

STRIDES CIS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

STRIDES CIS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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STRIDES CIS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Angeliki Eliades Krishnan Tirucherai Parthasarathy (appointed on 9 November 2018) Mohana Kumar Pillai (resigned on 09 November 2018) Maria Stella Katsari Yiannis Eliades Vikesh Kumar Vinod Padmanabhan
Company Secretary:	Calmco Secretarial Ltd
Registered office:	Julia House 3 Themistocles Dervis 1066 Nicosia Cyprus
Bankers:	Bank of Cyprus Public Company Ltd State Bank of India
Registration number:	HE213858

Independent Auditor's Report

To the Members of Strides CIS Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Strides CIS Limited (the "Company"), which are presented in pages 4 to 21 and comprise the statement of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 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.

Independent Auditor's Report (continued)

To the Members of Strides CIS Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditor's 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 auditor's 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 a true and fair view.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Laws of 2017 to 2018 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Maria Paschalis
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 20 December 2019

STRIDES CIS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	01/04/2018 - 31/03/2019 US\$	01/04/2017 - 31/03/2018 US\$
Turnover	9	1.294.465	1.644.793
Cost of sales		<u>(1.051.413)</u>	<u>(1.220.624)</u>
Gross profit		243.052	424.169
Other operating income		598	-
Distribution expenses		(21.740)	(151.186)
Administration expenses		(102.815)	(48.777)
Other expenses	10	<u>(294.299)</u>	<u>(135.066)</u>
Operating (loss)/profit	11	(175.204)	89.140
Net finance income/(cost)	12	<u>22.637</u>	<u>(12.025)</u>
(Loss)/profit before income tax		(152.567)	77.115
Income tax	13	<u>43.694</u>	-
(Loss)/profit for the year		(108.873)	77.115
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u>(108.873)</u>	<u>77.115</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

STRIDES CIS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	31 March 2019 US\$	31 March 2018 US\$
Assets			
Deferred tax assets	18	<u>43.694</u>	-
		<u>43.694</u>	-
Current assets			
Trade and other receivables	14	<u>717.687</u>	1.314.816
Cash and cash equivalents	15	<u>195.483</u>	9.798
		<u>913.170</u>	<u>1.324.614</u>
TOTAL ASSETS		<u>956.864</u>	<u>1.324.614</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	3.145	3.145
Share premium		418.775	418.775
Other reserves	17	129.340	129.340
Accumulated losses		<u>(463.027)</u>	<u>(354.154)</u>
Total equity		<u>88.233</u>	<u>197.106</u>
Current liabilities			
Trade and other payables	19	<u>863.135</u>	1.122.012
Current tax liabilities	20	<u>5.496</u>	5.496
		<u>868.631</u>	<u>1.127.508</u>
TOTAL EQUITY AND LIABILITIES		<u>956.864</u>	<u>1.324.614</u>

On 20 December 2019 the Board of Directors of Strides CIS Limited authorised these financial statements for issue.


.....
Angeliki Eliades
Director


.....
Yiannis Eliades
Director

The notes on pages 8 to 21 form an integral part of these financial statements.

STRIDES CIS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated losses US\$	Total US\$
Balance at 1 April 2017	3.145	418.775	129.340	(431.269)	119.991
Total comprehensive income for the year	-	-	-	77.115	77.115
Balance at 31 March 2018/ 1 April 2018	3.145	418.775	129.340	(354.154)	197.106
Total comprehensive income for the year	-	-	-	(108.873)	(108.873)
Balance at 31 March 2019	3.145	418.775	129.340	(463.027)	88.233

Share premium is not available for distribution.

The notes on pages 8 to 21 form an integral part of these financial statements.

STRIDES CIS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	<u>(152.567)</u>	77.115
	(152.567)	77.115
Changes in working capital:		
Decrease in trade and other receivables	597.129	680.621
Decrease in trade and other payables	<u>(258.877)</u>	<u>(833.434)</u>
Cash generated from/(used in) operations	<u>185.685</u>	<u>(75.698)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	185.685	(75.698)
Cash and cash equivalents at beginning of the year	<u>9.798</u>	<u>85.496</u>
Cash and cash equivalents at end of the year	15 <u>195.483</u>	<u>9.798</u>

The notes on pages 8 to 21 form an integral part of these financial statements.

STRIDES CIS LIMITED

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

1. Incorporation and principal activities

Country of incorporation

Strides CIS Limited (the "Company") was incorporated in Cyprus on 29 November 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Julia House, 3 Themistocles Dervis, 1066 Nicosia, Cyprus.

Principal activities

The principal activity of the Company is to act as the representative of Strides Shasun Group in the Commonwealth of Independent States territory for marketing and sales of pharmaceutical products.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

3. Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

4. Adoption of new or revised standards and interpretations

As from 1 April 2018, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards had a material effect on the financial statements as follows:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and any impact of adoption has been recognised in the opening retained earnings.

Consequently, the revised requirement of IFRS 7 "Financial Instruments: Disclosures" have only be applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

There was no adjustment in opening retained earnings from the adoption of IFRS 9, however, there was an impact from major changes in accounting policies as well as new disclosure requirements.

5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Revenue recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

Revenue recognition and measurement (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenues earned by the Company are recognized on the following bases:

- **Sale of goods**

Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

- **Commission income**

Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Finance income

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets - Classification

From 1 April 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

Financial assets - impairment - credit loss allowance for ECL

From 1 April 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

STRIDES CIS LIMITED

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

5. Significant accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 7 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

7. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

7.1 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Banks and financial institutions with credit ratings acceptable by management are used.

STRIDES CIS LIMITED

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

7. Financial risk management (continued)

7.1 Credit risk (continued)

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The restatement on transition to IFRS 9 as a result of applying the expected credit loss model was assessed by management as immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

<u>Bank group based on credit ratings by Moody's</u>	<u>No of banks</u>	31 March 2019	31 March 2018
		US\$	US\$
Caa1	1	166.677	5.859
Baa3	1	28.806	3.939
		195.483	9.798

7.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 March 2019	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$	More than 5 years US\$
Trade and other payables	4.597	4.597	4.597	-	-	-	-
Payables to related parties	1,225,351	1,225,351	1,225,351	-	-	-	-
	1,229,948	1,229,948	1,229,948	-	-	-	-

STRIDES CIS LIMITED

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

7. Financial risk management (continued)

7.2 Liquidity risk (continued)

31 March 2018	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$	More than 5 years US\$
Trade and other payables	5.072	5.072	5.072	-	-	-	-
Payables to related parties	1,055.726	1,055.726	1,055.726	-	-	-	-
	<u>1,060.798</u>	<u>1,060.798</u>	<u>1,060.798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

8. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Significant increase in credit risk (judgement)**

As explained in note 7, ECL are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

- **Calculation of loss allowance estimate**

As explained in note 7, ECL are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

STRIDES CIS LIMITED

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

8. Critical accounting estimates and judgments (continued)

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

9. Turnover

	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
	US\$	US\$
Sales of goods	<u>1.294.465</u>	<u>1.644.793</u>
	<u>1.294.465</u>	<u>1.644.793</u>

The above represent sale of pharmaceutical products to third parties. There is no material difference in the revenue recognition guidance effective prior to 1 April 2018.

10. Other expenses

	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
	US\$	US\$
Research and development expenses	<u>294.299</u>	<u>135.066</u>
	<u>294.299</u>	<u>135.066</u>

The above expenses incurred were charged in the income statement at the decision of the Company's management since the technical and commercial feasibility for these products licenses is not determined yet.

11. Operating (loss)/profit

	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
	US\$	US\$
Operating (loss)/profit is stated after charging the following items:		
Staff costs	1.872	-
Research and development expenses (included in "Other expenses")	<u>294.299</u>	<u>135.066</u>

STRIDES CIS LIMITED

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

12. Finance income

	01/04/2018 - 31/03/2019 US\$	01/04/2017 - 31/03/2018 US\$
Foreign exchange gains	<u>27.581</u>	-
Finance income	<u>27.581</u>	-
Foreign exchange losses	-	(5.362)
Sundry finance expenses	<u>(4.944)</u>	<u>(6.663)</u>
Finance costs	<u>(4.944)</u>	<u>(12.025)</u>
Net finance income/(cost)	<u>22.637</u>	<u>(12.025)</u>

13. Income tax

	01/04/2018 - 31/03/2019 US\$	01/04/2017 - 31/03/2018 US\$
Deferred tax - credit (Note 18)	<u>(43.694)</u>	-
Credit for the year	<u>(43.694)</u>	-

The total charge for the year can be reconciled to the accounting results as follows:

	01/04/2018 - 31/03/2019 US\$	01/04/2017 - 31/03/2018 US\$
(Loss)/profit before income tax	<u>(152.567)</u>	<u>77.115</u>
Income tax calculated at the applicable tax rates	(19.071)	9.639
Tax effect of expenses not deductible for income tax purposes	52	960
Tax effect of allowances and income not subject to income tax	(3.448)	(239)
Tax effect of tax losses brought forward	-	(10.360)
Tax effect of tax loss for the year	22.467	-
Deferred tax	<u>(43.694)</u>	-
Tax charge	<u>(43.694)</u>	-

The Company is subject to corporation tax on taxable profits at the rate of 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

14. Trade and other receivables

	31 March 2019 US\$	31 March 2018 US\$
Trade receivables	717.687	1.065.443
Deposits and prepayments	-	249.373
	<u>717.687</u>	<u>1.314.816</u>

Deposits and prepayments represented amounts paid for product registrations.

No impairment losses were recognised on receivables from related parties for the year ended 31 March 2019 as the expected credit losses were assessed as immaterial.

The restatement on transition to IFRS 9 as a result of applying the expected credit risk model was assessed as immaterial and no adjustment was posted following the application of IFRS 9.

STRIDES CIS LIMITED

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

14. Trade and other receivables (continued)

Ageing of past due but not impaired:

	31 March 2019	31 March 2018
	US\$	US\$
Up to 30 days	133.856	325.985
31-120 days	90.775	-
More than 120 days	260.598	311.984
	<u>485.229</u>	<u>637.969</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the financial statements.

15. Cash and cash equivalents

Cash balances are analysed as follows:

	31 March 2019	31 March 2018
	US\$	US\$
Cash at bank	195.483	9.798
	<u>195.483</u>	<u>9.798</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

16. Share capital

	2019	2019	2018	2018
	Number of shares	US\$	Number of shares	US\$
Authorised				
Ordinary shares of €1 each	10.000	10.000	10.000	10.000
Issued and fully paid				
Balance at 1 April	2.200	3.145	2.200	3.145
Balance at 31 March	<u>2.200</u>	<u>3.145</u>	<u>2.200</u>	<u>3.145</u>

On 15 February 2016, the Company issued 200 additional ordinary shares of €1 par value per share fully paid. The shares were issued at a total premium of €371.950 (US\$418.775) for a total consideration of €372.150 (US\$419.000).

STRIDES CIS LIMITED

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

17. Other reserves

	Other reserves US\$	Total US\$
Balance at 1 April 2017	129,340	129,340
Balance at 31 March 2018/ 1 April 2018	129,340	129,340
Balance at 31 March 2019	129,340	129,340

Other reserves represent an amount due to the ultimate controlling party, Strides Pharma Science Limited (formerly Strides Shasun Limited), which was capitalised during prior periods as shareholder's funds. This balance is not payable and bears no interest.

Share premium is not available for distribution.

18. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 13). The applicable corporation tax rate in the case of tax losses is 12,5%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets

	2019 US\$	2018 US\$
Balance at 1 April	-	-
Credit in profit or loss	43,694	-
Balance at 31 March	43,694	-

Deferred taxation asset arises as follows:

	31 March 2019 US\$	31 March 2018 US\$
Tax losses	43,694	-
	43,694	-

19. Trade and other payables

	31 March 2019 US\$	31 March 2018 US\$
Accruals	39,711	61,214
Other creditors	4,597	5,072
Payables to related companies (Note 21.2)	818,827	1,055,726
	863,135	1,122,012

20. Current tax liabilities

	31 March 2019 US\$	31 March 2018 US\$
Corporation tax	3,030	3,030
Other taxes	2,466	2,466
	5,496	5,496

STRIDES CIS LIMITED

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

21. Related party transactions

Since 2 May 2018, the Company is controlled by Strides Pharma Global International Limited, a company incorporated in Cyprus. The ultimate controlling party is Strides Pharma Science Limited (formerly Strides Shasun Limited) which is incorporated in India.

The following transactions were carried out with related parties:

21.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	01/04/2018 - 31/03/2019 US\$	01/04/2017 - 31/03/2018 US\$
Directors' fees	1.872	-
	<u>1.872</u>	<u>-</u>

21.2 Payables to related parties (Note 19)

Name	Nature of transactions	31 March 2019 US\$	31 March 2018 US\$
Strides Pharma Global Pte Ltd	Current account	68.971	401.647
Strides Pharma International Limited	Current account	222.091	213.782
Strides Pharma Science Limited (formerly Strides Shasun Limited)	Trade	527.765	440.297
		<u>818.827</u>	<u>1.055.726</u>

During the year there were purchases of US\$1.051.413 (2018: US\$1.220.624) from Strides Pharma Science Limited (formerly Strides Shasun Limited).

22. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2019.

23. Commitments

The Company had no capital or other commitments as at 31 March 2019.

24. Events after the reporting period

There were no material events after the reporting period, except from the below, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 and 3