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Strides Pharma Global Pte. Ltd.
Registration Number: 201322626C

Annual Report
Year ended 31 March 2018

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 FS35 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
Mr. Sandeep Rangnath Lavalekar
Ms. Khoo Bee Hian

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 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 the year	**At end of the year**	**At beginning of the year**	**At end of the year**
Ultimate holding company				
Strides Pharma Science Limited (formerly Strides Shasun Limited)				
Ordinary shares				
Mr. Mohana Kumar Pillai	80,850	130,850	175,000	175,000
Mr. Shashank Surendra Sinha	612	23,103	–	–

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 the year	At end of the year	At beginning of the year	At end of the year
Ultimate holding company				
Strides Pharma Science Limited (formerly Strides Shasun Limited)				
Stock options				
Mr. Mohana Kumar Pillai	50,000	–	–	–
Mr. Shashank Surendra Sinha	100,000	80,000	–	–
Axis Dot Ventures Pte. Ltd.				
Ordinary shares				
Mr. Mohana Kumar Pillai	1	1	–	–

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

Pursuant to a directors' resolution dated 24 October 2017, KPMG LLP were appointed as 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

Mr. Sandeep Rangnath Lavalekar
Director

3 September 2018

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Independent auditors' report

Member of the Company
Strides Pharma Global Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strides Pharma Global 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 FS35.

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$
Non-current assets			
Plant and equipment	4	35,991,463	15,656,612
Investments in subsidiaries	5	168,784,910	165,753,807
Intangible assets	6	135,579,975	119,644,706
Trade and other receivables	7	7,911,030	9,199,701
Cash and cash equivalents	8	250,000	–
		348,517,378	310,254,826
Current assets			
Cash and cash equivalents	8	8,462,533	8,246,653
Trade and other receivables	7	133,014,030	96,374,403
Inventories	9	430,518	–
Prepayments		797,575	–
		142,704,656	104,621,056
Total assets		491,222,034	414,875,882
Equity			
Share capital	10	113,442,177	113,442,177
Monies pending allotment	11	55,575,177	95,202,940
Retained earnings		37,711,906	25,986,381
Total equity		206,729,260	234,631,498
Non-current liabilities			
Loans from immediate holding company	12	–	74,965,991
Bank loans	13	233,074,390	72,243,874
Provisions		190,500	–
Deferred tax liabilities	14	1,329,064	–
		234,593,954	147,209,865
Current liabilities			
Loans from immediate holding company	12	–	2,276,074
Bank loans	13	1,842,977	4,298,200
Trade and other payables	15	48,055,843	26,460,245
		49,898,820	33,034,519
Total liabilities		284,492,774	180,244,384
Total equity and liabilities		491,222,034	414,875,882

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	16	89,384,294	69,601,528
Cost of sales		(54,211,948)	(43,096,634)
Gross profit		35,172,346	26,504,894
Other operating income		1,796,512	–
Selling and distribution expenses		(4,072,060)	(2,845,573)
Administrative expenses	17	(10,413,848)	(12,706,296)
Other income/(expenses)	18	29,915	(93,443)
Finance income		2,332,308	4,813,959
Finance costs		(11,698,758)	(11,582,939)
Net finance costs	19	(9,366,450)	(6,768,980)
Profit before tax		13,146,415	4,090,602
Tax expense	20	(1,420,890)	–
Profit for the year, representing total comprehensive income for the year	21	11,725,525	4,090,602

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$	Accumulated profits US$	Total US$
At 1 April 2016		394,500	171,070,617	21,895,779	193,360,896
Total comprehensive income for the year					
Profit for the year		–	–	4,090,602	4,090,602
Total comprehensive income for the year		–	–	4,090,602	4,090,602
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owners					
Preference share capital allotment	10	113,047,677	(113,047,677)	–	–
Monies pending allotment	11	–	37,180,000	–	37,180,000
Total contributions by and distributions to owners		113,047,677	(75,867,677)	–	37,180,000
At 31 March 2017		113,442,177	95,202,940	25,986,381	234,631,498
Total comprehensive income for the year					
Profit for the year		–	–	11,725,525	11,725,525
Total comprehensive income for the year		–	–	11,725,525	11,725,525
Transactions with owner, recognised directly in equity					
Contributions by and distributions to owners					
Refund of monies pending allotment	11	–	(47,327,763)	–	(47,327,763)
Monies pending allotment	11	–	7,700,000	–	7,700,000
Total contributions by and distributions to owners		–	(39,627,763)	–	(39,627,763)
At 31 March 2018		113,442,177	55,575,177	37,711,906	206,729,260

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

Statement of cash flows
Year ended 31 March 2018

	2018 US$	2017 US$
Cash flows from operating activities		
Profit before income tax	13,146,415	4,090,602
Adjustments for:		
Depreciation of property, plant and equipment	219,898	48,969
Amortisation of intangible assets	5,399,442	3,163,982
Provision for doubtful debts	29,033	–
Write off of intangible assets	143,440	–
Interest expenses on loans from immediate holding company	2,588,179	2,683,656
Bank loan interest expenses	5,652,052	4,885,692
Guarantee commission	1,238,517	989,812
Amortisation of loan upfront fee	2,052,453	2,758,324
Interest income	(2,332,308)	(4,813,959)
Other finance charges	143,587	125,151
	28,280,708	13,932,229
Changes in:		
- Trade receivables	(25,330,136)	9,635,341
- Inventories	(430,518)	–
- Other receivables	27,438,087	(804,888)
- Trade payables	(2,200,271)	(7,716,390)
- Other payables	10,234,693	1,989,554
Cash generated from operations	37,992,563	17,035,846
Tax paid	(509,799)	(385,689)
Net cash generated from operating activities	37,482,764	16,650,157
Cash flows from investing activities		
Purchases of property, plant and equipment	(14,932,220)	(17,153,155)
Convertible notes given to a related company	(3,080,728)	(2,875,370)
Loan to subsidiaries	(40,830,248)	–
Purchases of intangible assets	(11,944,976)	(2,809,832)
Amount due from subsidiaries	(3,211,162)	6,949,170
Investment in subsidiaries	(3,038,800)	(39,389,716)
Receipt towards indemnity of investment in subsidiary	9,000,000	–
Proceeds from disposal of subsidiary	–	100
Interest received	231,589	4,824,800
Net cash used in investing activities	(67,806,545)	(50,454,003)

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

Statement of cash flows (cont'd)
Year ended 31 March 2018

	2018 US$	2017 US$
Cash flows from financing activities		
(Placement)/Receipt of pledged bank deposits	(2,278,309)	3,382,693
Advances for share capital from shareholder	7,700,000	37,180,000
Refund of share application money	(47,327,763)	–
Proceeds on borrowings from bank	239,206,980	–
Repayment of bank loan	(83,024,629)	(71,265,372)
Repayment of loans from immediate holding company	(74,965,991)	(2,300,000)
Proceeds on borrowings from immediate holding company	–	77,265,991
Payment of guarantee commission	(493,952)	(989,812)
Interest paid	(10,304,986)	(5,762,753)
Net cash generated from financing activities	28,511,350	37,510,747
Net (decrease)/increase in cash and cash equivalents	(1,812,429)	3,706,901
Cash and cash equivalents at beginning of financial year	6,213,190	2,506,289
Cash and cash equivalents at end of financial year	4,400,761	6,213,190

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

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 Global 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 activities of the Company consist of the develop, manufacture and sale of pharmaceutical and ancillary products.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The immediate holding company is Strides Pharma Asia Pte. Limited, incorporated in Singapore. The 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 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.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgments, 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 a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – useful lives of plant and equipment
- Note 5 – measurement of impairment loss relating to investment in subsidiaries
- Note 6 – useful lives of intangible assets and measurement of impairment of intangible assets
- Note 24 – 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 judgment which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as described above.

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: loans and receivables and available-for-sale financial assets.

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 cash and cash equivalents, and trade 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.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

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 Plant and equipment

Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Intellectual property rights	: 5-20 years
Software Licenses	: 5-20 years

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.7 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.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

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.

3.8 Employee compensation

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9 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. The unwinding of the discount is recognised as finance cost.

3.10 Revenue

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading the goods onto the relevant carrier at the port.

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of value-added tax and discounts.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 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.

3.13 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.

3.14 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 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2019 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

Management's assessment

The management is still in the process of assessing the impact of the FRS 115 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.

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.

Applicable to 2020 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.

Management's assessment

The management is still in the process of assessing the impact of the FRS 116 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 Plant and equipment

	Office equipment US$	Computers US$	Assets under construction US$	Furniture and fixtures US$	Motor vehicles US$	Machinery US$	Total US$
Cost							
At 1 April 2016	4,567	2,262	475,790	–	–	–	482,619
Additions	237,118	14,275	14,703,365	29,481	239,770	–	15,224,009
At 31 March 2017	241,685	16,537	15,179,155	29,481	239,770	–	15,706,628
Additions	806,363	110,693	19,560,240	13,735	–	63,506	20,554,537
At 31 March 2018	1,048,048	127,230	34,739,395	43,216	239,770	63,506	36,261,165
Accumulated depreciation							
At 1 April 2016	967	80	–	–	–	–	1,047
Depreciation charge	35,695	2,170	–	2,236	8,868	–	48,969
At 31 March 2017	36,662	2,250	–	2,236	8,868	–	50,016
Depreciation charge	156,759	28,827	–	3,239	29,971	890	219,686
At 31 March	193,421	31,077	–	5,475	38,839	890	269,702
Carrying amounts							
At 1 April 2016	3,600	2,182	475,790	–	–	–	481,572
At 31 March 2017	205,023	14,287	15,179,155	27,245	230,902	–	15,656,612
At 31 March 2018	854,627	96,153	34,739,395	37,741	200,931	62,616	35,991,463

Assets under construction

Assets under construction mainly consists of costs incurred for construction of new manufacturing and production facilities.

The contracted construction cost with sub-contractors, machinery, direct labour costs, rental charges, related professional fees and interest incurred from financing loan are capitalised as part of the cost of assets under construction.

The following expenses have been capitalised within assets under construction.

	2018 US$	2017 US$
Machinery	19,540,411	11,435,714
Direct labour costs	3,535,981	340,363
Rental charges	3,070,176	2,500,376
Related professional fees	1,199,601	12,823
Interest expense Rate: 2018: 4.61% (2017: 4.97%)	948,945	205,607
Others	6,444,281	684,272
	34,739,395	15,179,155

5 Investments in subsidiaries

	2018 US$	2017 US$
Unquoted equity shares, at cost	168,784,910	165,753,807

Unquoted equity shares, at cost

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

	2018 US$	2017 US$
At 1 April	165,753,807	162,789,191
Subscription of additional shares	3,031,103	2,964,716
Disposal of shares	–	(100)
At 31 March	168,784,910	165,753,807

Details of the Company's subsidiaries at 31 March are as follows:

Name of subsidiaries	Principle activity	Country of incorporation	Proportion of ownership interest and voting power held 2018 %	 2017 %
Strides Pharma (Cyprus) Limited	Trading of pharmaceutical products	Cyprus	100	100
Strides Arcolab (Australia) Pty Limited	Investment holding	Australia	100	100

Name of subsidiaries	Principle activity	Country of incorporation	Proportion of ownership interest and voting power held 2018 %	2017 %
Arrow Pharma Pte Limited	Investment holding	Singapore	100	100
Strides CIS Limited	Trading of pharmaceutical products	Cyprus	100	100
Generic Partners Holding Co. Pty. Ltd.	Investment holding	Australia	51	51
Generic Partners (International) Pte. Ltd.	Supply and distribution of pharmaceutical products	Singapore	51	51
Strides Shasun Latina, SA de CV,	Trading of pharmaceutical products	Mexico	80	–
Arrow Life Sciences (Malaysia) SDN. BHD.	Trading of pharmaceutical products	Malaysia	100	–
Strides Pharma Canada Inc.	Trading of pharmaceutical products	Canada	70	–
Strides Vivimed Pte Limited (Formerly Vivimed Global Generics Pte Limited)	Trading of pharmaceutical products	Singapore	50 #	–

\# Considered as subsidiary as the Company has control to direct the relevant activities of such entity, unilaterally. Based on such assessment, the directors concluded that the Company has sufficient management rights to unilaterally direct the relevant activities of the entity.

6 Intangible assets

	Goodwill US$	Intellectual property rights US$	Intangible assets under development US$	Software licenses US$	Total US$
Cost					
At 1 April 2016	49,500,959	31,033,479	5,267,420	–	85,801,858
Additions	–	36,293,106	1,620,037	950	37,914,093
At 31 March 2017	49,500,959	67,326,585	6,887,457	950	123,715,951
Additions	–	12,952,292	8,439,349	86,722	21,478,363
Written off	–	–	(143,440)	–	(143,440)
At 31 March 2018	49,500,959	80,278,877	15,183,366	87,672	145,050,874
Accumulated amortisation					
At 1 April 2016	–	907,263	–	–	907,263
Amortisation	–	3,163,868	–	114	3,163,982
At 31 March 2017	–	4,071,131	–	114	4,071,245
Amortisation	–	5,391,563	–	8,091	5,399,654
At 31 March 2018	–	9,462,694	–	8,205	9,470,899
Carrying amounts					
At 1 April 2016	49,500,959	30,126,216	5,267,420	–	84,894,595
At 31 March 2017	49,500,959	63,255,454	6,887,457	836	119,644,706
At 31 March 2018	49,500,959	70,816,183	15,183,366	79,467	135,579,975

Amotisation

The amortisation of intellectual property and software licenses is included in 'administrative expenses' in statement of profit or loss and other comprehensive income.

The intangible assets except goodwill relates to dossiers, sale, marketing and distribution rights of certain pharmaceutical products, and have finite useful lives of 5 to 20 years, over which the assets are amortised.

On 20 May 2015, the Company entered into an agreement with third party to acquire Aspen Mauritius Business who owns intellectual property rights in six products. On 11 September 2015, the acquisition price was determined at AUD111,295,304 (equivalent to US$80,534,438) which includes the fair value of the six intellectual property rights amounting to AUD42,887,000 (equivalent to US$31,033,479). The remaining AUD68,408,304 (equivalent to US$49,500,959) was allocated to goodwill.

As at 31 March 2018, the Company is in the process of obtaining regulatory approval for the sale of the pharmaceutical products for which the intangible assets under development relates to. Accordingly, no amortisation expense has been charged in 2018 and 2017 as the intangible assets under development are not ready for their intended use.

Impairment test

The Company tests goodwill annually for impairment and whenever there is an indication the goodwill may be impaired.

The recoverable amount of CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate and long-term growth rate. Management estimates discount rates using weighted average cost of capital adjusted for premiums and discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. The long-term growth rate of 3% is estimated based on the expected overall economic growth, industry factors and inflation. This rate does not exceed the average long-term growth rate for the relevant markets.

The Company prepares cash flow forecasts for next 5 years based on factors such as expected impact on cash flows from sale of new products, market expansion brought by agreement with new distributor and negotiated agreements with suppliers to achieve cost savings.

The rate used to discount the forecast cash flows is 14.50% (2017: 11.80%).

As at 31 March 2018, any reasonably possible change to the key assumptions applied not likely to cause recoverable amounts to be below carrying amount of the CGU.

7 Trade and other receivables

	2018 US$	2017 US$
Non-current		
Convertible notes	6,329,821	2,875,370
Amount due from ultimate holding company (non-trade)	1,299,119	5,714,912
Advance payments to sub-contractors	282,090	609,419
	7,911,030	9,199,701
Current		
Trade receivables	33,004,475	13,554,556
Amounts due from related companies (trade)	22,212,981	16,558,311
Amounts due from subsidiaries (non-trade)	4,612,224	1,346,576
Amounts due from related companies (non-trade)	963,481	35,664,976
Loans to a subsidiary	70,878,980	28,322,497
Other receivables	1,341,889	927,487
	133,014,030	96,374,403
	140,925,060	105,574,104

Convertible notes

On 10 August 2016, the Company entered into a convertible note facility agreement with Generic Partners (R&D) Pte Ltd ("GP R&D") for a total facility of AUD10,000,000 (equivalent to US$7,628,065).

In 2017, the Company invested AUD19 (equivalent to US$14) representing 19% equity interest in Generic Partners (R&D) Pte Ltd ("GP R&D") which is and included in the balance of Convertible notes above.

In 2018, the Company has further invested in convertible notes amounting to AUD4,010,000 (equivalent to US$ 3,080,728) (2017: AUD 3,668,089 (equivalent US$2,798,042)).

The Company has the option but is not obliged to convert the notes into shares. The notes are convertible at 1 share at US$1 note. The conversion date is on 10 July 2025 or when the Company acquires 100% of its partially owned subsidiaries, whichever is earlier. If the conversion does not occur, GP R&D should repay the Company 10% of the face value of each note in respect of which conversion has not occurred each month commencing on the initial repayment date until such time as the face value has been repaid in full. The convertible note carries fixed interest at 10% per annum payable together with the principal. Interest amounting to US$373,723 (2017: US$77,328) was accrued during the year.

Non-trade amounts due ultimate holding company, subsidiaries and related companies

The non-trade amounts due from ultimate holding company, subsidiaries and related companies are unsecured, interest free and repayable on demand.

Loan to a subsidiary

Loan to a subsidiary, Strides Arcolab (Australia) Pty Limited of US$70,878,980 (2017: US$28,322,497) is unsecured, bear interest at Bank Bill Swap Bid Rate (BBSY) plus 500 basis points per annum with final maturity on 28 March 2023.

8 Cash and cash equivalents

	2018 US$	2017 US$
Non-current		
Deposits pledged	250,000	–
Current		
Cash at bank	4,390,734	6,213,155
Short-term deposits	4,061,772	–
Deposits pledged	–	2,033,463
Cash on hand	10,027	35
	8,462,533	8,246,653
Cash and cash equivalents	8,712,533	8,246,653
Less: Pledged bank deposits	(4,311,772)	(2,033,463)
Cash and bank balances in the statement of cash flows	4,400,761	6,213,190

The Company's bank deposits earn interest ranging from 1% to 2% (2017: 1.00% to 2.00%) per annum and for terms ranging from 1 year to 2 years.

The bank deposits are pledged for the bank loans (Note 13) undertaken by the Company.

9 Inventories

	2018 US$	2017 US$
Finished goods	145,012	–
Others	285,506	–
	430,518	–

In 2018, inventories of US$ 54,211,948 (2017: US$ 43,096,634) were recognised as an expense during the year and included as part of cost of sales in the statement of profit or loss.

10 Share capital

	2018		2017	
	Number of ordinary shares	**US$**	**Number of ordinary shares**	**US$**
Fully paid ordinary shares, with no par value:				
At 1 April and 31 March	500,000	394,500	500,000	394,500
Redeemable preference shares				
At 1 April	140,778	113,047,677	–	–
Issued during the year	–	–	140,778	113,047,677 *
At 31 March	140,778	113,047,677	140,778	113,047,677
		113,442,177		113,442,177

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 2017, the Company has issued 140,778 Redeemable Preference Shares ("RPS") of S$1,000 each (approximately US$803 each) for a total of US$113,047,677 out of the monies pending allotment as at 31 March 2016.

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 up 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.

Capital management

The capital structure of the Company consists of issued capital, monies pending allotment and retained earnings.

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.

11 Monies pending allotment

In 2017, the Company has issued 140,778 Redeemable Preference Shares ("RPS") of S$1,000 each (approximately US$803 each) for a total of US$113,047,677 out of the monies pending allotment as at 31 March 2016.

In 2018, the Company received US$7,700,000 (2017: US$37,180,000) from immediate holding company towards share application money, further the Company refunded US$47,327,763 (2017: US$Nil) to immediate holding company out of the monies pending allotment as at 31 March 2017.

12 Loans from immediate holding company

	2018 US$	2017 US$
Loans from immediate holding company	–	74,965,991
Accrued interest payable	–	2,276,074
	–	77,242,065
Current	–	2,276,074
Non-current	–	74,965,991
	–	77,242,065

Loan from immediate holding company 1:

In 2017, loan from immediate holding company of US$67,265,991 is unsecured and bears interest at three-month LIBOR plus 400 basis points per annum payable quarterly. The loan is fully settled in 2018.

Loan from immediate holding company 2:

In 2017, loan from immediate holding company of US$10,000,000 is unsecured and bears interest at LIBOR plus 225 basis points per annum payable quarterly with final maturity on 1 September 2021. The loan is fully settled in 2018.

13 Bank loans

	2018 US$	2017 US$
Bank loans	254,007,658	82,734,628
Less: Upfront fee	(19,090,291)	(6,192,554)
	234,917,367	76,542,074
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,842,977)	(4,298,200)
Amount due for settlement after 12 months	233,074,390	72,243,874

A. The Company obtained a term loan facility of US$ 142 Million during the year ended 31 March 2018. The loan bears a variable interest rate at 3 month LIBOR plus 318 basis points per annum. Out of the above facility, the Company has drawn down US$ 134.297 Million as on 31 March 2018. The loan is repayable in 32 quarterly structured instalments with first instalment due at the end of 3 months after the date of first disbursement, i.e. on 28 June 2018. The loan is secured with first pari passu charge on all current assets and fixed assets including intangibles of the Company, its holding company (Strides Pharma Asia Pte Limited) and its subsidiaries(Arrow Pharmaceuticals Pty Limited, Australia, Arrow Pharma Pty Limited, Australia, Strides Arcolab (Australia) Pty Limited, Australia). The loan is also secured with first pari passu charge on fixed assets including intangibles and second pari passu charge on current assets of the ultimate holding company (Strides Pharma Science Limited (formerly Strides Shasun Limited)). Further, the loan is secured with pledge of shares of specified subsidiaries (i.e.Arrow Pharma Pty Limited; Arrow Pharmaceuticals Pty limited; Strides Pharma (Cyprus) Limited; Strides Arcolab (Australia) Pty Limited) and holding company (Strides Pharma Asia Pte Limited).

B. The Company obtained a loan facility of US $45 Million (US$ 20 Million short term loan towards cash flow mismatch and US$25 Million towards capital expenditure incurred in past and future) during the year ended 31 March 2018. The loan bears a variable interest rate at 6 month LIBOR plus 300 basis points per annum. Out of the above facility, the Company has drawn down US$ 20 million towards capital expenditure as on 31 March 2018.The loan is repayable in 16 quarterly structured instalments starting 15 months after the date of first disbursement, i.e on 14 February 2019. The loan is secured with first pari passu charge on all current assets and fixed assets including intangibles of the Company.

C. The Company obtained a loan facility of US$ 100 Million during the year ended 31 March 2018. The loan bears a variable interest rate at 6 month LIBOR plus 230 basis points per annum. The Company has drawn down US $ 100 Million as on 31 March 2018. The loan is repayable in 12 half yearly structured instalments starting 30 months after the date of first disbursement, with first instalment due on 5 July 2020. The last instalment is due on 4 July 2026. The loan is secured with first pari passu charge on all current assets and fixed assets including intangibles of the Company and Strides Pharma Asia Pte Limited (holding company). The is also secured with first pari passu charge on fixed assets including intangibles and second pari passu charge on current assets of the ultimate holding company.

The Company's bank loan is secured over certain bank deposits of the Company (Note 8) and guaranteed by the ultimate holding company and the immediate holding company.

D. The Bank loan outstanding as on 31 March 2017 carried variable interest rate at 3 month or 6 month LIBOR plus 415 basis points per annum. The bank loan was repayable in 14 structured half yearly instalments, with first instalment due on 28 February 2017. The last instalment was due on 28 August 2023. The Company prepaid the entire loan outstanding as on 31 March 2018.

The bank loan is subject to compliance with certain financial covenants by the Company and its ultimate holding company. The directors have assessed the compliance with these financial covenants and concluded that the Company and the ultimate holding company are in compliance with those covenants.

14 Deferred tax liabilities

Movements in temporary differences during the year are as follows:

	At 1 April 2016	Recognised in profit or loss	At 31 March 2017	Recognised in profit or loss (Note 20)	At 31 March 2018
	US$	US$	US$	US$	US$
Plant and equipment	–	–	–	15,967	(15,967)
Intangible assets other than goodwill	–	–	–	1,313,097	(1,313,097)
	–	–	–	1,329,064	(1,329,064)

15 Trade and other payables

	2018 US$	2017 US$
Trade payables	193,286	35,786
Amount due to ultimate holding company (trade)	23,863,010	16,645,133
Amount due to ultimate holding company (non-trade)	11,147,209	822,639
Amount due to immediate holding company (non-trade)	1,035,808	1,412,886
Amounts due to related parties (non-trade)	5,789,469	3,437,120
Other payables	2,789,734	2,412,485
Accruals	2,989,671	1,431,829
Advances from customers	247,656	262,367
	48,055,843	26,460,245

The non-trade amounts due to ultimate holding company, immediate holding company and related parties are unsecured, interest free and repayable on demand.

16 Revenue

	2018 US$	2017 US$
Sale of goods	89,384,294	69,601,528

17 Administrative expenses

	Note	2018 US$	2017 US$
Staff costs		409,318	676,022
Contributions to defined contribution plans		17,455	7,684
Power, fuel and water		184,275	125,149
Rent		–	12,176
Rates and taxes		805,402	1,622
Communication charges		51,864	11,920
Repairs and Maintenance - others		31,023	13,288
Travel expenses		53,937	156,134
Insurance		10,461	47,328
Business Promotion		16,923	21,235
Sales commission		24,275	80,326
Legal and Professional		755,538	924,494
Support service fees		712,635	597,837
Royalty expenses		1,489,978	6,669,099
Provision for bad debts		29,033	–
Amortisation of intangible assets	6	5,399,654	3,163,982
Depreciation of property plant and equipment	4	219,686	48,969
Others		202,391	149,031
		10,413,848	12,706,296

18 Other income/(expenses)

	2018 US$	2017 US$
Foreign currency exchange gain/(loss) (net)	29,915	(93,443)

19 Net finance costs

	2018 US$	2017 US$
Finance income		
Interest income on loans to subsidiaries	1,918,039	4,579,585
Interest income on loans to related parties	373,723	198,484
Bank interest income	40,546	35,890
	2,332,308	4,813,959
Finance costs		
Interest expenses on bank loans	5,652,052	4,885,692
Interest expenses on loans from immediate holding company	2,588,180	2,683,656
Guarantee commission	1,238,517	989,812
Amortisation of loan upfront fee	2,052,453	2,758,324
Bank charges	23,970	140,304
Others	143,586	125,151
	11,698,758	11,582,939

20 Tax expense

	2018 US$	2017 US$
Current tax expense		
Current year	6,916	–
Under provision in previous years	84,910	–
	91,826	–
Deferred expense		
Current year	1,329,064	–
	1,329,064	–
Total tax expense	1,420,890	–

Reconciliation of effective tax rate

	2018	2017
Profit before tax	13,146,415	4,090,602
Tax calculated using Singapore tax rate of 17% (2017: 17%)	2,234,891	695,402
Effect of expenses that are not deductible in determining taxable profit	955,288	264,760
Effect of income that is exempt from taxation	–	(790,396)
Corporate tax rebate	(1,729)	–
Effect of applying 5% tax rate under Development and Expansion Incentive Scheme	(1,577,570)	(490,872)
Deferred tax asset not recognised	1,329,064	370,799
Under provision in prior years	84,910	–
Others	(1,603,964)	(49,693)
	1,420,890	–

The Economic Development Board ("EDB") granted the Company a Development and Expansion Incentive ("DEI") for qualifying activities subject to fulfilment of certain conditions, for a period of five years commencing 1 July 2014. Under the DEI status, incremental income earned over the average income base from qualifying DEI activities is taxed at a concessionary tax rate of 5%.

Subject to the agreement by the tax authorities, at the end of the reporting period, the Company has unutilised capital allowances of US$Nil (2017: US$7,415,984).

21 Profit for the year

The following items have been included in arriving at profit before tax:

	2018 US$	2017 US$
Amortisation of intangible assets	5,399,654	3,163,982
Depreciation of plant and equipment	219,686	48,969
Intangible assets written-off	143,440	–
Staff costs	409,318	676,022
Contributions to defined contribution plans	17,455	7,684

22 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	793,023	900,322

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		
Support service fees	166,656	128,628
Royalty expense	1,489,978	6,669,099
Guarantee commission expense	1,238,517	989,812
Purchases of inventories	53,981,840	42,111,986
Purchases of plant & equipment	3,178,213	4,189,639
Purchases of intangible assets	19,827,765	2,277,502
Research and development expenses	–	–
Cross charge of legal fees	375,577	135,059
Cross charge of bio study fees	205,025	–
Cross charge of freight fees	129,824	733,395
Travel expenses	359,996	21,094
Immediate holding company		
Interest expense	2,588,179	2,683,656
Capitalised interest expense	250,200	205,607
Sale of investment in subsidiary	–	100

	2018 US$	2017 US$
Subsidiaries		
Sale of goods	7,196,144	2,010
Support service income	121,651	–
Interest income	1,918,039	4,579,585
Related parties		
Sales of goods	32,568,612	30,879,012
Purchases of intangible assets	–	33,885,376
Interest income	373,723	198,484
Support service fees	545,979	469,209
Support service income	74,862	–

23 Commitments

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	2018 US$	2017 US$
Capital commitments in respect of plant and equipment	2,011,448	8,078,909

Capital commitments pertain to the purchases with the suppliers that the Company has committed to spend in the near future arising from the construction of manufacturing and production facilities.

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 US$	2017 US$
Within one year	1,876,361	1,728,957
After one year but within five years	7,599,263	7,261,619
After five years	12,215,112	33,489,611
	21,690,736	42,480,187

Operating lease payments represent rentals payable by the Company for its office and factory premises.

For factory premise, lease is negotiated for an average term of 25 years and rental is fixed for an average of 4 years.

24 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

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 investment securities.

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.

Trade and other receivables

Risk management policy

The Company has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash is placed with banks and financial institutions which are regulated.

At the end of the reporting period, there were amounts due from ultimate holding company, subsidiaries and related companies amounting to US$1,299,119 (2017: US$5,714,912), US$4,612,224 (2017: US$1,346,576) and US$963,481 (2017: US$35,664,976) respectively. The directors are of the opinion that there are no indications of these amounts being impaired.

Impairment losses

The ageing of trade receivables and amounts due from related companies (trade) at the reporting date is:

	Note	2018 US$	2017 US$
Not past due and not impaired	(i)	21,378,856	18,042,170
Past due but not impaired	(i), (ii)	33,838,598	12,070,697
		55,217,456	30,112,867

(i) In determining the recoverability of a trade receivable, the Company considers any change in credit quality of trade receivable from the date credit was initially granted up to the end of the reporting period. The management believes that there is no allowance for doubtful debts required as there has been no significant change in credit quality and the amounts are still considered recoverable.

(ii) Ageing of receivables that are past due but not impaired:

	2018 US$	2017 US$
Less than 90 days	21,142,493	10,374,108
More than 90 days	12,696,105	1,696,589
	33,838,598	12,070,697

Included in the Company's trade receivable balance are debtors with a carrying amount of US$33,838,598 (2017: US$12,070,697) which are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

Cash and cash equivalents

The Company held cash and cash equivalents of US$8,712,533 at 31 March 2018 (2017: US$8,246,653) – 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 maintains sufficient cash and cash equivalents, internally generated cash flows and financing from bank to finance their activities.

All financial assets and liabilities are repayable on demand or due within one year from the end of the reporting period, except for a pledged bank deposit amounting to US$250,000 (2017: US$Nil), loans due from immediate holding company amounting to US$Nil (2017: US$74,965,991) and bank loan amounting to US$233,074,390 (2017: US$67,946,961) as disclosed in Note 8, 12 and 13 respectively.

The Company has contractual commitments with contracts to purchase plant and equipment (see note 23).

At the end of the reporting period, the contractual cash flows of the Company's current financial liabilities approximately the carrying values and they are expected to be settled within the next twelve months.

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	After 5 year US$'000
2018					
Loans from immediate holding company, bank loans and trade and other payables *	282,726	301,815	49,651	119,643	132,521

2017	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	2 -5 years US$'000	After 5 year US$'000
Loans from immediate holding company, bank loans and trade and other payables *	179,982	188,450	34,048	154,402	-

**Excludes advances from customers*

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

Risk management policy

The Company incurs foreign currency on cash and cash equivalents, trade and other receivables and trade and other payables that are denominated in a currency other than United States Dollar ("USD"). 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$	Net US$	Assets US$	Liabilities US$	Net US$
Australia dollar	37,726,332	(2,796,520)	34,929,812	41,378,724	(701,596)	40,677,128
Euro	951,790	(391,717)	560,073	1,766,122	(1,566,145)	199,977
Singapore dollar	973,297	(2,525,824)	(1,552,527)	1,143,217	(1,306,187)	(162,970)
Canadian dollar	208,696	(310,121)	(101,425)	115,389	(158,895)	(43,506)

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 amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit/(loss)	
	2018	2017
	US$	US$
Australia dollar	349,298	406,771
Euro	5,601	2,000
Singapore dollar	15,525	1,630
Canadian dollar	1,014	435
	371,438	410,836

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:

	2018	2017
	US$	US$
Variable rate instrument		
Loans and receivables (including cash and cash equivalents)	149,637,593	113,211,338
Loans from immediate holding company, bank loans and trade and other payables *	(282,725,554)	(179,982,017)
	(133,087,961)	(66,770,679)

**Excludes advances from customers*

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$748,000 and US$1,414,000 (2015: US$566,000 and US$900,000) 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:

- Trade and other receivables and cash and cash equivalents 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.

25 Subsequent events

Disposal of shares in unquoted equity shares of:

(a) Arrow Pharm Pte Limited

On 6 April 2018, the Company disposed of its entire 100% equity interest in Arrow Pharma Pte Limited to its immediate holding company for US$844,453. This transaction resulted in a gain/loss on disposal of US$ NIL.

(b) Strides CIS Limited

On 2 May 2018, the Company disposed of its entire 100% equity interest in Strides CIS Limited to Strides Pharma International Limited, Cyprus (related Company) for US$4,304,058. This transaction resulted in a gain on disposal of US$ 104,058.

26 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.