

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

Independent Auditor's Report

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

Report on the Standalone Ind AS Financial Statements:

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

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors are responsible for preparation of these Ind AS standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical



requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw your attention to Note No. 3.24 in the notes to the Ind AS Financial Statements for the year ended 31st March, 2018 stating that the company has already applied for its liquidation and has received the letter from Corporate Affairs Commission of Nigeria stating that company will be deemed to be dissolved with effect from 6th May, 2018. In view of this, the company ceases to be a going concern and accordingly the Ind AS financial Statements have been prepared and presented on its net realizable value as on the reporting date.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and regulatory Requirements:

1. This audit is for the purpose of presenting the standalone Ind AS financial statements in Indian currency (INR) and in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 as per Ind AS, for the purpose of presenting it to the shareholders of the holding company as required by Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India and is not a report under Section 143 of the Companies Act, 2013, and accordingly does not include any statement on the matters specified in and required by Section 143 (11), 143(3)(g) and 143(3)(i) of the Companies Act, 2013 and Rule 11 of the Companies (Audit and Auditors') Rules, 2014 including the Companies (Auditors' Report) Order, 2016;
2. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



3. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
4. The Balance Sheet, the Statement of Profit and Loss, the Cash Flows Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
5. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.
6. In our opinion, the standalone Ind AS financial statements dealt with by this report are translated from Nigerian Naira to Indian Rupees by adopting the applicable rates of foreign currency for the year in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015.

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

Chartered Accountants

Firm Registration No. 109094W


R.S.SANGHAI

Partner

Membership No.: 036931

Mumbai: 30th April, 2018



ALKEM LABORATORIES (NIG) LIMITED
FINANCIAL STATEMENTS
BALANCE SHEET AS ON 31ST MARCH, 2018

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2017
		NAIRA	Rs.	NAIRA	Rs.
I. ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	3.1	-	-	2,76,369	56,929
(b) Other non-current assets	3.2	-	-	8,93,590	1,84,071
Total Non-current assets		-	-	11,69,959	2,41,000
2 Current assets					
(a) Financial Assets					
(i) Cash and Cash Equivalents	3.3	10,201	1,820	124,32,490	25,60,969
(ii) Loans	3.4	-	-	48,911	10,075
(iii) Accrued interest and other receivables	3.5	-	-	371,98,380	76,62,494
(b) Other current assets	3.6	-	-	8,85,421	1,82,388
Total current assets		10,201	1,820	505,65,202	104,15,926
TOTAL ASSETS		10,201	1,820	517,35,161	106,56,926
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital	3.7	271,56,388	94,18,433	271,56,388	94,18,433
(b) Other Equity (Refer Statement of Chnges in Equity)		(3347,68,719)	(642,99,549)	(7241,71,686)	(1529,96,614)
Total Equity		(3076,12,331)	(548,81,116)	(6970,15,298)	(1435,78,181)
2 Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3.8	3076,22,532	548,82,936	2494,27,257	513,79,521
Total Non-current liabilities		3076,22,532	548,82,936	2494,27,257	513,79,521
3 Current liabilities					
(a) Financial Liabilities					
(i) Trade payables	3.9	-	-	4972,73,202	1024,33,307
(ii) Other financial liabilities	3.10	-	-	12,50,000	2,57,488
(b) Other current liabilities	3.11	-	-	8,00,000	1,64,792
Total current liabilities		-	-	4993,23,202	1028,55,587
TOTAL EQUITY AND LIABILITIES		10,201	1,820	517,35,161	106,56,926

Significant Accounting Policies

Notes on Accounts

The accompanying notes are an integral part of financial statements.

1 & 2
3

As per our attached report of even date

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

Chartered Accountants

Firm's registration number: 109094W

R.S.SANGHAI

Partner

Membership Number: 036931

Place : Mumbai

Dated : 30th April, 2018



For and on behalf of the Board

[Signature]

P. V. Damodaran
Director

[Signature]

Ashish Sinha
Director

ALKEM LABORATORIES (NIG) LIMITED
FINANCIAL STATEMENTS
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the Year ended 31st March, 2018	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017	For the Year ended 31st March, 2017
		NAIRA	Rs.	NAIRA	Rs.
1 Income					
(a) Revenue from Operations	3.12	-	-	76,49,368	18,34,162
(b) Other Income	3.13	4988,63,730	931,96,891	146,31,082	35,08,235
Total Income		4988,63,730	931,96,891	222,80,450	53,42,397
2 Expenses					
(a) Purchases of Stock-in-Trade		-	-	67,44,594	16,17,216
(b) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.14	-	-	3,04,785	73,081
(c) Employee benefits expenses	3.15	31,46,000	5,87,730	29,16,085	6,99,218
(d) Finance Costs	3.16	651,86,074	121,77,954	3,62,515	86,924
(e) Depreciation and amortisation expense	3.1	38,882	7,264	14,70,656	3,52,633
(f) Other expenses	3.17	410,89,805	76,76,330	3143,27,125	753,69,228
Total Expenses		1094,60,761	204,49,278	3261,25,760	781,98,300
3 Profit before tax (1) - (2)		3894,02,969	727,47,613	(3038,45,309)	(728,55,903)
4 Tax expenses					
(a) Current tax		-	-	-	-
(b) Deferred tax		-	-	-	-
5 Profit for the period (3) - (4)		3894,02,969	727,47,613	(3038,45,309)	(728,55,903)
6 Other Comprehensive Income					
(a) Items that will be reclassified to profit or loss					
(i) Foreign Currency Translation Difference		-	159,49,452	-	591,18,178
(ii) Tax on Foreign Currency Translation Difference		-	-	-	-
Total of Other Comprehensive Income for the period, net of tax		-	159,49,452	-	591,18,178
7 Total Comprehensive Income for the period (5) + (6)		3894,02,969	886,97,065	(3038,45,309)	(137,37,725)
8 Basic and diluted earnings per share	3.18	14.34	2.68	(11.19)	(2.68)

Significant Accounting Policies

Notes on 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

Firm's registration number: 109094W

R.S.SANGHAI

Partner

Membership Number: 036931

Place : Mumbai

Dated : 30th April, 2018



For and on behalf of the Board

R.V. Damodaran

Director

Ashish Sinha

Director

ALKEM LABORATORIES (NIG) LIMITED
FINANCIAL STATEMENTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Year ending 31st March, 2018		Year ending 31st March, 2017	
	NAIRA	Rs.	NAIRA	Rs.
A. Cash Flow from Operating activities				
Profit before Tax	3894,02,969	727,47,613	(3038,45,311)	(728,55,902)
Adjustments for :				
Depreciation	38,882	7,264	14,70,656	3,52,633
Interest Expense	651,86,074	121,77,954	3,62,515	86,924
Operating Profit before Working Capital Changes	4546,27,925	849,32,831	(3020,12,140)	(724,16,346)
Adjustments for :				
Inventories	-	-	3,04,785	73,081
Trade Receivable	-	-	407,67,107	97,75,120
Other current assets and Loans and Advances	381,32,712	71,23,890	(324,36,544)	(77,77,621)
Trade Payables	(4972,73,203)	(928,99,751)	1748,86,331	419,34,172
Other Current Liabilities	(20,50,000)	(3,82,978)	(89,29,904)	(21,41,209)
Other non current Asset	8,93,590	1,66,939	-	-
Cash (used in) / Generated from Operations	(56,68,976)	(10,59,070)	(1274,20,365)	(305,52,802)
Net cash (used in) /generated from operating activities	(56,68,976)	(10,59,070)	(1274,20,365)	(305,52,802)
B. Cash Flow from Investing activities				
Purchase/Sale of Fixed Assets	2,37,487	44,367	11,98,761	2,87,438
Net cash (used in) /generated from Investing activities	2,37,487	44,367	11,98,761	2,87,438
C. Cash Flow from Financing activities				
Proceeds from Long Term Borrowings	581,95,274	108,71,944	1231,32,339	295,24,621
Interest Expense	(651,86,074)	(121,77,954)	(3,62,515)	(86,924)
Net cash (used in) /generated from Financing activities	(69,90,800)	(13,06,010)	1227,69,824	294,37,697
Net Increase/(decrease) in cash and cash equivalents	(124,22,289)	(23,20,712)	(34,51,779)	(8,27,667)
Cash and Cash Equivalents at the beginning of the year	124,32,490	25,60,969	158,84,267	52,45,621
Cash and Cash Equivalents at the end of the year	10,201	2,40,256	124,32,490	44,17,954

Notes :

1) Cash and Cash Equivalents include :

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	NAIRA	Rs.	NAIRA	Rs.
Cash and Bank balances (Refer Note 3.3)	10,201	1,820	124,32,490	25,60,969
Exchange difference (Unrealised (Gain) / Loss)	-	2,38,436	-	18,56,986
Total	10,201	2,40,256	124,32,490	44,17,954

2) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on Cash Flow Statement.

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

R.S.SANGHAI
Partner
Membership Number: 036931
Place : Mumbai
Dated : 30th April, 2018



For and on behalf of the Board

P. V. Damodaran
Director

Ashish Sinha
Director

ALKEM LABORATORIES (NIG) LIMITED
FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

(a) Equity share capital

Balance at the beginning of the reporting period
Changes in equity share capital during the year
Balance at the end of the reporting period

As at 31st March, 2018		As at 31st March, 2017	
No. of Shares	Amount	No. of Shares	Amount
271,56,388	271,56,388	271,56,388	271,56,388
-	-	-	-
271,56,388	271,56,388	271,56,388	271,56,388

Rs.

(a) Equity share capital

Balance at the beginning of the reporting period
Changes in equity share capital during the year
Balance at the end of the reporting period

As at 31st March, 2018		As at 31st March, 2017	
No. of Shares	Amount	No. of Shares	Amount
271,56,388	94,18,433	271,56,388	94,18,433
-	-	-	-
271,56,388	94,18,433	271,56,388	94,18,433

Other Equity

Particulars	Reserves and Surplus	Items of OCI	Total other equity
	Retained Earnings	Foreign Currency Translation Difference	
Balance at 1st April, 2016	(4203,26,378)	-	(4203,26,378)
Total Comprehensive			
Profit for the year ended 31st March, 2017	(3038,45,309)	-	(3038,45,309)
Other Comprehensive Income	-	-	-
Balance at 31st March, 2017	(7241,71,687)	-	(7241,71,687)
Total Comprehensive			
Profit for the year ended 31st March, 2018	3894,02,969	-	3894,02,969
Other Comprehensive Income	-	-	-
Balance at the end of the reporting period	(3347,68,719)	-	(3347,68,719)

Other Equity

Particulars	Reserves and Surplus	Items of OCI	Total other equity
	Retained Earnings	Foreign Currency Translation Difference	
Balance at 1st April, 2016	(1333,26,829)	(59,32,062)	(1392,58,891)
Total Comprehensive			
Profit for the year ended 31st March, 2017	(728,55,903)	-	(728,55,903)
Other Comprehensive Income	-	591,18,178	591,18,178
Balance at 31st March, 2017	(2061,82,731)	531,86,116	(1529,96,615)
Total Comprehensive			
Profit for the year ended 31st March, 2018	727,47,613	-	727,47,613
Other Comprehensive Income	-	159,49,452	159,49,452
Balance at the end of the reporting period	(1334,35,119)	691,35,568	(642,99,549)

As per our attached report of even date

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

Chartered Accountants

Significant Accounting Policies

Item Registration No. 109094 W

R.S.SANGHAI

Partner

Chartered Accountants

Place : Mumbai

Dated : 30th April, 2018

For and on behalf of the Board

P. V. Damodaran

Director

Ashish Sinha

Director

ALKEM LABORATORIES (NIG) LIMITED

1A General Information

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

1B SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of preparation of Financial Statements:

The financial statements of the Company as at and for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 revision affects both current and future periods.

The Company is under the process of voluntary winding up and hence accounts are not prepared on the assumption of going concern.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
 - b) Held primarily for the purpose of trading,
 - c) Expected to be realised within twelve months after the reporting period, or
 - d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.2 Property, plant and equipment

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

b) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets

1.3 Depreciation and Amortisation:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of assets. Pursuant to Schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer.

1.4 Operating Leases

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lesser are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.



1.5 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

(a) Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

The Company follows trade date accounting for all regular way purchase or sale of financial assets.

(i) Amortised Cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

(iii) Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortised cost;
- Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.



ALKEM LABORATORIES (NIG) LIMITED
NOTE 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of Financial Assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

Expected credit losses is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Cash and Cash Equivalents

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

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.



(b) Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition.

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

1.6 Inventories:

Goods are valued at cost or net realizable value whichever is lower.

1.7 Revenue Recognition:

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.

b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made

c) Dividend from investment is recognised as revenue when right to receive the payments is established.

1.8 Foreign currencies transactions & translations:

Transaction in foreign currencies during the year are converted into the functional currency, Nigerian naira, using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year ended exchange rates of monetary assets and liabilities denominated on foreign currencies are recognized in income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

1.9 Employee Benefits:

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 the become payable, payments are made to a Pension Fund Administrator that manages the scheme.



ALKEM LABORATORIES (NIG) LIMITED
NOTE 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)

1.10 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

The tax legislation and regulations of Nigeria are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not rare. The currently existing system of penalties and interest related to reported and discovered violations of Nigeria's tax laws are severe. Penalties include fines usually in the amount of 50% of the taxes additionally assessed. As a result the amount of penalties and interest may be several times the amount of any assessed taxes. Fiscal periods remain open for review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Due to uncertainties associated with Nigeria's tax system, the ultimate amount of taxes, penalties and interest, if any, may exceed the amount expensed to date and accrued as of 31st March, 2018. Management believes that as of 31st March, 2018 its interpretation of the relevant legislation is appropriate and it is probable that the company's tax position will be confirmed.

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.

1.11 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

1.12 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.



ALKEM LABORATORIES (NIG) LIMITED

Note 2: Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with Ind AS issued by the MCA, the application of which often requires judgments to be made by management when formulating the Company's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in note 3 to the consolidated financial statements, 'Significant accounting policies'.

a. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

b. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

c. Provision for trade and other receivables

Trade and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

d. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.



ALKEM LABORATORIES (NIG) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work In Progress

NAIRA

	Property , Plant and Equipment, Other Intangible Assets			
	Furniture and Fixtures	Vehicles	Office Equipments	Total
At Cost				
As at 1st April, 2016	1,24,010	53,74,863	6,22,519	61,21,392
Additions	-	-	-	-
Adjustments	-	-	-	-
Deletions	-	53,74,863	-	53,74,863
As at 31st March, 2017	1,24,010	-	6,22,519	7,46,529
Additions	-	-	-	-
Deletions	1,24,010	-	6,22,519	7,46,529
As at 31st March, 2018	-	-	-	-
Depreciation and Amortisation As at 31st March, 2016	31,025	28,90,758	2,53,823	31,75,606
Depreciation/amortisation charge for the year	42,199	12,85,344	1,43,113	14,70,656
Deductions	-	41,76,102	-	41,76,102
As at 31st March, 2017	73,224	-	3,96,936	4,70,160
Depreciation/amortisation charge for the year	11,527	-	27,355	38,882
Deductions	84,751	-	4,24,291	5,09,042
As at 31st March, 2018	-	-	-	-
Net Book Value				
As at 1st April, 2016	92,985	24,84,105	3,68,696	29,45,786
As at 31st March, 2017	50,786	-	2,25,583	2,76,369
As at 31st March, 2018	-	-	-	-



ALKEM LABORATORIES (NIG) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Rs.

	Property , Plant and Equipment, Other Intangible Assets			
	Furniture and Fixtures	Vehicles	Office Equipments	Total
As at 1st April, 2016	40,953	17,74,995	2,05,581	20,21,528
Additions	-	-	-	-
Deletions	-	17,53,005	-	17,53,005
Foreign Exchange Differences	(15,408)	(21,990)	(77,348)	(1,14,746)
As at 31st March, 2017	25,545	-	1,28,233	1,53,778
Additions	-	-	-	-
Deletions	23,167.34	-	1,16,298.0	1,39,465
Foreign Exchange Differences	(2,377)	-	(11,935)	(14,312)
As at 31st March, 2018	-	-	-	-
As at 31st March, 2016	10,245.7	9,54,643.9	83,822.5	10,48,712.1
Depreciation/amortisation charge for the year	10,118	3,08,199	34,316	3,52,633
Deductions	-	-	-	-
Foreign Exchange Differences	(5,281)	(12,62,843)	(36,373)	(13,04,497)
As at 31st March, 2017	15,083	-	81,765	96,848
Depreciation/amortisation charge for the year	2,153.45	-	5,110.42	7,264
Deductions	-	-	-	-
Foreign Exchange Differences	(17,237)	-	(86,875)	(1,04,112)
As at 31st March, 2018	-	-	-	-
Net Book Value				
As at 1st April, 2016	30,707	8,20,351	1,21,758	9,72,816
As at 31st March, 2017	10,461	-	46,468	56,929
As at 31st March, 2018	-	-	-	-



ALKEM LABORATORIES (NIG) LIMITED
NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Particulars	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2017
	NAIRA	Rs.	NAIRA	Rs.
3.2 : OTHER NON-CURRENT ASSETS:				
Advance payment of Income Tax (Net of Provisions)	-	-	8,93,590	1,84,071
TOTAL	-	-	8,93,590	1,84,071
3.3 : CASH AND CASH EQUIVALENTS:				
Cash and Cash Equivalents:				
Cash on hand	-	-	-	-
Balance with Banks:				
In Current Accounts	10,201	1,820	124,32,490	25,60,969
TOTAL	10,201	1,820	124,32,490	25,60,969
3.4 : LOANS:				
Loans and Advances to Employees	-	-	48,911	10,075
TOTAL	-	-	48,911	10,075
3.5 : ACCURED INTEREST AND OTHER RECEIVABLE:				
Other receivable	-	-	371,98,380	76,62,494
TOTAL	-	-	371,98,380	76,62,494
3.6 : OTHER CURRENT ASSETS:				
Considered Good	-	-	2,95,000	60,767
Considered Doubtful	-	-	2,95,000	60,767
Less: Provision for Doubtful Advances	-	-	-	-
Prepaid Expenses	-	-	2,95,000	60,767
	-	-	5,90,421	1,21,621
TOTAL	-	-	8,85,421	1,82,388
3.7 : EQUITY SHARE CAPITAL:				
Authorised:				
5,00,00,000 Equity Shares of Naira.1/- each	500,00,000	173,41,100	500,00,000	173,41,100
(Previous Year 5,00,00,000 Equity Shares of Naira.1/- each Fully paid)				
	500,00,000	173,41,100	500,00,000	173,41,100
ISSUED, SUBSCRIBED & PAID-UP :				
2,71,56,388 Equity Shares of Naira.1/- each	271,56,388	94,18,433	271,56,388	94,18,433
(Previous Year 2,71,56,388 Equity Shares of Naira.1/- each Fully paid)				
TOTAL	271,56,388	94,18,433	271,56,388	94,18,433



Particulars	As at 31st March, 2018 NAIRA	As at 31st March, 2018 Rs.	As at 31st March, 2017 NAIRA	As at 31st March, 2017 Rs.
OTHER EQUITY				
Retained Earnings:				
At the commencement of the period/year	(7241,71,686)	(2061,82,730)	(4203,26,378)	(1333,26,829)
Add: Profit for the period/year	3894,02,969	727,47,614	(3038,45,308)	(728,55,903)
	(3347,68,718)	(1334,35,117)	(7241,71,686)	(2061,82,731)
Other Comprehensive Income:				
At the commencement of the period/year	-	531,86,116	-	(59,32,062)
Add: Profit for the period/year	-	159,49,452	-	591,18,178
At the end of the period/year	-	691,35,568	-	531,86,116
TOTAL	(3347,68,718)	(642,99,549)	(7241,71,686)	(1529,96,616)
3.8 : BORROWINGS:				
Unsecured:				
Loans and Advances from related parties	3076,22,532	548,82,936	2494,27,257	513,79,521
TOTAL	3076,22,532	548,82,936	2494,27,257	513,79,521
3.9 : TRADE PAYABLES:				
Others	-	-	4972,73,202	1024,33,307
TOTAL	-	-	4972,73,202	1024,33,307
3.10 : OTHER CURRENT FINANCIAL LIABILITIES				
Accrual for Expenses	-	-	12,50,000	2,57,488
TOTAL	-	-	12,50,000	2,57,488
3.11 : OTHER CURRENT LIABILITIES:				
Advances from customers	-	-	8,00,000	1,64,792
TOTAL	-	-	8,00,000	1,64,792



ALKEM LABORATORIES (NIG) LIMITED
NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Particulars	For the Year ended 31st March, 2018 NAIRA	For the Year ended 31st March, 2018 Rs.	For the Year ended 31st March, 2017 NAIRA	For the Year ended 31st March, 2017 Rs.
3.12 : REVENUE FROM OPERATIONS:				
Sale of products (including excise duty)	-	-	76,49,368	18,34,162
	-	-	76,49,368	18,34,162
3.13: OTHER INCOME:				
Profit on Sale of Assets	-	-	14,94,698	3,58,398
Provision no longer required, written back	4980,73,202	930,49,205	-	-
Other Income	7,90,527	1,47,685	131,36,384	31,49,837
	4988,63,729	931,96,890	146,31,082	35,08,235
3.14 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:				
Opening Stock:				
Stock-in-trade	-	-	3,04,785	98,483
	-	-	3,04,785	98,483
Less: Closing stock:				
Stock-in-trade	-	-	-	-
	-	-	-	-
Exchange Rate Difference	-	-	-	25,402
	-	-	3,04,785	73,081
3.15 : EMPLOYEE BENEFITS EXPENSE:				
Salaries, wages and bonus	31,46,000	5,87,730	29,16,085	6,99,218
	31,46,000	5,87,730	29,16,085	6,99,218
3.16 : FINANCE COST:				
Other borrowing cost	651,86,074	121,77,954	3,62,515	86,924
	651,86,074	121,77,954	3,62,515	86,924
3.17 : OTHER EXPENSES:				
Audit Fees	-	-	5,23,450	1,25,513
Rent	5,90,421	1,10,302	36,83,417	8,83,208
Rates and taxes	-	-	55,000	13,188
Marketing and promotions	-	-	6,37,747	1,52,919
Legal and professional Fees	-	-	24,94,080	5,98,029
Travelling and conveyance	2,79,185	52,157	16,83,590	4,03,690
Others Repairs	19,000	3,550	2,75,850	66,143
Loss on sale of fixed assets (net)	1,99,411	37,254	-	-
Communication and printing expenses	47,200	8,818	1,18,950	28,522
Vehicle expenses	2,45,000	45,770	8,14,250	1,95,241
Product Registration	-	-	1,41,750	33,989
Bad Debts/Advances written off	380,91,970	71,16,278	186,43,996	44,70,450
Applicable net gain/loss on foreign currency transactions	7,47,042	1,39,561	2852,32,656	683,92,967
Office expenses	8,70,576	1,62,640	22,390	5,369
	410,89,805	76,76,330	3143,27,126	753,69,228



3.18 Earnings per share (EPS)

Particulars			Year ended 31st March, 2018	Year ended 31st March, 2017
Profit /(loss) after tax attributable to equity shareholders	Naira	A	3894,02,969	(3038,45,311)
Weighted average number of equity shares outstanding during the year	Nos.	B	271,56,388	271,56,388
Basic and diluted earnings per equity share (Naira) - Face value of Naira.1 per share	Naira	(A / B)	14.34	(11.19)

Particulars			Year ended 31st March, 2018	Year ended 31st March, 2017
Profit /(loss) after tax attributable to equity shareholders	Rs.	A	727,47,613	(728,55,902)
Weighted average number of equity shares outstanding during the year	Nos.	B	271,56,388	271,56,388
Basic and diluted earnings per equity share (Naira) - Face value of Naira.1 per share	Rs.	(A / B)	2.68	(2.68)

3.19 Average exchange rate as on 31st March 2018 considered for the purpose of translation is **Rs. 0.1868 /1Naira** (Rs. 0.2397/1Naira)
Closing exchange rate as on 31st March 2018 considered for the purpose of translation is **Rs.0.17841/1Naira** (Rs0.2060/1Naira)

3.20 Segment Reporting

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wise disclosures are as under :

		NAIRA	
Sr.No	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a)	Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
	Revenue from the Country of Domicile- Nigeria		76,49,368
	Revenue from foreign countries		-
			76,49,368

		Rs.	
Sr.No	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a)	Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
	Revenue from the Country of Domicile- Nigeria		18,34,162
	Revenue from foreign countries		-
			18,34,162

b) The Company did not have any external revenue from a particular customer or particular product which exceeded 10% of total revenue



ALKEM LABORATORIES (NIG) LIMITED
NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
3.21 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March, 2018.
List of related parties and their relationship
A Company whose control exists

Alkem Laboratories Limited

B Fellow Subsidiaries

Alkem Laboratories (PTY) Limited	South Africa
Alkem Pharma GmbH	Germany
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
ThePharmaNetwork, LLC (Wholly owned Subsidiary of S&B Holdings B.V.)	United States of America
Ascend Laboratories SDN BHD	Malaysia
Ascend Laboratories SpA	Chile
Enzene Biosciences Ltd.	India
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The PharmaNetwork, LLP	Kazakhstan
Ascend Laboratories, LLC (Wholly owned by ThePharmanetwork, LLC)	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
Cachet Pharmaceuticals Pvt. Ltd (w.e.f 27th March, 2015)	India
Indchemie Health Specialities Pvt. Ltd.(w.e.f 30th March, 2015)	India
Alkem Foundation	India
Ascend Laboratories Limited	Canada
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA) (with effect from 27 March 2018)	Chile

C Key Managerial Personnel ("KMP")

Mr. P.V. Damodaran

Mr. Ashish Sinha

Professor Ogunlana Ebenezer Olanrewaju

Director

Director

Director

Details of Transactions with Related Parties

Sr. No.	Particulars	Holding Company	
		NAIRA	Rs.
1	Purchase of stock in trade	(66,99,187)	(16,06,328)

Note:- During the year Company has written off other receivable from Alkem Laboartories Limited of Naira 371,98,380 (P.Y Nil) and has written back trade dues of Alkem Laboratories Ltd of Naira 498,073,202. (P.Y Nil) pursuant to the Liquidaton.

Balance due from / to the related Parties

Sr. No.	Particulars	Holding Company	
		NAIRA	Rs.
1	Trade Payable	0	0
		(4972,73,202)	(1024,33,307)
2	Other Receivable	-	0
		(371,98,380)	(76,62,494)
3	Loan Payable	3076,22,532	548,82,936
		(2494,27,257)	(513,79,521)

* All the related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

* Figures in the brackets are the corresponding figures of the previous year.



3.22 Financial instrument fair values and risk management

A. Accounting classification and fair values

Particulars	As at 31st March, 2018				As at 31st March, 2018			
	Carrying amount (NAIRA)				Carrying amount (Rs.)			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	10,201	10,201	-	-	1,820	1,820
	-	-	10,201	10,201	-	-	1,820	1,820
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	3076,22,532	3076,22,532	-	-	548,82,936	548,82,936
	-	-	3076,22,532	3076,22,532	-	-	548,82,936	548,82,936

Particulars	As at 31st March, 2017				As at 31st March, 2017			
	Carrying amount (NAIRA)				Carrying amount (Rs.)			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	124,32,490	124,32,490	-	-	25,60,969	25,60,969
Long-term loans and advances	-	-	48,911	48,911	-	-	10,075	10,075
Trade and other receivables	-	-	371,98,380	371,98,380	-	-	76,62,494	76,62,494
	-	-	496,79,781	496,79,781	-	-	102,33,538	102,33,538
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	2494,27,257	2494,27,257	-	-	513,79,521	513,79,521
Trade and other payables	-	-	4972,73,202	4972,73,202	-	-	1024,33,307	1024,33,307
Other Non-Current financial liabilities	-	-	12,50,000	12,50,000	-	-	2,57,488	2,57,488
	-	-	7479,50,459	7479,50,459	-	-	1540,70,316	1540,70,316

The Company has exposure to the following risks arising from financial instruments:

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

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



ALKEM LABORATORIES (NIG) LIMITED
NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
3.22 Financial instrument fair values and risk management
ii. Credit risk

Credit risk is the risk that one party to a financial instrument would not be able to fulfill an obligation to cause the other party to incur a financial loss. The company is exposed to credit risk from its operating activities. Management of the company believes that the recent international credit crisis and the subsequent changes in the credit ratings of local banks is not a justification for an emergency credit risk. Accordingly, bank accounts do not require a provision for impairment.

With respect to credit risk arising from the company's other financial assets, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty, and the maximum exposure is equal to the carrying value of these instrument.

Fair value is the amount at which the instrument could be exchanged as a result of the current transaction between willing parties under the terms other than a forced sale or liquidation.

Management believes that the carrying values of the financial assets and liabilities of the company, consisting cash and cash equivalent, other payable, as well as other taxes payable and other current liabilities, is not significantly different from their fair value as of 31st March, 2018 and 2017.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

In Nigerian Naira	31st March, 2018				
	Due on Demand	< 3 months	3 to 12 months	1 to 5 Years	Total
Financial Liabilities					
Loans	-	3076,22,532	-	-	3076,22,532
	-	3076,22,532	-	-	3076,22,532

In Nigerian Naira	31st March, 2017				
	Due on Demand	< 3 months	3 to 12 months	1 to 5 Years	Total
Financial Liabilities					
Trade payables	-	-	129,43,821	4843,29,381	4972,73,202
Loans	-	-	-	3145,46,042	3145,46,042
Other Liabilities	-	-	12,50,000	8,00,000	20,50,000
	-	-	141,93,821	7996,75,423	8138,69,244

In Rs.	31st March, 2018				
	Due on Demand	< 3 months	3 to 12 months	1 to 5 Years	Total
Financial Liabilities					
Loans	-	548,82,936	-	-	548,82,936
	-	548,82,936	-	-	548,82,936

In Rs.	31st March, 2017				
	Due on Demand	< 3 months	3 to 12 months	1 to 5 Years	Total
Financial Liabilities					
Trade payables	-	-	26,66,298	997,67,009	1024,33,307
Loans	-	-	-	647,93,339	647,93,339
Other Liabilities	-	-	2,57,488	1,64,792	4,22,280
	-	-	29,23,786	1647,25,140	1676,48,926



3.22 Financial instrument fair values and risk management**iv. Market risk**

Market risk represents the possible fluctuations in the value of a financial instrument as a result of changes in market prices. The company manages its market risk through periodic losses that may arise due to adverse changes in market conditions, which are considered in the planning of procurement.

Currency risk

As a result of interest bearing loans, borrowing and trade payable denominated in the USD, the company's statement of Profit and loss and other comprehensive income can be affected significantly by movement in the USD/NGN exchange rates.

The following table demonstrates the sensitivity to a reasonable possible change in the USD exchange rates with all other variables held constant, of the company's profit before tax (due to change in the fair value of monetary assets and liabilities)

In Nigerian Naira	Increase/Decrease in USD	Effect on Profit Before Tax	Effect on Equity
31st March, 2018	+10%	(307,62,253)	(307,62,253)
	-10%	307,62,253	307,62,253
31st March, 2017	+10%	(774,62,086)	(774,62,086)
	-10%	774,62,086	774,62,086

In Rs.	Increase/Decrease in USD	Effect on Profit Before Tax	Effect on Equity
31st March, 2018	+10%	(54,88,294)	(54,88,294)
	-10%	54,88,294	54,88,294
31st March, 2017	+10%	(159,56,415)	(159,56,415)
	-10%	159,56,415	159,56,415



3.23 Capital Risk Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31st March, 2018 was as follows:-

Particulars	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2017
	NAIRA	Rs.	NAIRA	Rs.
Total liabilities	3076,22,532	548,82,936	2494,27,257	513,79,521
Less : Cash and Cash Equivalent	10,201	1,820	124,32,490	25,60,969
Adjusted net debt	3076,12,331	548,81,116	2369,94,767	488,18,552
Total equity	(3076,12,331)	(548,81,116)	(6970,15,298)	(1435,78,181)
Adjusted equity	(3076,12,331)	(548,81,116)	(6970,15,298)	(1435,78,181)
Adjusted net debt to adjusted equity ratio	(1.00)	(1.00)	(0.34)	(0.34)

3.24 Subsequent Events

The company has converted loan from Alkem Laboratoires limited Naira 22,843,612 into Equity share of 22,843,612 at face value of Naira 1 each. The company has received the letter from Corporate Affairs Commission stating that company is deemed to be dissolved with effect from 6th May 2018.

As per our attached report of even date

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

Chartered Accountants

Firm's registration number: 109094W

R.S.SANGHAI

Partner

Membership Number: 036931

Place : Mumbai

Dated : 30th April, 2018



For and on behalf of the Board

P. V. Damodaran
Director

Ashish Sinha
Director