

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

Independent Accountant's Report on the Consolidated financial statements of Ascend Laboratories SpA, Chile, a foreign subsidiary of M/s Alkem Laboratories Limited, India (hereinafter referred to as "the holding company") on its translation in Indian currency and its presentation as per Division II of Schedule III to the Companies Act, 2013 and Ind AS required for the purposes of Section 129(3) of the Companies Act, 2013 and its consolidation with the financial statements of the holding company.

1. The consolidated financial statements of **M/s Ascend Laboratories SpA, Chile** for the year ended 31st March, 2019 (which comprises of its Consolidated Balance Sheet as at 31st March, 2019, its Consolidated Statement of Profit & Loss, the Consolidated Statement of Changes in Equity, its Consolidated Cash Flow Statement and for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 IFRS for SMEs and have been audited by its auditors Surlatina Auditores Ltda. (a member firm of Grant Thornton International Ltd.) in Chile.
2. Those consolidated financial statements have been translated by the management of its holding company M/s Alkem Laboratories Limited, India in Indian currency (INR) and is prepared in the formats as per the 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 consolidation with the financial statements of the holding company.

Management's Responsibility for the Consolidated Financial Statements

3. The Management of the holding company is responsible for translation of these consolidated financial statements in Indian currency and presentation as per Division II of Schedule III to the Companies Act, 2013 and as per Ind AS for the purpose of Section 129(3) of the Companies Act, 2013 and for the purpose of consolidation with the financial statements of the holding company.

Auditor's Responsibility

4. Our responsibility is to express an opinion on whether the consolidated 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 period in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015 and is prepared in the formats as per the requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS.
5. We conducted our verification in accordance with the standards generally accepted in India and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform our verification to obtain reasonable assurance about whether the consolidated 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 Division II to Schedule III to the Companies Act, 2013 and as per Ind AS. We believe that our verification provides a reasonable basis for our opinion.

Opinion

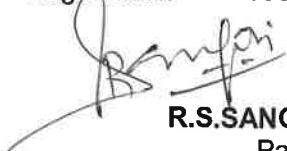
6. The consolidated financial statements dealt with by this report are prepared from and are in agreement with the consolidated financial statements of M/s Ascend Laboratories SpA, Chile prepared in Chilean Peso as per IFRS for SMEs and audited by its auditors Surlatina Auditores Ltda. (a member firm of Grant Thornton International Ltd.) in Chile for the year ended 31st March, 2019 which comprises its Consolidated Balance Sheet as at 31st March, 2019, its Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, its Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information;
7. In our opinion, the consolidated 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 period in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015.
8. In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements read together with the significant accounting policies and consolidated notes thereto are prepared as per the formats and in the manner required by Division II of Schedule III to the Companies Act, 2013 and as per the requirements of Ind AS prescribed by the Companies (Indian Accounting Standard) Rules, 2015.

Restriction on Distribution and use

9. This report is issued solely for the purpose of the requirements of Section 129(3) of the Companies Act, 2013 to present these consolidated financial statements to the shareholders of the holding company M/s Alkem Laboratories Limited, India and for its consolidation with the financial statements of the holding company and should not be used for any other purpose.
10. 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.

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




R.S.SANGHAI
Partner
Membership No.: 036931

Place: Mumbai
Date : 27th May, 2019

ASCEND LABORATORIES SPA, (CHILE)
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note No.	As at 31st March, 2019 CLP	As at 31st March, 2019 Rs.	As at 31st March, 2018 CLP	As at 31st March, 2018 Rs.
I. ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	3.1	41,584,146	4,234,514	27,753,396	2,974,609
(b) Capital work in progress	3.1	-	-	14,041,000	1,504,914
(c) Other Intangible assets	3.1	19,547,885	1,990,561	11,207,076	1,201,174
(d) Financial assets					
(i) Others	3.2	164,265,093	16,727,114	1,010,459,644	108,301,065
(e) Deferred tax assets (Net)	3.3	60,950,416	6,206,581	3,466,443	371,533
(f) Other tax assets	3.4	398,018,138	40,530,187	200,353,926	21,473,934
Total Non-current assets		684,365,678	69,688,957	1,267,281,485	135,827,229
2 Current assets					
(a) Inventories	3.5	7,211,690,224	734,366,416	3,382,829,455	362,571,661
(b) Financial assets					
(i) Trade receivables	3.6	5,318,028,012	541,534,792	3,400,230,528	364,436,708
(ii) Cash and cash equivalents	3.7	608,417,801	61,955,185	1,047,330,529	112,252,886
(iii) Loans	3.8	18,391,800	1,872,837	9,165,623	982,371
(iv) Other receivables	3.9	200,000	20,366	3,524,981	377,807
(c) Other current assets	3.10	1,064,196,238	108,367,103	325,583,890	34,896,081
Total current assets		14,220,924,075	1,448,116,699	8,168,665,006	875,517,514
TOTAL ASSETS		14,905,289,753	1,517,805,656	9,435,946,491	1,011,344,743
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	3.11	2,914,178,100	280,980,383	2,914,178,100	280,980,383
(b) Other equity		520,725,219	68,795,824	765,400,781	113,396,882
Total equity		3,434,903,319	349,776,207	3,679,578,881	394,377,265
2 Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	3.12	-	-	3,826,862	410,163
(b) Provisions	3.13	14,091,042	1,434,891	157,168,331	16,845,302
Total Non-current liabilities		14,091,042	1,434,891	160,995,193	17,255,465
3 Current liabilities					
(a) Financial liabilities					
(i) Borrowings	3.14	1,117,554,549	113,800,580	530,000,000	56,805,400
(ii) Trade payables					
total outstanding dues of micro enterprises & small enterprises	3.15	-	-	-	-
total outstanding dues of creditors other than micro enterprises & small enterprises	3.15	10,195,345,537	1,038,192,036	4,836,830,037	518,411,443
(iii) Other financial liability	3.16	3,356,796	341,821	117,302,074	12,572,434
(b) Other current liabilities	3.17	130,189,296	13,257,176	99,333,789	10,646,596
(c) Provisions	3.18	9,849,214	1,002,945	11,906,517	1,276,140
Total current liabilities		11,456,295,392	1,166,594,558	5,595,372,417	599,712,013
TOTAL EQUITY AND LIABILITIES		14,905,289,753	1,517,805,656	9,435,946,491	1,011,344,743

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 : 27th May, 2019



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Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

ASCEND LABORATORIES SPA, (CCHILE)
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Note No.	For the Year ended 31st March, 2019	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018	For the Year ended 31st March, 2018
		CLP	Rs.	CLP	Rs.
1 Income					
(a) Revenue from operations	3.19	10,439,454,141	1,108,195,904	6,968,098,025	704,677,947
(b) Other income	3.20	15,331,355	1,627,494	215,311,653	21,774,288
Total income		10,454,785,496	1,109,823,398	7,183,409,678	726,452,235
2 Expenses					
(a) Purchases of stock-in-trade		11,289,143,198	1,198,394,292	6,995,617,968	707,461,015
(b) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.21	(3,828,860,769)	(406,451,120)	(1,927,310,448)	(194,907,300)
(c) Employee benefits expenses	3.22	826,517,098	87,738,578	505,280,490	51,098,595
(d) Finance costs	3.23	85,915,322	9,120,305	282,658,527	28,585,021
(e) Depreciation and amortisation expense	3.1	16,126,191	1,711,869	7,308,000	739,052
(f) Other expenses	3.24	2,357,839,288	250,295,447	1,099,764,311	111,218,248
Total expenses		10,746,680,328	1,140,809,371	6,963,318,848	704,194,631
3 Profit before tax (1) - (2)		(291,894,832)	(30,985,973)	220,090,830	22,257,604
4 Tax expenses	3.28				
(a) Current tax		10,264,703	1,089,645	184,396,361	18,647,850
(b) Deferred tax		(57,483,973)	(6,102,187)	(945,104)	(95,578)
		(47,219,270)	(5,012,542)	183,451,257	18,552,272
5 Profit for the period (3) - (4)		(244,675,562)	(25,973,431)	36,639,573	3,705,332
6 Other Comprehensive Income					
(a) Items that will be reclassified to profit or loss					
(i) Foreign Currency Translation difference		-	(18,627,626)	-	37,926,348
Total of Other Comprehensive Income for the period, net of tax			(18,627,626)		37,926,348
7 Total comprehensive income for the period (5) + (6)		(244,675,562)	(44,601,057)	36,639,573	41,631,680
8 Basic and diluted earnings per share	3.25	(45,085)	(4,786)	7,269	735

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 : 27th May, 2019



Rajesh Dubey

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

ASCEND LABORATORIES SPA, (CHILE)
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2019

(a) Equity share capital

Balance at the beginning of the reporting period
Changes in equity share capital during the year
Transferred from Capital Reserve
Balance at the end of the reporting period

As at 31st March, 2019		As at 31st March, 2018		CLP
No. of Shares	Amount	No. of Shares	Amount	
5,427	2,914,178,100	3,153	1,400,000,000	
-	-	2,274	1,514,178,100	
-	-	-	-	
5,427	2,914,178,100	5,427	2,914,178,100	

(a) Equity share capital

Balance at the beginning of the reporting period
Changes in equity share capital during the year
Transferred from Capital Reserve
Balance at the end of the reporting period

As at 31st March, 2019		As at 31st March, 2018		Rs.
No. of Shares	Amount	No. of Shares	Amount	
5,427	280,980,383	3,153	133,809,944	
-	-	2,274	147,170,439	
-	-	-	-	
5,427	280,980,383	5,427	280,980,383	

Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total other equity
	Additional paid in capital	Capital reserve	Retained Earnings	Foreign Currency Translation	
Balance at 1st April, 2017	(61,856,428)	-	728,761,209	-	666,904,781
Total Comprehensive					
Expensed off during the year	61,856,428	-	-	-	61,856,428
Profit for the year ended 31st March, 2018	-	-	36,639,572	-	36,639,572
Other Comprehensive Income	-	-	-	-	-
Balance at 31st March, 2018	-	-	765,400,781	-	765,400,781
Total Comprehensive					
Profit for the year ended 31st March, 2019	-	-	(244,675,562)	-	(244,675,562)
Other Comprehensive Income	-	-	-	-	-
Balance at the end of the reporting period	-	-	520,725,219	-	520,725,219

Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total other equity
	Additional paid in capital	Capital reserve	Retained Earnings	Foreign Currency Translation	
Balance at 1st April, 2017	(5,912,147)	-	76,337,616	(4,572,411)	65,853,058
Total Comprehensive					
Expensed off during the year	5,912,147	-	-	-	5,912,147
Profit for the year ended 31st March, 2018	-	-	3,705,332	-	3,705,332
Other Comprehensive Income	-	-	-	37,926,348	37,926,348
Balance at 31st March, 2018	-	-	80,042,948	33,353,937	113,396,884
Total Comprehensive					
Profit for the year ended 31st March, 2019	-	-	(25,973,432)	-	(25,973,432)
Other Comprehensive Income	-	-	-	(18,627,626)	(18,627,626)
Balance at the end of the reporting period	-	-	54,069,516	14,726,311	68,795,827

The Description of the nature and purpose of each reserve within equity:

Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends paid to shareholders.

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 : 27th May, 2019



Rajesh Dubey

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

ASCEND LABORATORIES SPA, (CHILE)
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	CLP	Rs.	CLP	Rs.
A. Cash Flow from operating activities				
Profit before tax	(291,894,832)	(30,985,973)	220,090,830	22,257,604
Adjustments for :				
Depreciation	16,126,191	1,711,869	7,308,000	739,052
Unrealised foreign currency (gain)/loss on revaluation (net)	697,272,563	74,018,678	67,803,837	6,856,946
Bad Debts/advances written off	-	-	10,985,638	1,110,968
Other non-cash items	-	-	61,856,428	6,629,772
Interest expense	43,414,714	4,608,671	175,489,571	17,747,114
Operating Profit before working capital changes	464,918,636	49,353,245	543,534,304	55,341,456
Adjustments for :				
Inventories	(3,828,860,769)	(406,451,120)	(1,927,310,448)	(194,907,300)
Trade Receivable	(1,917,797,484)	(203,582,993)	(973,083,042)	(98,407,077)
Other Financial Assets - non current	846,194,551	89,827,430	125,772,815	12,719,300
Other current assets	(738,612,348)	(78,407,086)	(264,091,629)	(26,707,366)
Financial Asset other receivable	3,324,981	352,962	89,290,620	9,029,886
Trade Payables	4,661,242,937	494,812,302	3,148,343,801	318,389,385
Other financial liabilities	(113,945,278)	(12,095,814)	60,567,633	6,125,154
Other current Liabilities	30,855,507	3,275,453	55,850,571	5,648,122
Provision	(2,057,303)	(218,392)	2,140,524	216,469
Loans and advances	(9,226,177)	(979,401)	13,059,264	1,320,672
Cash (used in) / generated from operations before tax	(603,962,747)	(64,113,414)	874,074,413	88,768,701
Less: Tax paid	(351,006,204)	(37,260,917)	(196,182,747)	(19,839,798)
Net cash (used in) /generated from operating activities	(954,968,950)	(101,374,331)	677,891,666	68,928,904
B. Cash Flow from Investing activities				
Purchase of property, plant and equipment and intangible assets	(24,256,750)	(2,574,965)	(45,337,312)	(4,584,925)
Net cash (used in) /generated from Investing activities	(24,256,750)	(2,574,965)	(45,337,312)	(4,584,925)
C. Cash Flow from Financing activities				
Proceeds from Long Term Borrowings	583,727,687	61,965,369	(2,261,907,484)	(228,744,819)
Proceed from issue of Shares	-	-	1,514,178,100	153,127,569
Interest Expense	(43,414,714)	(4,608,671)	(175,489,571)	(17,747,114)
Net cash (used in) /generated from Financing activities	540,312,973	57,356,698	(923,218,955)	(93,364,364)
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	(438,912,728)	(46,592,598)	(290,664,601)	(29,020,384)
Cash and cash equivalents at the beginning of the year	1,047,330,529	112,252,886	1,337,995,130	129,250,330
Cash and cash equivalents at the end of the year	608,417,801	65,660,288	1,047,330,529	100,229,945

Notes :

1) Cash and cash equivalents include :

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	CLP	Rs.	CLP	Rs.
Cash and Bank equivalents (Refer Note 3.7)	608,417,801	61,955,185	1,047,330,529	112,252,886
Exchange difference (Unrealised (Gain) / Loss)	-	3,705,103	-	(12,022,941)
Total	608,417,801	65,660,288	1,047,330,529	100,229,945

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.Sanghal & Associates

Chartered Accountants

Firm's registration Number: 109094W

R.S.Sanghal

Partner

Membership Number: 036931

Place : Mumbai

Dated : 27th May, 2019



Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

ASCEND LABORATORIES SPA

NOTE 1: NOTES TO THE CONSOLIDATED consolidated financial statements FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1A General Information

Ascend Laboratories SPA (hereinafter "the Company"), was incorporated as a joint stock company under public deed dated 19th July, 2011. The purpose of the company is to provide services involving the application, processing, obtaining and maintaining health records, on their own behalf or on behalf of Alkem Laboratories Limited (Parent Company), with the Chilean Institute Public Health and before all kinds of public bodies, such as the Metropolitan Health Service and / or any dependent agencies of the Chilean Ministry of Health, and the transfer or assignment any title of such health records.

On 11th September, 2013 amendment of bylaws was made to expand its corporate purpose by adding to it the activities for the development, manufacture, storage, importation, marketing, distribution and export of pharmaceuticals, cosmetics and veterinary, and / or representation in the aforementioned areas.

Pharma Network SpA was constituted as a joint stock company under public deed dated 27th March, 2018 which is wholly owned by Ascend Laboratories SPA.

The Company's address is located in Apoquindo 4700, 17th floor, Las Condes, Santiago, Chile.

The consolidated financial statements comprises of Ascend Laboratories SPA and Pharma Network SpA (herein after "the Group")

1B SIGNIFICANT ACCOUNTING POLICIES:

Significant accounting policies adopted in preparing these consolidated consolidated financial statements are described below.

1.1 Basis of preparation:

a) Statement of compliance

The consolidated financial statements of the Group as at and for the year ended March 31, 2019 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 consolidated financial statement are prepared in INR which is its presentation currency along with CLP which is its functional currency.

b) Basis of preparation and presentation

The preparation of consolidated financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed. 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 group 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 atleast 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 group classifies all other liabilities as non-current.

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

In the State of financial position, assets and liabilities are classified according to their maturities between current, those with maturity not exceeding twelve months and non-current, those whose maturity exceeds twelve months.

In turn, in the statement of comprehensive income and changes in equity expenditures classified by function are presented, identifying depreciation and personnel expenses based on their nature and the cash flow statement is presented using the indirect method.

The Statement of Financial Position as of 31st March, 2019 are presented comparatively with the consolidated financial statements as of 31st March, 2018.

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Chile.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and the entity it controls, both unilaterally and jointly.

(a) Accounting for Subsidiaries

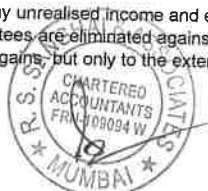
A subsidiary is an entity over which the group has control. Control is achieved when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

(b) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



1.3 Functional and presentation currency

The functional currency of the Group has been defined as the currency of the primary economic environment in which the entity operates. All transactions which are not in the functional currency are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies have been translated at the closing rates of exchange. Foreign exchange gains or losses are included in the net profit and loss account for the year under the line item 'Exchange rate differences'.

The Group's functional currency is the Chilean Peso. Items within the statement of comprehensive income for entities that have a functional currency other than the Chilean Peso are translated at average rates of exchange. Items within the statement of financial position are translated at the closing rates of exchange.

1.4 Basis of translation

The assets and liabilities in Chilean pesos and Unidades de Fomento (UF) are translated using the exchange rate at the date of the consolidated financial statements according to the following table:

	31st March, 2019	Monthly average	31st March, 2018	Monthly average
Rs.	0.10183	0.10615	0.10718	0.10113

Exchange rate changes for Chilean Peso to INR are recorded in statement of other comprehensive income under head foreign currency translation.

1.5 Revenue recognition

Effective April 1, 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the consolidated financial statements of the Group is insignificant.

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

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

c) Interest income is recognized using the effective interest rate (EIR) method.

1.6 Finance costs

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

1.7 Income tax and deferred taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The Group determines the tax base and calculates its income tax every year in accordance with the laws in force.

On September 29, 2014, Law N° 20.780, "Tax Reform to modify the Income Tax system and to introduce various adjustments to the tax system," was published in the Official Gazette.

Among the main changes introduced, this particular law adds a new, semi-integrated taxation system, which can be used alternatively in relation to the integrated regime of attributed income. Taxpayers are free to choose either in order to pay their taxes.

In the case of Ascend Laboratories SpA, as a general rule prescribed by law, the semi-integrated system is applied, even though a future Shareholders' Meeting could choose the attributed income system. The semi-integrated system establishes the progressive increase of the first-category tax rate for the business years 2014, 2015, 2016, 2017, 2018 and 2019 onwards, to 21%, 22.5%, 24%, 25.5%, 27% and 27%, respectively.

Deferred tax: is recognized in interim differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the related tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable interim differences. Deferred tax assets are generally recognized for all deductible interim differences to the extent that it is probable that taxable profits will be available against which such deductible interim differences can be utilized. Such deferred tax assets and liabilities are not recognized if the interim difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the interim difference arises from the initial recognition of goodwill.

1.8 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, except for costs periodically maintained, less accumulated depreciation and any accumulated impairment losses. The cost of items of property, plant and equipment includes not only its original purchase price, but also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The main items of property, plant, and equipment and their respective useful lives in company & its subsidiary are presented below:

Class	Financial Useful Life
Furniture and office equipment	10 years
Computer equipment	3-6 years
Vehicles	8 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



1.9 Intangible assets

Intangible assets with finite useful lives that are carried at cost minus the accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets are presented at acquisition cost less accumulated depreciation. Depreciation is calculated using the straight-line method considering the estimated these assets, about 2 to 6 years life.

1.10 Impairment of tangible and intangible assets

Intangible assets with finite useful lives that are carried at cost minus the accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher one between fair value minus the costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.12 Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of inventories are determined on a weighted average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.13 Trade payables

Commercial creditors are regular credit obligations which have no interests. The amounts from commercial creditors denominated in foreign currency are converted into the Entity's functional currency by using the exchange rate valid on the reporting date. Profits or losses due to change in foreign currency are included in Differences of Exchange Rate.

1.14 Bank overdrafts and loans

Interest expenses are recognized on the basis of the effective interest method and are included in financial costs. The amount owed to banks and other financial institutions are presented under other liabilities as current or non-current due.

1.15 Provisions for employee benefits

The expense for employee vacations is recognized by the accrual method. This benefit applies to all staff and is a fixed amount depending on the particular contracts for each worker. This benefit is recorded at face value.

1.16 Dividend Distribution Policy

The distribution of dividends to shareholders is recognized as a liability in the period in which the dividends are approved by shareholders or when the corresponding obligation is set according to or laws in force distribution policies established by the Shareholders' Meeting.

The dividend policy of the Group is to distribute the mandatory minimum of 30% according to Law 18.046, in the case there would be distributable profits.

1.17 Disclosures of the judgments that management had pronounced when applying the entity's accounting policies

In applying the Group's accounting policies described in Note 2, Management makes estimates and judgments relating to the future of book value of assets and liabilities. The estimates and judgments associated are based on historical experience and other factors deemed relevant. The current results could differ from such estimates.

Management necessarily makes judgments and estimates which have a significant effect on the figures presented in the financial statements. Changes in assumptions and estimates could have a significant impact on the financial statements. Estimates and critical judgments used by Management are detailed as follows:

a) Useful life of property, plant, and equipment

The Group determines the estimated useful life and the related charges for depreciation of its fixed assets. Such estimate is based on the life cycles of its operations according to the historic experience and the industry's environment.

b) Useful life of intangible assets

Intangible assets are presented at acquisition cost less amortisation. Depreciation is calculated using the straight-line method considering the estimated these assets, about 2 to 6 years life.

1.18 Subsequent events

In the period between 1st April, 2019 and the date of the issue of these consolidated financial statements, no other significant events affecting these consolidated financial statements have occurred.

1.19 Authorization to issue the consolidated financial statements

The consolidated financial statements were authorized for issue on 10th May 2019 by the Administration of the Group; consequently they do not reflect events after this date.



1.20 Financial instruments

Financial instruments are recognised when the Group 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 Group commits to purchase or sell the asset.

(a) Financial Assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the Group'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:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) 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 Group 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 Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

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

(i) Amortised Cost

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

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) 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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group classifies the following financial assets at fair value through profit or loss:

- a) Debt investments that do not qualify for measurement at amortised cost;
- b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- c) 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 group 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 Groups' 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.

Derecognition of financial assets

The group 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 group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of the transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



Impairment of Financial Assets

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

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

b) 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 115.

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 Group expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Group 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 Group 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 Group 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 Group 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.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

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.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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 Group determines the classification of its financial liabilities at initial recognition.

Classification

The Group 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 Group'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 Group 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 Group 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 Group or the counter party.

1.21 Equity instruments

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issuance costs.

1.22 Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions. The functional currency of the Group is Chilean Peso.

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.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments measured at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign Operations:

The assets and liabilities of foreign operations, and fair value adjustments arising on acquisition, are translated into Indian Rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.



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

The group prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the group's circumstances for the purpose of presenting fairly the Group'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 Group 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 Group's disclosure of significant accounting policies which are provided in note 1 to the financial statements, 'Significant accounting policies'.

a. Estimate of current and deferred tax

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group'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 Group's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group 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 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 Group'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 Group 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.



CLP

Particulars	Property, Plant and Equipment			Other Intangible assets		Capital work in progress
	Vehicles	Office Equipments	Total	Computer Software	Total	
At Cost						
As at 1st April, 2017	12,319,000	6,197,315	18,516,315	3,048,000	3,048,000	-
Additions	126,000	19,963,236	20,089,236	11,376,436	11,376,436	14,041,000
Adjustments	-	-	-	-	-	-
Deletions	-	-	-	-	-	-
As at 31st March, 2018	12,445,000	26,160,551	38,605,551	14,424,436	14,424,436	14,041,000
Additions	-	25,844,172	25,844,172	11,896,376	11,896,376	-
Adjustments	-	557,202	557,202	-	-	(14,041,000)
Deletions	-	-	-	-	-	-
As at 31st March, 2019	12,445,000	52,561,925	65,006,925	26,320,812	26,320,812	-
Depreciation and Amortisation						
As at 1st April, 2017	2,934,000	1,541,155	4,475,155	2,117,000	2,117,000	-
Depreciation/amortisation charge for the year	1,374,000	5,003,000	6,377,000	931,000	931,000	-
Adjustments	-	-	-	169,360	169,360	-
Deductions	-	-	-	-	-	-
As at 31st March, 2018	4,308,000	6,544,155	10,852,155	3,217,360	3,217,360	-
Depreciation/amortisation charge for the year	1,369,290	11,201,334	12,570,624	3,555,567	3,555,567	-
Adjustments	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
As at 31st March, 2019	5,677,290	17,745,489	23,422,779	6,772,927	6,772,927	-
Net Book Value						
As at 31st March, 2018	8,137,000	19,616,396	27,753,396	11,207,076	11,207,076	14,041,000
As at 31st March, 2019	6,767,710	34,816,436	41,584,146	19,547,885	19,547,885	-

Rs.

Particulars	Property, Plant and Equipment			Other Intangible assets		Capital work in progress
	Vehicles	Office Equipments	Total	Computer Software	Total	
At Cost						
As at 1st April, 2017	1,190,016	598,661	1,788,676	294,437	294,437	-
Additions	12,742	2,018,665	2,031,608	1,150,489	1,150,489	1,504,914
Adjustments	-	-	-	-	-	-
Deletions	-	-	-	-	-	-
Foreign Exchange Differences	131,097	186,362	317,459	101,085	101,085	-
As at 31st March, 2018	1,333,855	2,803,888	4,137,743	1,546,011	1,546,011	1,504,914
Additions	-	2,743,477	2,743,477	1,262,855	1,262,855	-
Adjustments	-	59,150	59,150	-	-	(1,504,914)
Deletions	-	-	-	-	-	-
Foreign Exchange Differences	(66,581)	(254,134)	(320,715)	(128,618)	(128,618)	-
As at 31st March, 2019	1,267,274	5,352,381	6,619,655	2,680,248	2,680,248	-
Depreciation and Amortisation						
As at 1st April, 2017	283,424	148,876	432,300	204,502	204,502	-
Depreciation/amortisation charge for the year	138,951	505,949	644,901	94,152	94,152	-
Adjustments	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
Foreign Exchange Differences	39,356	46,578	85,933	46,183	46,183	-
As at 31st March, 2018	461,731	701,403	1,163,134	344,837	344,837	-
Depreciation/amortisation charge for the year	145,356	1,189,073	1,334,429	377,440	377,440	-
Adjustments	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
Foreign Exchange Differences	(28,971)	(83,451)	(112,422)	(32,590)	(32,590)	-
As at 31st March, 2019	578,117	1,807,024	2,385,141	689,687	689,687	-
Net Book Value						
As at 31st March, 2018	872,124	2,102,485	2,974,609	1,201,174	1,201,174	1,504,914
As at 31st March, 2019	689,157	3,545,357	4,234,514	1,990,561	1,990,561	-



Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	CLP	Rs.	CLP	Rs.
3.2 : OTHER NON-CURRENT FINANCIAL ASSETS:				
In Deposit Accounts:				
Investment in Fixed Deposit	-	-	2,000,000	214,360
Tender deposits	164,265,093	16,727,114	1,008,459,644	108,086,705
TOTAL	164,265,093	16,727,114	1,010,459,644	108,301,065
3.3 : DEFERRED TAX ASSETS:				
Provision for vacation	8,335,646	848,819	3,215,443	344,631
Provision for expenses	11,972,256	1,219,135	-	-
Provision for inventory	35,326,716	3,597,320	-	-
Property, plant and equipment	(1,286,656)	(131,020)	251,000	26,902
Accumulated losses	6,602,454	672,327	-	-
TOTAL	60,950,416	6,206,581	3,466,443	371,533
3.4 : OTHER TAX ASSETS:				
Advance payment of Income Tax	398,018,138	40,530,187	200,353,926	21,473,934
TOTAL	398,018,138	40,530,187	200,353,926	21,473,934
3.5 : INVENTORIES:				
Stock-in-trade	7,211,690,224	734,366,416	3,382,829,455	362,571,661
TOTAL	7,211,690,224	734,366,416	3,382,829,455	362,571,661
3.6 : TRADE RECEIVABLES:				
Considered good - Unsecured	5,318,028,012	541,534,792	3,400,230,528	364,436,708
Considered doubtful	-	-	-	-
Less: Impairment allowances	-	-	-	-
TOTAL	5,318,028,012	541,534,792	3,400,230,528	364,436,708
3.7 : CASH AND CASH EQUIVALENTS:				
Cash and Cash Equivalents:				
Cash on hand	183,910	18,728	191,780	20,555
Balance with Banks:				
In Current Accounts	608,233,891	61,936,457	1,047,138,749	112,232,331
TOTAL	608,417,801	61,955,185	1,047,330,529	112,252,886
3.8 : LOANS:				
(Unsecured, Considered Good, unless Otherwise stated)				
Loans and Advances to Employees	18,391,800	1,872,837	9,165,623	982,371
TOTAL	18,391,800	1,872,837	9,165,623	982,371
3.9 : OTHER RECEIVABLES:				
Other Receivables	200,000	20,366	3,524,981	377,807
TOTAL	200,000	20,366	3,524,981	377,807
3.10 : OTHER CURRENT ASSETS:				
Balances with Government Authorities	966,039,594	98,371,812	278,305,168	29,828,748
Advance to Suppliers:				
- Considered Good	98,156,644	9,995,291	47,278,722	5,067,333
- Considered Doubtful	-	-	-	-
	98,156,644	9,995,291	47,278,722	5,067,333
Less: Provision for Doubtful Advances	-	-	-	-
	98,156,644	9,995,291	47,278,722	5,067,333
TOTAL	1,064,196,238	108,367,103	325,583,890	34,896,081



ASCEND LABORATORIES SPA

NOTE 3: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	CLP	Rs.	CLP	Rs.
3.11 : EQUITY SHARE CAPITAL:				
Authorised:				
5,427 (P.Y. 5,427) Equity Shares, without par value	2,914,178,100	280,980,383	2,914,178,100	280,980,383
	2,914,178,100	280,980,383	2,914,178,100	280,980,383
Issued, Subscribed and Paid up:				
5,427 (P.Y. 5,427) Equity Shares, without par value	2,914,178,100	280,980,383	2,914,178,100	280,980,383
TOTAL	2,914,178,100	280,980,383	2,914,178,100	280,980,383

During the previous year, loan from the holding company was converted into equity in 2,274 new shares.

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number	CLP	Number	CLP
At the commencement of the year	5,427	2,914,178,100	5,427	2,914,178,100
At the end of the year	5,427	2,914,178,100	5,427	2,914,178,100

(b) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31st March, 2019		As at 31st March, 2018	
	Number	Percentage of Holding	Number	Percentage of Holding
Alkem Laboratories Limited	5,427	100.00%	5,427	100.00%

Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	CLP	Rs.	CLP	Rs.
OTHER EQUITY				
Retained Earnings:				
At the commencement of the period/year	765,400,781	80,042,945	728,761,208	76,337,616
Add: Profit for the period/year	(244,675,562)	(25,973,432)	36,639,573	3,705,329
	520,725,219	54,069,513	765,400,781	80,042,945
Less: Appropriations:				
At the end of the period/year	520,725,219	54,069,513	765,400,781	80,042,945
Other Comprehensive Income:				
At the commencement of the period/year	-	33,353,937	-	(4,572,411)
Add: Profit for the period/year	-	(18,627,626)	-	37,926,348
At the end of the period/year	-	14,726,311	-	33,353,937
TOTAL	520,725,219	68,795,824	765,400,781	113,396,882
3.12 : NON-CURRENT BORROWINGS:				
Unsecured:				
Loans and Advances from related parties	-	-	3,826,862	410,163
TOTAL	-	-	3,826,862	410,163
Note :				
Above Loans and Advances from related parties include Interest accrued on borrowings CLP Nil (Previous Year CLP 3,826,862)				
3.13 : NON CURRENT PROVISIONS				
Provision for Tax	14,091,042	1,434,891	157,168,331	16,845,302
TOTAL	14,091,042	1,434,891	157,168,331	16,845,302



ASCEND LABORATORIES SPA
NOTE 3: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	CLP	Rs.	CLP	Rs.
3.14 : CURRENT BORROWINGS:				
<u>Unsecured</u>				
Bank Loan	1,117,554,549	113,800,580	530,000,000	56,805,400
TOTAL	1,117,554,549	113,800,580	530,000,000	56,805,400
Notes:				
The facilities are lent by HSBC Bank Chile and are comprised by a Fund Based facility (overdraft/working capital credits), which amounts to CLP 1,487,000,000 as of March 31, 2019. The purpose of this facility is Working Capital which is provided as a Corporate Guarantee from Alkem Laboratories India. The interest rate is 5.7% p.a.				
3.15 : TRADE PAYABLES:				
total outstanding dues of micro enterprises & small enterprises	-	-	-	-
total outstanding dues of creditors other than micro enterprises & small enterprises	10,195,345,537	1,038,192,036	4,836,830,037	518,411,443
TOTAL	10,195,345,537	1,038,192,036	4,836,830,037	518,411,443
Due to related parties CLP 9,447,746,703 (Previous Year CLP 4,248,454,722)				
3.16 : OTHER CURRENT FINANCIAL LIABILITIES				
Accrual for Expenses	3,356,796	341,821	117,302,074	12,572,434
TOTAL	3,356,796	341,821	117,302,074	12,572,434
3.17 : OTHER CURRENT LIABILITIES:				
Due to statutory authorities	17,672,246	1,799,565	27,950,165	2,995,699
Advances from customers	112,517,050	11,457,611	71,383,624	7,650,897
* Statutory dues payable includes VAT, Social security payable, withholding tax payable, etc.				
TOTAL	130,189,296	13,257,176	99,333,789	10,646,596
3.18 : CURRENT PROVISIONS:				
Provision for employee benefits:				
Compensated absences	9,849,214	1,002,945	11,906,517	1,276,140
TOTAL	9,849,214	1,002,945	11,906,517	1,276,140



ASCEND LABORATORIES SPA
NOTE 3: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2019	For the Year ended 31st March 2018	For the Year ended 31st March 2018
	CLP	Rs.	CLP	Rs.
3.19 : REVENUE FROM OPERATIONS:				
Sale of products	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947
TOTAL	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947
3.20 : OTHER INCOME:				
Foreign currency transactions and translation gain (net)	-	-	-	-
Miscellaneous income	15,331,355	1,627,494	215,311,653	21,774,288
TOTAL	15,331,355	1,627,494	215,311,653	21,774,288
3.21 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:				
Opening Stock:				
Stock-in-trade	3,382,829,455	362,571,661	1,455,519,007	140,603,136
	3,382,829,455	362,571,661	1,455,519,007	140,603,136
Less: Closing stock:				
Stock-in-trade	7,211,690,224	734,366,416	3,382,829,455	362,571,661
	7,211,690,224	734,366,416	3,382,829,455	362,571,661
Exchange Rate Difference		(34,656,365)		27,061,225
TOTAL	(3,828,860,769)	(406,451,120)	(1,927,310,448)	(194,907,300)
3.22 : EMPLOYEE BENEFITS EXPENSES:				
Salaries, wages and bonus	775,322,761	82,304,064	505,280,490	51,098,595
Contribution to funds	-	-	-	-
Employees' welfare expenses	51,194,337	5,434,514	-	-
TOTAL	826,517,098	87,738,578	505,280,490	51,098,595
3.23 : FINANCE COSTS:				
Interest on borrowings	43,414,714	4,608,671	175,489,571	17,747,114
Other borrowing cost	42,500,608	4,511,634	107,168,956	10,837,907
TOTAL	85,915,322	9,120,305	282,658,527	28,585,021
To related parties CLP 21,013,887 (Previous Year CLP 65,684,605)				
3.24 : OTHER EXPENSES:				
Rent	63,538,622	6,744,916	46,576,176	4,710,210
Rates and taxes	195,231,067	20,724,673	150,631,451	15,233,233
Insurance	21,344,988	2,265,868	7,930,385	801,993
Marketing and promotions	61,770,329	6,557,204	9,464,739	957,161
Selling and distribution expenses	621,071,732	65,929,611	271,497,228	27,456,288
Legal and professional Fees	201,924,860	21,435,249	265,411,166	26,840,810
Travelling and conveyance	44,123,464	4,683,908	37,266,410	3,768,721
Repairs:				
- Others	3,361,841	356,875	7,073,231	715,310
Communication and printing expenses	51,603,745	5,477,974	13,413,932	1,356,540
Bad Debts/Advances written off	-	-	10,985,638	1,110,968
Miscellaneous expenses	57,094,901	6,060,885	24,973,241	2,525,523
Office Expenses	59,273,162	6,292,118	68,041,012	6,880,931
Foreign currency transactions and translation gain (net)	697,272,563	74,018,678	67,803,837	6,856,946
License, registration & technology fees	280,228,014	29,747,488	118,695,865	12,003,614
TOTAL	2,357,839,288	250,295,447	1,099,764,311	111,218,248



3.25 Earnings per share (EPS)

			CLP	
Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	CLP	A	(244,675,562)	36,639,573
Number of equity shares at the beginning of the year	Nos.		5,427	3,153
Equity shares issued during the period	Nos.		-	2,274
Number of equity shares outstanding at the end of the year	Nos.		5,427	5,427
Weighted average number of equity shares outstanding during the year	Nos.	B	5,427	5,041
Basic and diluted earnings per equity share	CLP	(A / B)	(45,085)	7,269

			Rs.	
Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Rs.	A	(25,973,431)	3,705,332
Number of equity shares at the beginning of the year	Nos.		5,427	3,153
Equity shares issued during the period	Nos.		-	2,274
Number of equity shares outstanding at the end of the year	Nos.		5,427	5,427
Weighted average number of equity shares outstanding during the year	Nos.	B	5,427	5,041
Basic and diluted earnings per equity share	Rs.	(A / B)	(4,786)	735

3.26 Segment Reporting

a) Revenues for the year ended 31st March, 2019 and 2018 are as follows:

Particulars	2019	2019	2018	2018
	CLP	Rs.	CLP	Rs.
Revenues from sales	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947
Totals	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947

b) The Group is in the pharmaceutical business. As the Group 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:

Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the Group derives revenues:

Particulars	2019	2019	2018	2018
	CLP	Rs.	CLP	Rs.
Revenue from the Country of Domicile - Chile	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947
Revenue from foreign countries	-	-	-	-
Totals	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947

The Group did not have any external revenue from a particular customer or particular product which exceeded 10% of total revenue.



ASCEND LABORATORIES SPA

NOTE 3: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

3.27 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, 2019

I. List of related parties and their relationship

A Company whose control exists

Name of the Company	Country of Incorporation
Alkem Laboratories Limited	India

B Subsidiary

Name of the Companies	Country of Incorporation
Pharma Network SpA (Wholly owned)	Chile

C Fellow Subsidiaries

Name of the Companies	Country of Incorporation
Cachet Pharmaceuticals Pvt. Ltd.	India
Indchemie Health Specialities Pvt. Ltd.	India
Enzene Biosciences Ltd.	India
Alkem Foundation	India
The Pharmanetwork, LLC (wholly owned subsidiary of S & B holdings B.V.)	United States of America
Ascend Laboratories, LLC (wholly owned by The Pharma Network, LLP)	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Pharmacor Pty Limited	Australia
Alkem Laboratories Corporation	Philippines
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany
Ascends Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
Alkem Laboratories (NIG) Limited (Liquidated on 6th May 2018)	Nigeria

D Key Managerial Personnel ("KMP")

Name of the KMP	Designation
Rahul Bhat	Director
Pavan Malgi	Director
Ashish Mallela	Director
Arturo Alessandri Cohn	Director
Fernando Jamarne Banduc	Director
Felipe Cousiño Prieto	Director

Details of Transactions with Related Parties

Sr. No.	Particulars	Holding Company		The Pharma Network LLC	
		CLP	Rs.	CLP	Rs.
1	Purchase of Stock in Trade	8,689,972,178	922,480,376	-	-
		(5,634,078,522)	(569,769,666)	-	-
2	Interest on Loan	-	-	-	-
		(36,423,259)	(3,683,454)	-	-
3	Reimbursement of SBLC charges	-	-	-	-
		(19,398,406)	(1,961,745)	-	-
4	Guarantee commission expense - Ascend Laboratories	18,854,690	2,001,512	-	-
		(9,862,940)	(997,431)	-	-
5	Guarantee commission expense - Pharma Network	2,159,197	229,209	-	-
		(-)	(-)	-	-
6	Directors Fees / Remuneration - Ashish Mallela	45,499,981	4,830,032	-	-
		(41,320,198)	(4,178,677)	-	-
7	Directors Remuneration - Rahul Bhat	104,777,000	11,122,559	-	-
		(106,682,000)	(10,788,662)	-	-
8	Loan repayment	-	-	3,826,862	410,163
		-	-	-	-
9	Conversion of loan to equity	-	-	-	-
		(1,514,178,100)	(147,170,439)	-	-

Balance due from / to the related Parties

Sr. No.	Particulars	Holding Company		The Pharma Network LLC	
		CLP	Rs.	CLP	Rs.
1	Trade Payable	9,449,974,996	962,290,954	-	-
		(4,248,454,722)	(455,349,377)	-	-
2	Interest Payable on Loan	-	-	-	-
		-	-	(3,826,862)	(410,163)

Note:

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



3.28 Tax expense

Particulars	31st March, 2019 CLP	31st March, 2019 Rs.	31st March, 2018 CLP	31st March, 2018 Rs.
Profit Before Tax	(291,894,832)	(30,985,973)	220,090,830	22,257,604
Tax at statutory rate	(78,811,605)	(8,366,213)	59,424,524	6,009,553
Effect of expenses that are not deductible in determining taxable profit.	92,032,344	9,769,655	24,559,536	2,483,685
Others (inclusive of Adjustments)	(60,440,010)	(6,415,984)	99,467,197	10,059,035
Effective tax rate	(47,219,270)	(5,012,542)	183,451,257	18,552,273

3.29 Contingencies, legal proceedings and restrictions

The Group has a litigation against TIF & Logistic Services Ltd, which upto the date of the financial statements is still in process.

As of 31st March, 2019 there are no other contingencies to report.



3.30 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

CLP

Particulars	As at 31st March, 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	608,417,801	608,417,801	-	-	-	-
Short-term loans and advances	-	-	18,391,800	18,391,800	-	-	-	-
Trade receivables	-	-	5,318,028,012	5,318,028,012	-	-	-	-
Other Non-current financial asset	-	-	164,265,093	164,265,093	-	-	-	-
Other Current financial asset	-	-	200,000	200,000	-	-	-	-
	-	-	6,109,302,706	6,109,302,706	-	-	-	-
Financial liabilities								
Long term borrowings	-	-	-	-	-	-	-	-
Short term borrowings	-	-	1,117,554,549	1,117,554,549	-	-	-	-
Trade and other payables	-	-	10,195,345,537	10,195,345,537	-	-	-	-
Other Current financial liabilities	-	-	3,356,796	3,356,796	-	-	-	-
	-	-	11,316,256,882	11,316,256,882	-	-	-	-

Rs.

Particulars	As at 31st March, 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	61,955,185	61,955,185	-	-	-	-
Short-term loans and advances	-	-	1,872,837	1,872,837	-	-	-	-
Trade receivables	-	-	541,534,792	541,534,792	-	-	-	-
Other Non-current financial asset	-	-	16,727,114	16,727,114	-	-	-	-
Other Current financial asset	-	-	20,366	20,366	-	-	-	-
	-	-	622,110,294	622,110,294	-	-	-	-
Financial liabilities								
Long term borrowings	-	-	-	-	-	-	-	-
Short term borrowings	-	-	113,800,580	113,800,580	-	-	-	-
Trade and other payables	-	-	1,038,192,036	1,038,192,036	-	-	-	-
Other Non-Current financial liabilities	-	-	341,821	341,821	-	-	-	-
	-	-	1,152,334,437	1,152,334,437	-	-	-	-

CLP

Particulars	As at 31st March, 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,047,330,529	1,047,330,529	-	-	-	-
Short-term loans and advances	-	-	9,165,623	9,165,623	-	-	-	-
Trade receivables	-	-	3,400,230,528	3,400,230,528	-	-	-	-
Other Non-current financial asset	-	-	1,010,459,644	1,010,459,644	-	-	-	-
Other Current financial asset	-	-	3,524,981	3,524,981	-	-	-	-
	-	-	5,470,711,305	5,470,711,305	-	-	-	-
Financial liabilities								
Long term borrowings	-	-	3,826,862	3,826,862	-	-	-	-
Short term borrowings	-	-	530,000,000	530,000,000	-	-	-	-
Trade and other payables	-	-	4,836,830,037	4,836,830,037	-	-	-	-
Other Current financial liabilities	-	-	117,302,074	117,302,074	-	-	-	-
	-	-	5,487,958,973	5,487,958,973	-	-	-	-

Rs.

Particulars	As at 31st March, 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	112,252,886	112,252,886	-	-	-	-
Short-term loans and advances	-	-	982,371	982,371	-	-	-	-
Trade receivables	-	-	364,436,708	364,436,708	-	-	-	-
Other Non-current financial asset	-	-	108,301,065	108,301,065	-	-	-	-
Other Current financial asset	-	-	377,807	377,807	-	-	-	-
	-	-	586,350,837	586,350,837	-	-	-	-
Financial liabilities								
Long term borrowings	-	-	410,163	410,163	-	-	-	-
Short term borrowings	-	-	56,805,400	56,805,400	-	-	-	-
Trade and other payables	-	-	518,411,443	518,411,443	-	-	-	-
Other Current financial liabilities	-	-	12,572,434	12,572,434	-	-	-	-
	-	-	588,199,440	588,199,440	-	-	-	-



3.30 Financial Instruments – Fair values and risk management (Continued)

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

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

i. Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31st March, 2019; the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	CLP		Rs.	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Chile	5,318,028,012	3,400,230,528	541,534,792	364,436,708
Other regions	-	-	-	-
	5,318,028,012	3,400,230,528	541,534,792	364,436,708

At March 31, 2019 and 2018, the Group had exposure to only one type of counter party.

At March 31, 2019 and 2018, the Group had a significant customer. Farmacias Ahumada SA balance was 13% and 20% of the total receivables, respectively.

Impairment

At 31st March, 2019 and 2018; the ageing of trade receivables that were not impaired was as follows.

	CLP		Rs.	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Neither past due nor impaired	2,647,421,012	1,914,934,528	269,586,881	205,242,683
Past due 1-180 days	2,069,946,000	973,311,000	210,782,601	104,319,473
Past due more than 180 days	600,661,000	511,985,000	61,165,310	54,874,552
	5,318,028,012	3,400,230,528	541,534,792	364,436,708

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. Therefore, the Group has not recognised an allowance for doubtful debts.

Cash and Cash Equivalents

The Group held Cash and Cash Equivalents with the bank amounting to CLP 608,417,801 and Rs. 61,955,185 at 31st March, 2019 (31st March, 2018: CLP 1,047,330,529 Rs. 112,252,886)



3.30 Financial instruments – Fair values and risk management (Continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The majority of the Group's Trade receivables are due for maturity within 60-120 days from the date of billing to the customer. Further, the general credit terms for Trade payables are approximately 120 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

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.

	Contractual cash flows					
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	More than 5 years
31st March, 2019						
CLP						
Non-derivative financial liabilities						
Term loans from banks	1,117,554,549	1,117,554,549	1,117,554,549	-	-	-
Trade and other payables	10,195,345,537	10,195,345,537	3,115,713,491	7,079,632,046	-	-
Other financial liability	3,356,796	3,356,796	3,356,796	-	-	-
Rs.						
Non-derivative financial liabilities						
Term loans from banks	113,800,580	113,800,580	113,800,580	-	-	-
Loans from Related Party	-	-	-	-	-	-
Trade and other payables	1,038,192,036	1,038,192,036	317,273,105	720,918,931	-	-
Other financial liability	341,821	341,823	341,823	-	-	-
Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	More than 5 years
31st March, 2018						
CLP						
Non-derivative financial liabilities						
Term loans from banks	530,000,000	530,000,000	530,000,000	-	-	-
Loans from Related Party	3,826,862	3,826,862	-	-	-	3,826,862
Trade and other payables	4,836,830,037	4,836,830,037	-	4,836,830,037	-	-
Other financial liability	117,302,074	117,302,074	117,302,074	-	-	-
Rs.						
Non-derivative financial liabilities						
Term loans from banks	56,805,400	56,805,400	56,805,400	-	-	-
Loans from Related Party	410,163	410,163	-	-	-	410,163
Trade and other payables	518,411,443	518,411,443	-	518,411,443	-	-
Other financial liability	12,572,434	12,572,436	12,572,436	-	-	-

Note:

The Translated Cash Flows are undiscounted and are translated at closing rate as on reporting date.



3.30 Financial Instruments – Fair values and risk management (Continued)

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its loans and accounts payables in foreign currency. The functional currency of the Group is Chilean peso. The Group has exposure to USD. The Group has not hedged this foreign currency exposure.

The currency profile of financial liabilities as at 31st March, 2019 and 31st March, 2018 are as below:

	31st March, 2019 CLP	31st March, 2019 Rs.
Financial liabilities	9,449,974,996	962,290,954
Accounts payable to related parties	9,449,974,996	962,290,954
	31st March, 2018 CLP	31st March, 2018 Rs.
Financial liabilities	4,248,454,722	455,349,377
Accounts payable to related parties	4,248,454,722	455,349,377

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Chilean pesos (Local currency) against various foreign currencies at 31st March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
Effect in Chilean pesos	Strengthening	Weakening	Strengthening	Weakening
31st March, 2019				
10% movement in USD	(992,801,000)	992,801,000	(724,745,000)	724,745,000
	(992,801,000)	992,801,000	(724,745,000)	724,745,000

	Profit or loss		Equity, net of tax	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31st March, 2019				
10% movement in USD	(101,096,926)	101,096,926	(73,800,783)	73,800,783
	(101,096,926)	101,096,926	(73,800,783)	73,800,783

	Profit or loss		Equity, net of tax	
Effect in Chilean pesos	Strengthening	Weakening	Strengthening	Weakening
31st March, 2018				
10% movement in USD	(425,228,000)	425,228,000	(310,416,000)	310,416,000
	(425,228,000)	425,228,000	(310,416,000)	310,416,000

	Profit or loss		Equity, net of tax	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31st March, 2018				
10% movement in USD	(45,575,937)	45,575,937	(33,270,387)	33,270,387
	(45,575,937)	45,575,937	(33,270,387)	33,270,387

Interest rate risk

The Group is not subject to interest rate risk as its borrowings are at fixed interest rate.



3.31 Capital Management

The Group'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 Group 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 Group's adjusted net debt to equity ratio at 31 March 2019 was as follows.

	As at 31st March, 2019		As at 31st March, 2018	
	CLP	Rs.	CLP	Rs.
Total borrowing	1,117,554,549	113,800,580	533,826,862	57,215,563
Less : Cash and cash equivalent	(608,417,801)	(61,955,185)	(1,047,330,529)	(112,252,886)
Adjusted net debt	509,136,748	51,845,395	(513,503,667)	(55,037,323)
Total equity	3,434,903,319	349,776,207	3,679,578,881	394,377,265
Less : Hedging reserve	-	-	-	-
Adjusted equity	3,434,903,319	349,776,207	3,679,578,881	394,377,265
Adjusted net debt to adjusted equity ratio	0.15	0.15	(0.14)	(0.14)

3.32 Disclosure As per Indian Accounting Standard 115 :

Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	CLP	Rs.	CLP	Rs.
Revenue as per contracted price	10,914,281,176	1,158,600,971	7,099,947,037	718,011,727
Adjustments:				
Discount	(474,827,035)	(50,405,066)	(131,849,012)	(13,333,780)
Revenue from contract with customers	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947
Other operating revenue	-	-	-	-
Revenue from Operations	10,439,454,141	1,108,195,905	6,968,098,025	704,677,947

3.33 Payment to auditors

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	CLP	Rs.	CLP	Rs.
As Auditor				
Audit fees	6,106,770	648,262	5,113,449	517,119
In other capacity				
Taxation matters	5,468,791	580,537	-	-
Total	11,575,561	1,228,799	5,113,449	517,119

3.34 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2019:

Ind AS 116, Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. The Group has assessed the estimated impact that initial application of Ind AS 116 will have on its standalone financial statements, as described below:

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities (see Note 3.29a). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of CLP 133,274,350 equivalent to Rs. 13,571,327 as at 1 April 2019.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the Group records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The Group has elected certain available practical expedients on transition.



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NOTE 3: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Group's standalone financial statements:

- Amendments to **Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements**: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

- Amendments to **Ind AS 109, Financial Instruments**: amendments relating to the classification of particular pre payable financial assets

- Amendments to **Ind AS 12, Income Taxes**, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

- Amendment to **Ind AS 19, Employee Benefits** - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).


- Amendments to **Ind AS 23, Borrowing Costs**, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

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 : 27th May, 2019



Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.