned subsidiary of Alkem Laboratories Ltd.

**2.20 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
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 Laboratories, LLC	United States of America
Ascend Laboratories (UK) Limited	United Kingdom
Alkem Real Estate LLP ( upto 11 Sept 2015)	India
Indchemie Health Specialties Private Ltd	India
Cachet Pharmaceuticals Private Ltd	India

iii) Key Management Personnel : Mr. Edison Cid Gargallo ( Director)  
: Mr. Arturo Alessandri Cohn

b) Transactions with the related parties:

Sr. No	Transaction	Holding Company		Fellow Subsidiary	
		CLP	Rs	CLP	Rs
1.	Purchase	3,885,975,125 (1,459,870,420)	376,921,614 (151,851,463)	- (-)	- (-)
2	Loan Taken	108,016,000 (977,684,711)	10,477,552 (96,009,153)	236,285,000 (-)	22,919,645 (-)
3.	Interest Expenses	97,433,808 (-)	9,451,079 (-)	- (-)	- (-)





**ASCEND LABORATORIES SpA.**

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

<b>4</b>	Reimbursement of SBLC Charges	<b>8,889,000</b> (-)	<b>862,233</b> (-)	-	-
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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 year ended 31.03.2016	
			CLP	Rs
1.	Purchase (Alkem Laboratories Limited)	Holding Company	<b>3,885,975,125</b> (1,459,870,420)	<b>376,921,614</b> (151,851,463)
2.	Loan Taken (Alkem laboratories Limited)	Holding Company	<b>108,016,000</b> (977,684,711)	<b>10,477,552</b> (96,009,153)
3.	LoanTake( THEPHARMANETWORK LLC)	Fellow Subsidiary	<b>236,285,000</b> (-)	<b>22,919,645</b> (-)
4.	Interest Expense	Holding Company	<b>97,433,808</b> (-)	<b>9,451,079</b> (-)
5	Reimbursement of SBLC Charges	Holding Company	<b>8,889,000</b> (-)	<b>862,233</b> (-)

d) Balances due from / to the related parties:

Sr. No	Transaction	Holding Company		Fellow Subsidiary	
		CLP	Rs	CLP	Rs
1.	Trade Payable	<b>5,291,729,000</b> (1,365,163,132)	<b>505,714,665</b> (136,134,068)	- (-)	- (-)
2.	Interest Payable	<b>97,434,000</b> (-)	<b>9,311,475</b> (-)	- (-)	- (-)
3	Borrowings	<b>1,340,883,620</b> (1,144,789,994)	<b>128,144,225</b> (114,158,458)	<b>236,285,000</b> (-)	<b>22,581,049</b> (-)

**Note: -**

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



**ASCEND LABORATORIES SpA.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016.**

2.21: Earnings per share are calculated as follows:-

Particulars	For year ended 31 <sup>st</sup> March 2016. CLP	For year ended 31 <sup>st</sup> March 2016. INR.	For year ended 31 <sup>st</sup> March 2015. CLP	For year ended 31 <sup>st</sup> March 2015. INR
Net profit/(loss) after tax attributable to Equity Shareholders	349,603,442	36,413,573	30,469,158	8,234,897
Weighted average number of Equity Shares (No.)	1,000	1,000	1,000	1,000
-Basic	1,000	1,000	1,000	1,000
-Diluted				
Earnings per Share				
* -Basic	349,603.44	36,413.57	30,469.16	8,234.90
** -Diluted	349,603.44	36,413.57	30,469.16	8,234.90

2.22: The books of accounts are maintained by the Company in CLP and converted into Indian Rupees in accordance with the accounting policy stated in note 1.8 above.

2.23: Average exchange rate as six months ended on 31st March 2016 considered for the purpose of translation as referred in note no.1.8 (i) is Rs. 0.09700 (Rs.0.104017/1CLP)

Closing exchange rate as on 31st March 2016 considered for the purpose of translation as referred in note no. 1.8 (ii) is Rs.0.095567/1CLP (Rs.0.09972/1CLP)

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

Signature to Notes 1.1 to 2.24

As per our attached report of even date

**For R S Sanghai & Associates**  
Chartered Accountant

**For and on behalf of the Ascend Laboratories SpA**

**R S Sanghai**

Partner

Place: Mumbai

Date: 20<sup>th</sup> May, 2016



**Rajesh Dubey**

**Manish Narang**