

Registered number: 05282304

STRIDES ARCOLAB INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

STRIDES ARCOLAB INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Mr. V Kumar Mr. K T Parthasarathy Mr. M K Pillai Mr R Visvanathan (appointed on 24/06/18)
Registered number	05282304
Registered office	Unit 4 Metro Centre Tolpits Lane Watford Hertfordshire WD18 9SS
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

STRIDES ARCOLAB INTERNATIONAL LIMITED

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STRIDES ARCOLAB INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The principal activity of the company is the holding of investments.

Directors

The directors who served during the year were:

Mr. V Kumar

Mr. K T Parthasarathy

Mr. M K Pillai

Mr R Visvanathan (appointed on 24/06/18) (appointed 24 May 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STRIDES ARCOLAB INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr. V Kumar
Director



Date: 07/11/19

STRIDES ARCOLAB INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRIDES ARCOLAB INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Strides Arcolab International Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material

STRIDES ARCOLAB INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRIDES ARCOLAB INTERNATIONAL LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

STRIDES ARCOLAB INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRIDES ARCOLAB INTERNATIONAL LIMITED (CONTINUED)

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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

Rakesh Shaunak FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 07/11/19

STRIDES ARCOLAB INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 \$	2018 \$
Administrative expenses	(1,079,524)	(2,206,555)
Operating loss	(1,079,524)	(2,206,555)
Amounts written off investments	-	(11,319,902)
Interest payable and expenses	(418,151)	-
Loss before tax	(1,497,675)	(13,526,457)
Loss for the financial year	(1,497,675)	(13,526,457)
Other comprehensive income for the year		
Total comprehensive income for the year	(1,497,675)	(13,526,457)

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 8 to 14 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LIMITED
REGISTERED NUMBER: 05282304

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 \$	2018 \$
Fixed assets			
Intangible assets	4	75,329	4,765,502
Investments	5	91,275,035	52,132,318
		<u>91,350,364</u>	<u>56,897,820</u>
Current assets			
Debtors: amounts falling due within one year	6	5,428,969	6,750,236
Cash at bank and in hand	7	141,990	111,056
		<u>5,570,959</u>	<u>6,861,292</u>
Creditors: amounts falling due within one year	8	(27,526,231)	(38,077,672)
Net current liabilities		<u>(21,955,272)</u>	<u>(31,216,380)</u>
Total assets less current liabilities		<u>69,395,092</u>	<u>25,681,440</u>
Creditors: amounts falling due after more than one year		(15,213,699)	-
Net assets		<u><u>54,181,393</u></u>	<u><u>25,681,440</u></u>
Capital and reserves			
Called up share capital	11	61,453,977	31,456,349
Share premium account	12	11,833,581	11,833,581
Foreign exchange reserve	12	(606,712)	(606,712)
Profit and loss account	12	(18,499,453)	(17,001,778)
		<u>54,181,393</u>	<u>25,681,440</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr. V Kumar
 Director

Date: 07/11/19

The notes on pages 8 to 14 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Strides Arcolab International Limited is a private company limited by shares incorporated in England within the United Kingdom. The address of the registered office is Unit 4 Metro Centre, Tolpits Lane, Watford, Hertfordshire, WD18 9SS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006

The level of rounding is to the nearest \$1.

The following principal accounting policies have been applied:

2.2 Going concern

The Company incurred a loss of \$1,497,675 and, as at the year end date, its current liabilities exceeded its current assets by \$21,955,272. The Company has its investments in subsidiaries operating in the UK and USA markets and the management believes there is huge potential for these subsidiaries to be able to help the Company to realise their assets and discharge their liabilities.

The management therefore consider it appropriate to continue to prepare the financial statements on the going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

STRIDES ARCOLAB INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Employees

The average monthly number of employees, including directors, during the year was 4 (2018 - 4).

4. Intangible assets

	Licences \$
Cost	
At 1 April 2018	5,125,549
Disposals	(5,000,000)
At 31 March 2019	<u>125,549</u>
Amortisation	
At 1 April 2018	360,047
Charge for the year	178,879
On disposals	(488,706)
At 31 March 2019	<u>50,220</u>
Net book value	
At 31 March 2019	<u><u>75,329</u></u>
At 31 March 2018	<u><u>4,765,502</u></u>

STRIDES ARCOLAB INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. Fixed asset investments

	Investments in subsidiary companies \$	Investments in associates \$	Total \$
Cost or valuation			
At 1 April 2018	60,002,220	3,450,000	63,452,220
Additions	19,360,000	19,782,717	39,142,717
At 31 March 2019	<u>79,362,220</u>	<u>23,232,717</u>	<u>102,594,937</u>
Impairment			
At 1 April 2018	11,319,902	-	11,319,902
At 31 March 2019	<u>11,319,902</u>	<u>-</u>	<u>11,319,902</u>
Net book value			
At 31 March 2019	<u>68,042,318</u>	<u>23,232,717</u>	<u>91,275,035</u>
At 31 March 2018	<u>48,682,318</u>	<u>3,450,000</u>	<u>52,132,318</u>

6. Debtors

	2019 \$	2018 \$
Amounts owed by group undertakings	5,409,446	6,737,474
Other debtors	19,523	12,762
	<u>5,428,969</u>	<u>6,750,236</u>

7. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and in hand	141,990	111,056
	<u>141,990</u>	<u>111,056</u>

STRIDES ARCOLAB INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Amounts owed to group undertakings	27,509,610	38,023,719
Accruals and deferred income	16,621	53,953
	<u>27,526,231</u>	<u>38,077,672</u>

9. Creditors: Amounts falling due after more than one year

	2019 \$	2018 \$
Amounts owed to group undertakings	15,213,699	-
	<u>15,213,699</u>	<u>-</u>

10. Loans

Analysis of the maturity of loans is given below:

	2019 \$	2018 \$
Amounts falling due 2-5 years		
Other loans	15,213,699	-
	<u>15,213,699</u>	<u>-</u>
	<u>15,213,699</u>	<u>-</u>

11. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
61,453,977 (2018 - 31,456,349) Ordinary shares of \$1.00 each	61,453,977	31,456,349
	<u>61,453,977</u>	<u>31,456,349</u>

STRIDES ARCOLAB INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Reserves

Share premium account

The share premium has arisen on conversion of preference shares to ordinary equity.

Foreign exchange reserve

The foreign exchange reserve arises on the translation of the opening net assets and reserves, with exchange differences arising on translation accumulated in equity. The presentational currency of the accounts was changed from Sterling to USD in a previous year.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

13. Related party transactions

As the company is a wholly owned subsidiary of Strides Pharma Science Limited, the company has taken advantage of the exemption in FRS102 para 33.1A and has therefore not disclosed transactions or balances with other wholly-owned subsidiaries which form part of the group headed by Strides Pharma Science Limited.

At the year end a balance was owed to the company by Beltapharm S.p.A., a subsidiary company, of \$205,859 (2018 - \$205,859).

14. Controlling party

The company is 100% owned by Strides Pharma Science Limited, an entity registered in India, which is also the ultimate parent undertaking.

The company is exempt from producing consolidated accounts as the parent, Strides Pharma Science Limited, produces consolidated accounts for the group.

STRIDES ARCOLAB INTERNATIONAL LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
Gross profit		-	-
Less: overheads			
Administration expenses		(1,079,524)	(2,206,555)
Operating loss		(1,079,524)	(2,206,555)
Interest payable		(418,151)	-
Investment income		-	(11,319,902)
Loss for the year		(1,497,675)	(13,526,457)

STRIDES ARCOLAB INTERNATIONAL LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	\$	\$
Administration expenses		
General office expenses	-	20,423
Legal and professional	417,376	745,921
Auditors' remuneration	11,617	16,743
Bank charges	8,013	7,293
Difference on foreign exchange	(98,928)	1,153,791
Amortisation - intangible fixed assets	178,879	262,384
Profit/loss on sale of tangible assets	562,567	-
	<u>1,079,524</u>	<u>2,206,555</u>
	2019	2018
	\$	\$
Interest payable		
Group interest payable	(418,151)	-
	<u>418,151</u>	<u>-</u>
	2019	2018
	\$	\$
Investment income		
Impairment charge in subsidiaries	-	(11,319,902)
	<u>-</u>	<u>(11,319,902)</u>