



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

**Independent Auditor's Report**

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

**Report on the Standalone Ind AS Financial Statements:**

We have audited the accompanying standalone Ind AS financial statements of **S & B Holdings B.V., Netherlands** ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements") prepared by its management in its reporting currency in Euro. These financial statements are translated by the management of its holding company M/s Alkem Laboratories Ltd., India in Indian currency (INR) and is also presented in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS, for the purpose of presenting to its shareholders as required by Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India.

**Management's Responsibility for the Standalone Financial Statements:**

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

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

**Auditor's Responsibility:**

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

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



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free of material misstatement.

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

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

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2019, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Report on Other Legal and regulatory Requirements:**

1. This audit is for the purpose of presenting the standalone Ind AS financial statements in Indian currency (INR) and in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 as per Ind AS, for the purpose of presenting it to the shareholders of the holding company as required by Section 129(3) of the Companies Act, 2013 and for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India and is not a report under Section 143 of the Companies Act, 2013, and accordingly does not include any statement on the matters specified in and required by Section 143 (11), 143(3)(g) and 143(3)(i) of the Companies Act, 2013 and Rule 11 of the Companies (Audit and Auditors') Rules, 2014 including the Companies (Auditors' Report) Order, 2016;
2. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
3. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
4. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

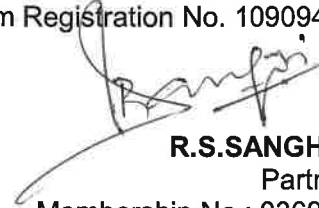


5. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.
6. In our opinion, the standalone Ind AS financial statements dealt with by this report are translated from Euro to Indian Rupees by adopting the applicable rates of foreign currency for the year in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015.

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

Chartered Accountants

Firm Registration No. 109094W



**R.S.SANGHAI**  
Partner  
Membership No.: 036931

Place: Mumbai

Date: 27<sup>th</sup> May, 2019

**S & B HOLDINGS B.V., (NETHERLANDS)**  
**FINANCIAL STATEMENTS**  
**BALANCE SHEET AS AT 31ST MARCH, 2019**

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
		EURO	Rs.	EURO	Rs.
<b>I. ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Financial assets					
(i) Investments	3.1	29,909,841	2,053,464,904	29,909,841	2,053,464,904
(b) Other non-current assets	3.2	515,271	40,063,492	-	-
(c) Deferred tax assets (Net)		4,856,159	377,577,048	4,899,915	391,850,150
<b>Total Non-current assets</b>		35,281,271	2,471,105,444	34,809,756	2,445,315,054
<b>2 Current assets</b>					
(a) Financial Assets					
(i) Investments	3.3	-	-	16,760	1,340,322
(ii) Cash and cash equivalents	3.4	66,463	5,167,639	96,770	7,738,759
(b) Other current assets	3.5	10,832	842,178	17,061	1,364,382
<b>Total Current assets</b>		77,295	6,009,817	130,591	10,443,463
<b>TOTAL ASSETS</b>		35,358,566	2,477,115,261	34,940,347	2,455,758,517
<b>II. EQUITY AND LIABILITIES</b>					
<b>1 Equity</b>					
(a) Equity share capital		35,590,552	2,897,217,375	35,590,552	2,897,217,375
(b) Other equity( Refer statement of changes in equity)	3.6	(13,910,940)	(1,483,670,914)	(11,399,134)	(1,301,059,261)
<b>Total equity</b>		21,679,612	1,413,546,461	24,191,418	1,596,158,114
<b>2 Current liabilities</b>					
(a) Financial Liabilities					
(i) Other financial liabilities	3.7	13,678,954	1,063,568,800	9,728,235	777,974,717
(b) Current tax liabilities (net)	3.8	-	-	1,020,694	81,625,686
<b>Total current liabilities</b>		13,678,954	1,063,568,800	10,748,929	859,600,403
<b>TOTAL EQUITY AND LIABILITIES</b>		35,358,566	2,477,115,261	34,940,347	2,455,758,517

Significant Accounting Policies

1B

Critical accounting judgements and key sources of estimation uncertainty

2

Notes to the Financial Statement

3

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



For and on behalf of the Board of S & B Holdings B.V.

*(Signature)*

**Manish Narang**

Management board member

**S & B HOLDINGS B.V., (NETHERLANDS)**

**FINANCIAL STATEMENTS**

**STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL 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
		EURO	Rs.	EURO	Rs.
<b>1 Income</b>					
(a) Revenue from operations		-	-	-	-
(b) Other income		15,916	1,284,689	1,202,162	76,802,021
<b>Total Income</b>	<b>3.9</b>	<b>15,916</b>	<b>1,284,689</b>	<b>1,202,162</b>	<b>76,802,021</b>
<b>2 Expenses</b>					
(a) Finance costs		3,968	320,255	3,411	257,440
(b) Other expenses		1,050,525	84,793,156	19,887	1,500,773
<b>Total Expenses</b>	<b>3.10 3.11</b>	<b>1,054,493</b>	<b>85,113,411</b>	<b>23,298</b>	<b>1,758,213</b>
<b>3 Profit before tax (1) - (2)</b>		<b>(1,038,577)</b>	<b>(83,828,722)</b>	<b>1,178,864</b>	<b>75,043,808</b>
<b>4 Tax expenses</b>					
(a) Current tax		1,429,473	115,379,990	2,890,163	218,109,210
(b) Deferred tax		525,368	42,405,096	4,853,717	366,290,924
		<b>1,954,841</b>	<b>157,785,086</b>	<b>7,743,880</b>	<b>584,400,134</b>
<b>5 Profit for the period (3) - (4)</b>		<b>(2,993,418)</b>	<b>(241,613,808)</b>	<b>(6,565,016)</b>	<b>(509,356,326)</b>
<b>6 Other comprehensive income</b>					
(a) Items that will be reclassified to profit or loss					
(i) Foreign currency translation difference		481,611	59,002,155	(1,141,294)	(86,128,938)
<b>Total of other comprehensive income for the period, net of tax</b>		<b>481,611</b>	<b>59,002,155</b>	<b>(1,141,294)</b>	<b>(86,128,938)</b>
<b>7 Total comprehensive income for the period (5) + (6)</b>		<b>(2,511,807)</b>	<b>(182,611,653)</b>	<b>(7,706,310)</b>	<b>(595,485,264)</b>
<b>8 Basic and diluted earnings per share</b>	<b>3.12</b>	<b>(0.08)</b>	<b>(6.79)</b>	<b>(0.18)</b>	<b>(14.31)</b>

Significant Accounting Policies

1B

Critical accounting judgements and key sources of estimation uncertainty

2

Notes to accounts

3

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



For and on behalf of the Board of S & B Holdings B.V.

**Manish Narang**

Management board member

**S & B HOLDINGS B.V., (NETHERLANDS)**
**FINANCIAL STATEMENTS**
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	35,590,552	35,590,552	35,590,552	35,590,552
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	35,590,552	35,590,552	35,590,552	35,590,552

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	35,590,552	2,897,217,375	35,590,552	2,897,217,375
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	35,590,552	2,897,217,375	35,590,552	2,897,217,375

Other Equity				EURO
Particulars	Reserves and Surplus	Other comprehensive Income	Total other equity	
	Retained Earnings	Foreign Currency Translation Difference		
Balance at 01st April, 2017	(3,692,824)	-	(3,692,824)	
Total Comprehensive				
Profit for the year ended 31st March, 2018	(6,565,016)	-	(6,565,016)	
Other Comprehensive Income	-	(1,141,294)	(1,141,294)	
Balance at 31st March, 2018	(10,257,840)	(1,141,294)	(11,399,134)	
Total Comprehensive				
Profit for the year ended 31st March, 2019	(2,993,417)	-	(2,993,417)	
Other Comprehensive Income	-	481,611	481,611	
Balance at the end of the reporting period	(13,251,257)	(659,683)	(13,910,940)	

Other Equity				Rs.
Particulars	Reserves and Surplus	Other comprehensive Income	Total other equity	
	Retained Earnings	Foreign Currency Translation Difference		
Balance at 01st April, 2017	(705,573,997)	-	(705,573,997)	
Total Comprehensive				
Profit for the year ended 31st March, 2018	(509,356,326)	-	(509,356,326)	
Other Comprehensive Income	-	(86,128,938)	(86,128,938)	
Balance at 31st March, 2018	(1,214,930,323)	(86,128,938)	(1,301,059,261)	
Total Comprehensive				
Profit for the year ended 31st March, 2019	(241,613,808)	-	(241,613,808)	
Other Comprehensive Income	-	59,002,155	59,002,155	
Balance at the end of the reporting period	(1,456,544,131)	(27,126,783)	(1,483,670,914)	

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.Sanghal & Associates

Chartered Accountants

Firm's registration number: 109094W

R.S.Sanghal

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019



For and on behalf of the Board of S & B Holdings B.V.

Manish Narang

Management board member

**S & B HOLDINGS B.V., (NETHERLANDS)**

**FINANCIAL STATEMENT**

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

Particulars	Year ending 31st March, 2019		Year ending 31st March, 2018	
	EURO	Rs.	EURO	Rs.
<b>A. Cash Flow from Operating activities</b>				
Profit before Tax	(1,038,577)	(83,828,722)	1,178,864	75,043,808
<b>Adjustments for :</b>				
Gain on sale of investment	(6,029)	(486,665)	-	-
Interest Expense	3,968	320,255	3,411	257,440
Foreign Currency Translation Difference	1,001,950	80,872,429	(1,141,294)	(86,128,938)
Loss / (Gain) on fair valuation of investment	3,927	316,994	(394)	(29,699)
Operating Profit before Working Capital Changes	(34,761)	(2,805,709)	40,587	(10,857,389)
<b>Adjustments for :</b>				
Other current assets	6,229	502,809	(1,660)	(125,274)
Other financial liability	2,948,770	238,010,038	1,088,407	82,137,766
<b>Cash (used in) / Generated from Operations before tax</b>	<b>2,920,238</b>	<b>235,707,138</b>	<b>1,127,334</b>	<b>71,155,103</b>
Less: Tax Paid	(2,965,438)	(239,355,465)	(1,187,897)	(89,645,901)
<b>Net cash (used in) /generated from operating activities</b>	<b>(45,200)</b>	<b>(3,648,327)</b>	<b>(60,563)</b>	<b>(18,490,798)</b>
<b>B. Cash Flow from Investing activities</b>				
Sale of investments	18,862	1,386,292	-	-
<b>Net cash (used In) /generated from Investing activities</b>	<b>18,862</b>	<b>1,386,292</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flow from Financing activities</b>				
Interest Expense	(3,969)	(320,335)	(3,411)	(257,440)
<b>Net cash (used in) /generated from Financing activities</b>	<b>(3,969)</b>	<b>(320,335)</b>	<b>(3,411)</b>	<b>(257,440)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(30,307)</b>	<b>(2,582,370)</b>	<b>(63,974)</b>	<b>(18,748,238)</b>
Cash and Cash Equivalents at the beginning of the year	96,770	7,738,759	160,744	11,173,354
Cash and Cash Equivalents at the end of the year	66,463	5,156,389	96,770	(7,574,884)

**Notes :**

1) Cash and Cash Equivalents include :

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	EURO	Rs.	EURO	Rs.
Cash and Bank balances (Refer Note 3.4)	66,463	5,167,639	96,770	7,738,759
Exchange difference (Unrealised (Gain) / Loss)	-	(11,250)	-	(15,313,643)
<b>Total</b>	<b>66,463</b>	<b>5,156,389</b>	<b>96,770</b>	<b>(7,574,884)</b>

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

As per our attached report of even date

**For R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094W

**R.S.Sanghai**

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019



**For and on behalf of the Board of S & B Holdings B.V.**

**Manish Narang**

Management board member

**1A General Information**

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

**1B SIGNIFICANT ACCOUNTING POLICIES:****1.1 Basis of preparation of Financial Statements:****a) Statement of compliance**

The financial statements for the year ended 31st March, 2019 have been prepared in accordance with Ind AS issued and effective as at 31st March, 2016

The Financial statement are prepared in INR which is its presentation currency and its functional currency.

**b) Basis of preparation and presentation**

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The Company classifies all other liabilities as non-current.

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

**1.2 Financial instruments**

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

**Interest income**

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

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

**Cash and cash equivalents**

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

**Reclassification of financial assets**

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

**Classification**

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

**Initial recognition and measurement**

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

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

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

**Financial liabilities at fair value through profit and loss**

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

**Financial liabilities measured at amortised cost**

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

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

**Derecognition of financial liabilities**

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

**(c) Offsetting financial instruments**

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

**1.3 Equity Instruments**

Equity instruments issued by the Company 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 Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

**1.4 Foreign currencies****i. Foreign currency transactions**

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

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.

**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 Rs. at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency differences are recognized 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.



**1.5 Taxes on Income:**

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

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

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

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

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

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

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

**1.6 Borrowing Costs:**

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

**1.7 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**1.8 Earnings per share ('EPS')**

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



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

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

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

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in Note 1B to the financial statements, 'Significant accounting policies'.

**a. Estimate of current and deferred tax**

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

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

**Recognition of deferred tax assets**

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



Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	EURO	Rs.	EURO	Rs.
<b>3.1: INVESTMENT IN SUBSIDIARY:</b>				
Investment in The Pharma Network LLC.	29,909,841	2,053,464,904	29,909,841	2,053,464,904
	29,909,841	2,053,464,904	29,909,841	2,053,464,904
<b>3.2 : OTHER NON-CURRENT ASSETS:</b>				
Advance payment of Income Tax (Net of Provisions)	515,271	40,063,492	-	-
<b>TOTAL</b>	<b>515,271</b>	<b>40,063,492</b>	<b>-</b>	<b>-</b>
<b>3.3 : INVESTMENTS:</b>				
Berkshire Hathway ( 105 units)	-	-	16,760	1,340,322
	-	-	16,760	1,340,322
<b>3.4 : CASH AND CASH EQUIVALENTS:</b>				
Balance with Banks:				
In Current Accounts	66,463	5,167,639	96,770	7,738,759
<b>TOTAL</b>	<b>66,463</b>	<b>5,167,639</b>	<b>96,770</b>	<b>7,738,759</b>
<b>3.5 : OTHER CURRENT ASSETS:</b>				
Prepaid Expenses-	10,832	842,178	17,061	1,364,382
<b>TOTAL</b>	<b>10,832</b>	<b>842,178</b>	<b>17,061</b>	<b>1,364,382</b>
<b>3.6 : EQUITY SHARE CAPITAL:</b>				
<b>Authorised:</b>				
3,55,90,552 equity shares of Euro.1/- each fully paid up.	35,590,552	2,897,217,375	35,590,552	2,897,217,375
	35,590,552	2,897,217,375	35,590,552	2,897,217,375
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>				
35,590,552 equity shares of Euro.1/- each fully paid up	35,590,552	2,897,217,375	35,590,552	2,897,217,375
(Previous Year 35,590,552 equity shares of Euro.1/- each fully paid up)				
<b>TOTAL</b>	<b>35,590,552</b>	<b>2,897,217,375</b>	<b>35,590,552</b>	<b>2,897,217,375</b>

## (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	EURO	Number	EURO
At the commencement of the year	35,590,552	35,590,552	35,590,552	35,590,552
At the end of the year	35,590,552	35,590,552	35,590,552	35,590,552

## (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 of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Limited	35,590,552	100.00%	35,590,552	100.00%

Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	EURO	Rs.	EURO	Rs.
<b>OTHER EQUITY</b>				
<b>Retained Earnings:</b>				
At the commencement of the period/year	(10,257,840)	(1,214,930,323)	(3,692,824)	(705,573,998)
Add: Profit for the period/year	(2,993,418)	(241,613,808)	(6,565,016)	(509,356,325)
	(13,251,258)	(1,456,544,131)	(10,257,840)	(1,214,930,323)
Less: Appropriations:				
Transfer to General Reserve	-	-	-	-
At the end of the period/year	(13,251,258)	(1,456,544,131)	(10,257,840)	(1,214,930,323)
<b>Other Comprehensive Income:</b>				
At the commencement of the period/year	(1,141,294)	(86,128,938)	-	-
Add: Profit for the period/year	481,611	59,002,155	(1,141,294)	(86,128,938)
At the end of the period/year	(659,683)	(27,126,782)	(1,141,294)	(86,128,938)
<b>TOTAL</b>	<b>(13,910,941)</b>	<b>(1,483,670,914)</b>	<b>(11,399,134)</b>	<b>(1,301,059,261)</b>



Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	EURO	Rs.	EURO	Rs.
<b>3.7 : OTHER CURRENT FINANCIAL LIABILITIES:</b>				
Others payables	206	16,035	16,876	1,349,591
Payable to TPN	13,678,748	1,063,552,765	9,711,359	776,625,126
<b>TOTAL</b>	<b>13,678,954</b>	<b>1,063,568,800</b>	<b>9,728,235</b>	<b>777,974,717</b>
<b>3.8 : CURRENT TAX LIABILITIES (Net):</b>				
Income Tax (Net of Advance Tax)	-	-	1,020,694	81,625,686
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,020,694</b>	<b>81,625,686</b>

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
	EURO	Rs.	EURO	Rs.
<b>3.9: OTHER INCOME:</b>				
Interest on bank deposits	-	-	96	7,270
Gain on fair valuation of investment	-	-	394	29,699
Net gain/loss on foreign currency transactions	-	-	1,187,194	75,672,454
Other Income	15,916	1,284,689	14,478	1,092,598
<b>TOTAL</b>	<b>15,916</b>	<b>1,284,689</b>	<b>1,202,162</b>	<b>76,802,021</b>
<b>3.10 : FINANCE COST:</b>				
Other borrowing cost	3,968	320,255	3,411	257,440
<b>TOTAL</b>	<b>3,968</b>	<b>320,255</b>	<b>3,411</b>	<b>257,440</b>
<b>3.11 : OTHER EXPENSES:</b>				
Legal and professional Fees	44,423	3,585,600	19,837	1,496,999
Net gain/loss on foreign currency transactions and translation	1,001,950	80,872,429	-	-
Miscellaneous expenses	4,152	335,127	50	3,773
<b>TOTAL</b>	<b>1,050,525</b>	<b>84,793,156</b>	<b>19,887</b>	<b>1,500,772</b>



## 3.12 Earnings per share (EPS)

Euro

Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Euro	A	(2,993,418)	(6,565,016)
Weighted average number of equity shares outstanding during the year	Nos.	B	35,590,552	35,590,552
Basic and diluted earnings per equity share	Euro	(A / B)	(0.08)	(0.18)

Rs.

Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Rs.	A	(241,613,808)	(509,356,326)
Weighted average number of equity shares outstanding during the year	Nos.	B	35,590,552	35,590,552
Basic and diluted earnings per equity share	Rs.	(A / B)	(6.79)	(14.31)

3.13 Average exchange rate as on 31st March, 2019 considered for the purpose of translation as referred in note no. 1.4 is **Rs. 80.7150/1Euro** (Rs.75.466/1Euro)

Closing exchange rate as on 31st March, 2019 considered for the purpose of translation as referred in note no. 1.4 is **Rs. 77.7522/1Euro** (Rs.79.9708/1 Euro)



## 3.14 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the financial year ended 31st March, 2019

## List of related parties and their relationship

## A Company whose control exists

Name of the Company	Country of Incorporation
Alkem Laboratories Limited	India

## B Wholly Owned Subsidiaries and Stepdown Subsidiaries

Name of the Companies	Country of Incorporation
ThePharmaNetwork, LLC	United States of America
Ascend Laboratories, LLC ( Wholly owned by ThePharmanetwork, LLC)	United States of America

## 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
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
Pharmacor Pty Limited	Australia
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascends Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
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
Mr. Manish Narang	Management board member A
Trust International Management(T.I.M.) B V	Management board member B

## Details of Transactions with Related Parties

Sr. No.	Particulars	Subsidiaries / Fellow subsidiaries	
		EURO	Rs.
1	Tax paid by The Pharma Network LLC on behalf of the Company	3,012,863 (2,234,335)	234,256,697 (168,616,492)

## Balance due from / to the related Parties

Sr. No.	Particulars	Subsidiaries / Fellow subsidiaries	
		EURO	Rs.
1	Other payable to The Pharma Network LLC	13,678,748 (9,711,359)	1,063,552,765 (776,625,126)

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

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



## 3.15 Financial instrument fair values and risk management

## A. Accounting classification and fair values

Particulars	As at 31st March 2019							
	Carrying amount (EURO)				Carrying amount (Rs.)			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
<b>Financial assets</b>								
Cash and Cash Equivalents	-	-	66,463	66,463	-	-	5,167,639	5,167,639
Non-current investments	-	-	29,909,841	29,909,841	-	-	2,053,464,904	2,053,464,904
	-	-	29,976,304	29,976,304	-	-	2,058,632,543	2,058,632,543
<b>Financial liabilities</b>								
Other financial liabilities	-	-	13,678,954	13,678,954	-	-	1,063,568,800	1,063,568,800
	-	-	13,678,954	13,678,954	-	-	1,063,568,800	1,063,568,800

Particulars	As at 31st March 2018							
	Carrying amount (EURO)				Carrying amount (Rs.)			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
<b>Financial assets</b>								
Cash and Cash Equivalents	-	-	96,770	96,770	-	-	7,738,759	7,738,759
Non-current investments	-	-	29,909,841	29,909,841	-	-	2,053,464,904	2,053,464,904
Current investments	16,760	-	-	16,760	1,340,322	-	-	1,340,322
	16,760	-	30,006,611	30,023,371	1,340,322	-	2,061,203,663	2,062,543,985
<b>Financial liabilities</b>								
Other financial liabilities	-	-	9,728,235	9,728,235	-	-	777,974,717	777,974,717
	-	-	9,728,235	9,728,235	-	-	777,974,717	777,974,717

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

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

## i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

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





## 3.15 Financial Instrument fair values and risk management

## ii. 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 Company'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 Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is EURO. The Company has exposure to USD, AUD, CHF. The Company has not hedged this foreign currency exposure.

## Exposure to currency risk

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

	31st March, 2019 USD	31st March, 2019 AUD	31st March, 2019 EURO
<b>Financial assets</b>			
Cash and Cash Equivalents	20,149	-	48,504
	20,149	-	48,504
<b>Financial liabilities</b>			
Other financial liabilities	15,346,103	-	-
	15,346,103	-	-
	31st March, 2018 USD	31st March, 2018 AUD	31st March, 2018 EURO
<b>Financial assets</b>			
Cash and Cash Equivalents	312	73,286	50,802
	312	73,286	50,802
<b>Financial liabilities</b>			
Other financial liabilities	11,965,991	-	-
	11,965,991	-	-

The following significant exchange rates have been applied during the year.

	Average rate 31st March, 2019	31st March, 2018	Year-end spot rate 31st March, 2019	31st March, 2018
Rs.				
EURO	80.72	75.47	77.75	79.97
USD	69.66	64.41	69.32	64.92
AUD	NA	49.91	NA	49.89

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at 31st March, 2019 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 INR	Strengthening	Weakening	Strengthening	Weakening
<b>31st March 2019</b>				
10% movement				
USD	(106,242,579)	106,242,579	(106,242,579)	106,242,579
EURO	377,126	(377,126)	377,126	(377,126)
	(105,865,453)	105,865,453	(105,865,453)	105,865,453
	Profit or loss		Equity, (net of tax)	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
<b>31st March 2018</b>				
10% movement				
USD	(77,678,796)	77,678,796	(77,678,796)	77,678,796
AUD	365,659	(365,659)	365,659	(365,659)
EURO	406,264	(406,264)	406,264	(406,264)
	(76,906,873)	76,906,873	(76,906,873)	76,906,873



### 3.15 Financial instrument fair values and risk management

#### iii. Credit risk

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

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

#### Cash and cash equivalents

The Company held cash and cash equivalents of **EURO 66,463 Rs. 5,167,639 at 31 March 2019** (31 March 2018: EURO 96,770 Rs. 7,738,759)

### 3.16 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 Company has not applied as they are effective for annual periods beginning on or after 1 April 2019:

#### Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company 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 Company will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Company does not have any leases and accordingly it has no impact on company's financial statements.

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 Company'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



For and on behalf of the Board of S & B Holdings B.V.

**Manish Narang**

Management board member