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Strides Pharma Asia Pte. Ltd.
Registration Number: 201135552C

Annual Report
Year ended 31 March 2018

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mr. Mohana Kumar Pillai
Mr. Shashank Surendra Sinha
Ms. Lim Bee Hong

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of directors and Company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate holding company				
Strides Pharma Science Limited (formerly known as Strides Shasun Limited)				
Ordinary shares				
Mr. Mohana Kumar Pillai	80,850	130,850	175,000	175,000
Mr. Shashank Surendra Sinha	612	23,103	–	–
Stock options				
Mr. Mohana Kumar Pillai	50,000	–	–	–
Mr. Shashank Surendra Sinha	100,000	80,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

At an Extraordinary General Meeting held on 24 October 2017, KPMG LLP were appointed as the auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr. Mohana Kumar Pillai
Director

Ms. Lim Bee Hong
Director

3 September 2018

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Independent auditors' report

Member of the Company
Strides Pharma Asia Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strides Pharma Asia Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS22.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information comprises of the Directors' Statement.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Other matter

The financial statements for the year ended 31 March 2017 were audited by another firm of Chartered Accountants whose report dated 26 September 2017 expressed an unmodified opinion on those statements.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 September 2018

Statement of financial position
As at 31 March 2018

	Note	2018 US$	2017 US$
Assets			
Loans due from a subsidiary	4	–	74,965,991
Investments in subsidiaries	5	174,869,935	210,026,226
Non-current assets		174,869,935	284,992,217
Cash and cash equivalents	6	182,645	8,170,276
Other receivables	7	2,379,733	6,132,619
Loans due from a subsidiary	4	–	2,276,074
Current assets		2,562,378	16,578,969
Total assets		177,432,313	301,571,186
Equity			
Share capital	8	160,329,726	115,830,021
Monies pending allotment	8	–	12,000,498
Translation reserve		(347,284)	(347,284)
Accumulated (losses)/profits		(154,814)	9,402,770
Total equity		159,827,628	136,886,005
Liabilities			
Bank loans	9	–	8,708,334
Non-current liability		–	8,708,334
Bank loans	9	–	137,990,998
Other payables	10	17,555,470	17,961,724
Current tax liabilities		49,215	24,125
Current liabilities		17,604,685	155,976,847
Total liabilities		17,604,685	164,685,181
Total equity and liabilities		177,432,313	301,571,186

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
Year ended 31 March 2018

	Note	2018 US$	2017 US$
Revenue		–	–
Other (loss)/gain	11	(68,382)	25,427,316
Administrative expenses		(5,089,169)	(51,734)
Finance income		2,851,539	2,913,790
Finance costs		(7,226,482)	(7,761,957)
Net finance costs	12	(4,374,943)	(4,848,167)
(Loss)/Profit before tax		(9,532,494)	20,527,415
Income tax expense	13	(25,090)	–
(Loss)/Profit for the year, representing total comprehensive income for the year	14	(9,557,584)	20,527,415

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2018

	Note	Share capital US$	Monies pending allotment US$	Translation reserve US$	Accumulated losses US$	Total equity US$
At 1 April 2016		56,602,221	59,228,298	(347,284)	(11,124,645)	104,358,590
Total comprehensive income for the year						
Profit for the year		–	–	–	20,527,415	20,527,415
Total comprehensive income for the year		–	–	–	20,527,415	20,527,415
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of redeemable shares	8	59,227,800	(59,227,800)	–	–	–
Monies pending allotment	8	–	12,000,000	–	–	12,000,000
Total contributions by and distributions to owners		59,227,800	(47,227,800)	–	–	12,000,000
At 31 March 2017		115,830,021	12,000,498	(347,284)	9,402,770	136,886,005
At 1 April 2017						
Total comprehensive income for the year						
Loss for the year		–	–	–	(9,557,584)	(9,557,584)
Total comprehensive income for the year		–	–	–	(9,557,584)	(9,557,584)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of redeemable shares	8	44,499,705	(44,499,705)	–	–	–
Monies pending allotment	8	–	32,499,207	–	–	32,499,207
Total contributions by and distributions to owners		44,499,705	(12,000,498)	–	–	32,499,207
At 31 March 2018		160,329,726	–	(347,284)	(154,814)	159,827,628

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
(Loss)/Profit for the year		(9,532,494)	20,527,415
Adjustments for:			
Finance income		(2,851,538)	(2,913,790)
Finance costs		7,226,482	7,758,393
Gain on sale of investment in a subsidiary	A	–	(25,282,362)
		(5,157,550)	89,656
Changes in:			
- other receivables		3,752,886	(6,010,560)
- other payables		969,932	2,520,347
Net cash used in operating activities		(434,732)	(3,400,557)
Cash flows from investing activities			
Interest received		2,851,538	637,716
Loans given to a subsidiary		–	(77,265,991)
Loan repayment from a subsidiary		77,242,065	2,300,000
Acquisition of a subsidiary	B	(5,847,658)	(100)
Investment in subsidiaries (net)	C	39,627,763	(37,180,000)
Net cash from sale of investment in subsidiary		–	26,024,197
Net cash from/(used in) investing activities		113,873,708	(85,484,178)
Cash flows from financing activities			
Interest paid		(7,226,482)	(6,895,228)
(Repayment)/Proceeds from bank loans	D	(146,699,332)	91,265,991
Proceeds from monies pending allotment		32,499,207	12,000,000
Net cash (used in)/from financing activities		(121,426,607)	96,370,763
Net (decrease)/increase in cash and cash equivalents		(7,987,631)	7,486,028
Cash and cash equivalents at beginning of the year		8,170,276	684,248
Cash and cash equivalents at end of the year	6	182,645	8,170,276

The accompanying notes form an integral part of these financial statements.

Statement of cash flows (continued)
Year ended 31 March 2018

Note A:

In 2017, the Company has received US$28,334,732 on account of settlement of claims against the Regulatory escrow. This has been recognised as gain on sale of investment amounting to US$25,282,362 in subsidiary after adjusting related expenses of US$3,052,370. The expenses include provision amounting to US$741,835.

Note B:

In 2017, the Company acquired 100% equity interest in Strides Specialties (Holdings) Limited from its subsidiary, Strides Pharma Global Pte Ltd for a consideration of US$100.

In 2017, the Company acquired 100% equity interest in Stelis Biopharma (Malaysia) Sdn Bhd from a third party for a consideration of US$1,376,186 which remains unpaid as at 31 March 2017. The purchase consideration was fully settled in 2018.

In 2018, the Company acquired 52.76% equity interest in Trinity Pharma (Pty) Limited from a third party for a consideration of US$4,471,472.

Note C:

In 2018, the Company transferred additional fund of US$7,700,000 (2017: US$37,180,100) to its subsidiary, Strides Pharma Global Pte. Ltd.

In 2018, the Company received repayment from its subsidiary, Strides Pharma Global Pte Ltd amounting to US$47,327,763

Note D:

In 2017, the Company had obtained loans from various banks of US$91,265,991, net of processing and upfront fees amounting to US$1,120,009.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 September 2018.

1 Domicile and activities

Strides Pharma Asia Pte. Ltd. (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 3 Tuas South Avenue 4, Singapore 637610.

The principal activity of the Company is that of an investment holding company.

The immediate and ultimate holding company is Strides Pharma Science Limited (formerly known as Strides Shasun Limited), which is incorporated in India, and listed in National Stock Exchange and Bombay Stock Exchange in India.

As the Company meets the exemption criteria in FRS 110 *Consolidated Financial Statements*, it does not need to prepare consolidated financial statements and it only presents the Company's separate financial statements. Consolidated financial statements prepared by the ultimate holding company Strides Pharma Science Limited (formerly known as Strides Shasun Limited) are available from www.stridesarco.com.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

At the end of the reporting period, the Company's current liabilities exceeded its current assets by US$15,042,307 during the financial year. Included within current liabilities are amounts due to related companies and a subsidiary of US$15,112,481 and US$1,232,378 respectively. The Company had obtained letters of undertaking from related companies and a subsidiary respectively after the financial year-end for not to recall the payable amounts within the next twelve months.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency. All financial information are presented in United States dollars, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 15 - measurement of impairment loss relating to financial assets

In the process of applying the Company's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it 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.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. On disposal of an investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: available-for-sale financial assets and loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income ("OCI") and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans due from a subsidiary, cash and cash equivalents, and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognised financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise bank loans and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers in the Company.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

3.6 Finance income and finance costs

Interest income is recognised on a time proportion basis, using the effective interest method.

Bank charges are recognised in profit or loss in the period in which they are incurred.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.7 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.8 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is in the midst of assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Company does not plan to adopt these standards early.

Applicable to 2019 financial statements

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement.* It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.

Management's assessment

The management is still in the process of assessing the impact of the FRS 109 on its financial statements and it is not yet practicable to provide a reliable estimate of the potential effect. The Company will disclose the impact when it is reliably able to do so.

4 Loans due from a subsidiary

	2018 US$	2017 US$
Loans due from a subsidiary	–	74,965,991
Accrued interest receivable	–	2,276,074
	–	77,242,065
Current	–	2,276,074
Non-current	–	74,965,991
	–	77,242,065

Loan due from a subsidiary 1:

Loan to its subsidiary, Strides Pharma Global Pte. Ltd. of US$Nil (2017: US$67,265,991) is unsecured and bears interest at three-month LIBOR plus 400 basis points per annum and the loan is repayable on a date mutually agreed by the Company and its subsidiary.

Loan due from a subsidiary 2:

Loan to its subsidiary, Strides Pharma Global Pte. Ltd. of US$Nil (2017: US$10,000,000) is unsecured and bears interest at LIBOR plus 225 basis points per annum and with final maturity on 1 September 2021. The loan is fully repaid in 2018.

5 Investments in subsidiaries

	2018 US$	2017 US$
Unquoted equity shares, at cost	6,242,258	1,770,786
Unquoted preference shares, at cost	113,047,677	113,047,677
Amount due from a subsidiary	55,580,000	95,207,763
	174,869,935	210,026,226

Unquoted equity shares, at cost

The movements of unquoted equity shares, at cost are as follows:

	2018 US$	2017 US$
At 1 April	1,770,786	394,500
Subscription of additional shares	4,471,472	1,376,286
At 31 March	6,242,258	1,770,786

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2018 %	2017 %	Principle activities
Strides Pharma Global Pte. Ltd.	Singapore	100	100	Manufacturing and trading of pharmaceutical products
Strides Specialties (Holdings) Limited	Mauritius	100	100	Investment holding
Stelis Biopharma (Malaysia) Sdn Bhd	Malaysia	100	100	Trading of pharmaceutical products
Trinity Pharma (Pty) Limited	South Africa	51.76	–	Trading of pharmaceutical products

Unquoted preference shares, at cost

In 2017, a subsidiary has allotted redeemable preference shares amounting to US$113,047,677 to the Company. These shares are termed as Quasi equity investment in the subsidiary as the repayment is not planned by the Company.

Amount due from a subsidiary

Amount due from a subsidiary are unsecured, non-interest bearing and settlement is neither planned nor likely to occur in the foreseeable future as the amounts are intended for acquisition of additional equity shares in the subsidiary in future periods. Accordingly, the amounts are recorded as the Company's investment in subsidiaries in the statement of financial position.

6 Cash and cash equivalents

	2018 US$	2017 US$
Cash at bank	182,645	362,827
Short-term deposit	–	7,807,449
	182,645	8,170,276

7 Other receivables

	2018 US$	2017 US$
Amount due from a subsidiary (non-trade)	1,035,808	1,412,886
Amounts due from related companies (non-trade)	1,343,925	4,719,733
	2,379,733	6,132,619

Non-trade balances due from a subsidiary and related companies are unsecured, interest free and repayable on demand.

8 Share capital

	2018 Number of shares	2017 Number of shares	2018 US$	2017 US$
Fully paid ordinary shares, with no par value:				
At 1 April and 31 March	100	100	77	77
Redeemable preference shares				
Issued and paid up:				
At beginning of year	158,616	78,665	115,829,944	56,602,144
Issued during the year	58,883	79,951	44,499,705	59,227,800
At end of year	217,499	158,616	160,329,649	115,829,944
Total issued capital			160,329,726	115,830,021

Fully paid ordinary shares, with no par value

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Redeemable preference shares

In 2018, the Company issued 58,883 (2017: 79,951) Redeemable Preference Shares ("RPS") of S$1,000 each out of the monies pending allotment. The RPS carries non-cumulative dividends at an annual rate of 12% of the issue price per share in preference to the ordinary shares, payable out of the distributable profits of the financial year, subject to approval by the ordinary shareholders at a general meeting. The RPS do not carry voting rights, except in certain circumstances where:

(1) any such period as the preferential dividend or any part thereof remains in arrear and unpaid, such period starting from a date not more than 12 months, or such lesser period as the article may provide, after the due date of the dividend;

(2) upon any resolution which varies the rights attached to the RPS; or

(3) upon any resolution of winding of the Company.

Subject to the terms set out in the Company's Articles of Association, the RPS may be redeemed at issue price at the option of either the Company or the holder of the RPS, subject to approval from the Board of Directors of the Company.

The new RPS of the Company shall rank pari passu in respect with the existing issued RPS in the share capital of the Company and in accordance with the terms set out in the RPS in the constitution of the Company.

Capital management
The capital structure of the Company consists of issued capital, monies pending allotment and accumulated profits.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

9 Bank loans

	2018 US$	2017 US$
Bank loans	–	146,699,332
Less: Amount due for settlement within 12 months	–	(137,990,998)
Amount due for settlement after 12 months	–	8,708,334

Terms and debt repayment schedule:

Bank loan 1:
In 2017, bank loan of US$54,500,000 bears interest at three-month LIBOR plus 240 basis points per annum and is guaranteed by the ultimate holding company.

Bank loan 2:
In 2017, bank loan of US$82,386,000 bears interest at three-month LIBOR plus 150 basis points per annum and is guaranteed by the ultimate holding company with a maturity in May 2018.

Bank loan 3:
In 2017, bank loan of US$10,000,000 bears interest at three-month LIBOR plus 125 basis points per annum and is guaranteed by the ultimate holding company. The loan is fully repaid in 2018.

Financial guarantee

Financial guarantee comprises a guarantee given by the Company to banks in respect of banking facilities amounting to US$254,007,658 (2017: US$91,070,709) granted to a wholly-owned subsidiary. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

10 Other payables

	2018 US$	2017 US$
Amount due to a subsidiary	1,232,378	1,284,378
Amounts due to related companies	15,112,481	15,157,117
Other payables	1,210,611	1,520,229
	17,555,470	17,961,724

The non-trade amounts due to a subsidiary and related companies are unsecured and non-interest bearing.

11 Other (loss)/gain

	Note	2018 US$	2017 US$
Net foreign exchange (loss)/gain		(68,382)	144,954
Gain on sale of investment in subsidiary	17(b)	–	25,282,362
		(68,382)	25,427,316

12 Net finance costs

	2018 US$	2017 US$
Finance income		
Interest on loans due from a subsidiary	2,838,379	2,889,263
Interest income	13,160	24,527
	2,851,539	2,913,790
Finance costs		
Bank charges	(5,675)	(3,564)
Interest expense	(4,130,933)	(4,473,516)
Guarantee commission	(3,089,874)	(3,284,877)
Finance costs	(7,226,482)	(7,761,957)
Net finance costs	(4,374,943)	(4,848,167)

13 Income tax expense

	2018 US$	2017 US$
Current tax expense		
Current tax	25,090	–

Reconciliation of effective tax rate

	2018 US$	2017 US$
(Loss)/Profit before tax	(9,532,494)	20,527,415
Tax using the Singapore tax rate of 17% (2017: 17%)	(1,620,524)	3,489,661
Non-deductible expenses	1,645,614	832,983
Non-taxable income	–	(4,322,644)
Deferred tax asset not recognised *	–	–
Income tax expense recognised in profit or loss	25,090	–

* The balance has been restated to the balance shown in the latest tax computation available. The change did not affect the Company's the statement of financial position and the statement of profit or loss and other comprehensive income.

14 (Loss)/Profit for the year

The following items have been included in arriving at (loss)/profit for the year:

	2018 US$	2017 US$
Legal and professional fees	3,857,988	20,276
Market research fees	1,135,036	–

15 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Company does not have a formal risk management policies and guidelines. However, the Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are loans due from a subsidiary, other receivables and cash and cash equivalents.

Loans due from a subsidiary and other receivables

Risk management policy

At the end of the reporting period, there were loans due from a subsidiary, amounts due from due a subsidiary and related companies amounting to US$Nil (2017: US$77,242,065), US$1,035,808 (2017: US$1,412,886) and US$1,343,925 (2017: US$4,719,733) respectively. The directors are of the opinion that there are no indications of these amounts being impaired.

Cash and cash equivalents

The Company held cash and cash equivalents of US$182,645 at 31 March 2018 (2017: US$8,170,276) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are regulated.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	2 -5 years US$'000
2018				
Bank loans and other payables	17,555	17,555	–	17,555
2017				
Bank loans and other payables	164,661	164,661	155,953	8,708

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.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company incurs foreign currency exposure on bank loans and other payables that are denominated in a currency other than United States Dollar ("USD"). The currency giving rise to these risks are primarily Australian Dollar and British Pound. The Company monitors its net exposure to these foreign currencies to ensure it remains insignificant.

Exposure to currency risk

The Company's exposures to foreign currency at the end of the reporting period are as follows:

	2018		2017	
	Assets US$	Liabilities US$	Assets US$	Liabilities US$
Australian dollar	–	(552,088)	–	(3,577,575)
British pound	–	(1,013,897)	–	(1,108,266)

Sensitivity analysis

A 1% strengthening/(weakening) of United States Dollar against the following currencies at the reporting date would have increased/(decreased) equity and profit or loss before income tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2018 US$	2017 US$
Profit/(loss)		
Australian dollar	5,521	35,776
British pound	10,139	11,083

Interest rate risk

Risk management policy

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments, as reported to the management, was as follows:

	Carrying amount	
	2018	2017
	US$	US$
Variable rate instrument		
Loans due from a subsidiary	–	77,242,065
Bank loans	–	(146,699,332)
	–	(69,457,267)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 31 March 2018 would have increased/decreased by US$Nil and US$Nil (2017: US$ 386,210 and US$ 733,497) respectively.

This is mainly attributable to the Company's exposure to interest rates on its variable rate financial liabilities.

Classifications and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, including fair value gains and losses, are recognised.

The classifications of financial assets that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value, are as follows:

- Loans due from a subsidiary, cash and cash equivalents and other receivables are classified as loans and receivables financial assets; and
- Unquoted equity investments are classified as available-for-sale financial assets.

All financial liabilities that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value are classified as financial liabilities at amortised cost.

16 Related parties transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2018 US$	2017 US$
Short-term employment benefits	–	4,500

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2018 US$	2017 US$
Ultimate holding Company		
Guarantee commission	3,089,874	3,284,877
Subsidiary		
Interest income	(2,838,379)	(2,889,263)

17 Contingent liability

On 4 December 2013, the ultimate holding company and the Company disposed equity interest in Agila Specialties Private Limited and Agila Specialties Global Pte Limited (collectively known as 'the Agila') to Mylan Laboratories Limited and Mylan Investments Inc. (collectively known as 'the Mylan') pursuant to separate agreements, each dated as of 27 February 2013 (the "SPAs") (Strides Pharma Science Limited and Strides Pharma Asia Pte Limited, together referred to as "Strides").

In accordance with the terms of the SPAs and other transaction documents, certain amounts were set aside under separate deposit / escrow accounts which were required to be utilised for specified expenses during the specified period. These included separate escrow/deposit of US$100,000,000 in respect of potential claims in relation to certain regulatory concerns ("Regulatory escrow") and US$100,000,000 in respect of potential claims in relation to the warranties and indemnities, including in relation to tax ("General Claims Escrow").

Given, the uncertainties involved and in the absence of a right to receive, the amounts under the deposit/escrow arrangements were not included in the consideration accounted as income by the Company at the time of disposal of the investment. Receipts from these deposit/escrow accounts were recognised subsequently (net of related expenses incurred) in the period in which such amounts were received by the Company.

During the current and earlier years, the Company received notification of claims from Mylan under the terms of the SPAs. These include claims against the regulatory escrows, tax claims, warranty and indemnity claims, and third party claims. Under the terms of the SPAs, claims against the Company can only be made under specific provisions contained in the SPAs which include the procedures and timelines for submission of notifications of claims and actual claims and commencing arbitration proceedings.

In 2017, all claims towards regulatory expenses had been settled and the Company received US$28,334,732 as full and final settlement from Regulatory escrow deposit. The Company recognised a net gain on sale of investment in a subsidiary of US$25,282,362 in other (loss)/gain accounts in the statement of profit of loss and other comprehensive income.

At the end of the reporting period, there were outstanding claims relate to certain tax claims and third party claims, the Company incurred US$3,857,988 (2017: US$20,276) legal fees in respect of arbitration of third party claims. Considering the nature of the pending claims that are in arbitration currently and the balance available in General Claims Escrow account, the management believes that any further outflow of resources is not probable.

Strides Pharma Science Limited, the ultimate holding company, has provided a corporate guarantee to Mylan Inc. for US$200,000,000 (valid up to December 2020) on behalf of the Company which can be used for discharging specified financial obligations, if any, of the Company to Mylan.

18 Subsequent event

On 6 April 2018, the Company acquired 100% equity interest in Arrow Pharma Pte Limited, Singapore from its wholly owned subsidiary Strides Pharma Global Pte Limited for US$844,453.

19 Comparative information

The financial statements for the year ended 31 March 2017 were audited by another firm of Chartered Accountants whose report dated 26 September 2017 expressed an unmodified opinion on those statements.