

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s Strides Emerging Markets Private Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Strides Emerging Markets Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company

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has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the financial statements.

### Opinion

In our opinion and the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, the Loss for the year ended on that date and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure** a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books.
  - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.

- ii. The Company did not have any long term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bangalore  
Date : 20-05-2015



For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S

A handwritten signature in black ink, which appears to read "R. Umesh", is written over a horizontal line.

R. UMESH  
Partner  
M. No. 27892

ANNEXURE TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR  
REPORT OF EVEN DATE

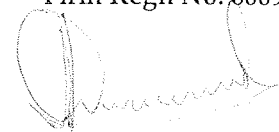
- (i) In respect of its fixed assets :
    - a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed Assets.
    - b) As explained to us, the fixed assets were physically verified during the year by the Management during the course of capitalisation. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (ii) In respect of its Inventory :
    - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
    - b) In our opinion and according to the Information and explanations given to us, the procedures of physically verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
  - (iii) The Company has not granted any loan, secured or unsecured, to the Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  - (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
  - (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and hence reporting under this clause is not applicable.
  - (vi) According to the records produced and information given to us, the provisions of Section 148(1) of the Companies Act, 1956 regarding maintenance of cost records are applicable to the company and the company has maintained the records as required.
  - (vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in respect of statutory dues and other dues :
    - a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales
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Tax, Excise Duty, Custom Duty, Service Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable.

- b) No disputed amounts in respect of statutory dues, including Provident Fund, Income Tax Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues were in arrears as at 31st March 2015 for a period of more than six months from the date they became due.
- c) As per the information and explanation given to us, the Company is not required to transfer any amount to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and the rules made there under.
- (viii) Since the company is registered for a period less than five years, clause (viii) of the Order is not applicable for the company;
- (ix) Since the company has not borrowed any funds from any financial institution or bank or issued any debentures, clause (ix) of the Order is not applicable for the company;
- (x) According to the information and explanation given to us, the Company has not given any guarantee and hence reporting under this clause is not applicable to the Company.
- (xi) Since the company has not taken any term loans, clause (xi) of the Order is not applicable for the company;
- (xii) To the best of our knowledge and belief, according to the information and explanation given to us by the Management, no frauds were noticed or reported during the year.

Place: Bangalore  
Date : 20-05-2015

For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S



R. UMESH  
Partner  
M. No. 27892



**STRIDES EMERGING MARKETS PRIVATE LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2015**

		Rs. In Million	
	Note No.	31-Mar-15	31-Mar-14
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	56.27	56.27
(b) Reserves and surplus	4	171.22	219.78
		227.49	276.05
<b>2 Non-current liabilities</b>			
(a) Other long-term liabilities	5	0.25	-
(b) Deferred tax liabilities (net)	6	-	-
(c) Long-term provisions	7	0.24	-
		0.49	-
<b>3 Current liabilities</b>			
(a) Trade payables	8	60.51	4.83
(b) Other current liabilities	9	230.78	26.60
(c) Short-term provisions	10	0.13	4.14
		291.42	35.57
<b>Total</b>		<b>519.40</b>	<b>311.62</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
- Tangible assets	11	407.45	45.55
- Intangible assets		0.14	-
- Capital work-in-progress		-	147.52
		407.59	193.07
(b) Long-term loans and advances	12	7.21	17.23
		414.80	210.30
<b>2 Current assets</b>			
(a) Inventories	13	44.63	2.63
(b) Trade receivables	14	25.76	34.50
(c) Cash and cash equivalents	15	7.50	52.17
(d) Short-term loans and advances	16	26.71	11.68
(e) Other current assets	17	-	0.34
		104.60	101.32
<b>Total</b>		<b>519.40</b>	<b>311.62</b>

See accompanying notes forming part of the Financial Statements

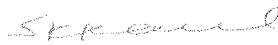
In terms of our report attached

For Gnanoba & Bhat  
Chartered Accountants  
Firm Registration no. 000939S



**R Umesh**  
Partner  
Mem. No. 027892  
Bangalore, 20 May 2015

For and on behalf of Board of Directors



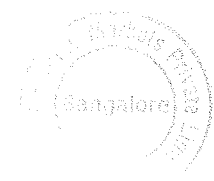
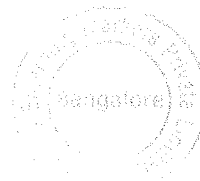
**Sudhir Krishna Kanchan**  
Director  
DIN 01606191



**Sinhue Bosco Noronha**  
Director  
DIN 01075198



**Rashmi B.V**  
Company Secretary  
Mem. No. A38729



**STRIDES EMERGING MARKETS PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

	Note No.	Rs. In Million	
		For the Year ended 31-Mar-15	For the Year ended 31-Mar-14
1 Revenue from operations	18	65.80	65.05
Less: Excise duty		-	-
Revenue from operations (net)		65.80	65.05
2 Other income	19	0.35	4.20
3 Total revenue (1+2)		66.15	69.25
4 Expenses			
(a) Cost of materials consumed	20	21.29	-
(b) Purchase of stock-in-trade	21	37.90	47.40
(c) (Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	22	(6.77)	(2.63)
(d) Employee benefits expenses	23	15.19	-
(e) Other expenses	24	35.78	10.94
Total		103.39	55.71
5 Earning before exceptional items, interest, tax, depreciation and amortisation (EBITDA) (3-4)		(37.24)	13.54
6 Finance costs	25	0.85	0.20
7 Depreciation and amortisation expense	11	10.47	-
8 Profit before exceptional items and taxes (5-6-7)		(48.56)	13.34
9 Tax expenses	26	-	4.50
10 Profit for the year (8-9)		(48.56)	8.84
11 Earnings per share (of Rs. 10/- each)			
- Basic		(8.63)	4.60
- Diluted		(8.63)	4.60


See accompanying notes forming part of the Financial Statements

In terms of our report attached  
For Gnanoba & Bhat  
Chartered Accountants  
Firm Registration no. 0009395

For and on behalf of Board of Directors



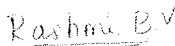
**R. Umesh**  
Partner  
Mem. No. 027892  
Bangalore, 20 May 2015



**Sudhir Krishna Kanchan**  
Director  
DIN: 01606191



**Sinhue Bosco Noronha**  
Director  
DIN: 01075198



**Rashmi B.V**  
Company Secretary  
Mem. No. A38729






Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note

No.

3 Share capital

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
Authorised 10,000,000 (Previous year 10,000,000) Equity shares of Rs. 10/- each with voting rights	10.00	10.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>
Issued, subscribed and fully paid-up 5,626,562 (Previous Year 5,626,562) Equity shares of Rs.10/- each with voting rights	56.27	56.27
<b>Total</b>	<b>56.27</b>	<b>56.27</b>

3(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	Rs. In Million	No. of Shares	Rs. In Million
Equity share of Rs. 10/- each				
Opening balance	56,26,562	56.27	10,000	0.10
Issued/ called-up equity share capital during the period	-	-	56,16,562	56.17
<b>Closing balance</b>	<b>56,26,562</b>	<b>56.27</b>	<b>56,26,562</b>	<b>56.27</b>

3(b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of Rs. 10/- each:

The Company has only one class of equity shares, having a par value of Rs.10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

3(c) Shares held by Holding Company:

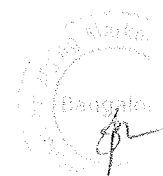
Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	%	No. of Shares	%
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,552	100.00%	56,26,552	100.00%

3(d) Details of equity shares held by each shareholder holding more than 5% of shares:

Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	%	No. of Shares	%
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,552	100.00%	56,26,552	100.00%

4 Reserves and surplus

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
Securities premium account		
Opening balance	210.62	-
Add: Premium on shares issued during the period	-	210.62
<b>Closing balance</b>	<b>210.62</b>	<b>210.62</b>
Surplus in Statement of Profit and Loss		
Opening balance	9.16	0.32
Less: Loss for the year	(48.56)	8.84
<b>Closing balance</b>	<b>(39.40)</b>	<b>9.16</b>
<b>Total</b>	<b>171.22</b>	<b>219.78</b>



Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note

No.

5 Other long-term liabilities		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
Others:			
- Towards gratuity (Refer note 31)	0.25	-	
<b>Total</b>	<b>0.25</b>	<b>-</b>	

6 Deferred tax (asset) / liability		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
<b>Tax effect on items constituting deferred tax liability:</b>			
On difference between book balance and tax balance of fixed assets	83.82	-	
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	(1.09)	-	
Unabsorbed depreciation carried forward / brought forward business losses	(83.08)	-	
<b>Deferred tax (asset) / liability (net)</b>	<b>(0.35)</b>	<b>-</b>	
<b>Tax effect on the above - deferred tax (asset) / liability</b>	<b>(0.11)</b>	<b>-</b>	

Note: Deferred Tax Asset of Rs. 0.11 Mn attributable to unabsorbed losses and depreciation has not been recognised on the grounds of prudence

7 Long-term provisions		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
<b>Provision for employee benefits:</b>			
- Compensated absence	0.24	-	
<b>Total</b>	<b>0.24</b>	<b>-</b>	

8 Trade payables		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
<b>Trade payables:</b>			
- Acceptance	-	-	
- Other than acceptances (Refer note (i) below)	60.51	4.83	
<b>Total</b>	<b>60.51</b>	<b>4.83</b>	

Note:

(i) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year	0.06	-	
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	-	-	
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	-	-	
(iv) The amount of interest due and payable for the year	-	-	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	
(vi) The amount of further interest due and payable even in the succeeding year, until such date	-	-	

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

9 Other current liabilities		Rs. In Million	
Particulars	31-Mar-15	31-Mar-14	
Dues to Related Parties	206.44	-	
<b>Other payables:</b>			
- Statutory remittances	1.30	0.45	
- Payables on purchase of fixed assets	6.54	26.15	
- Trade deposits received	16.50	-	
<b>Total</b>	<b>230.78</b>	<b>26.60</b>	







Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note  
No.

10 Short-term provisions

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
<b>Provision for employee benefits:</b>		
- Compensated absences	0.13	-
<b>Provision - Others:</b>		
- Provision for income tax (net of advance tax)	-	4.14
<b>Total</b>	<b>0.13</b>	<b>4.14</b>

12 Long-term loans and advances

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
<b>Unsecured, considered good:</b>		
- Capital advances	3.91	16.02
- Security deposits	2.46	1.21
- Others- Margin Money exceeding 12 months	0.84	-
<b>Total</b>	<b>7.21</b>	<b>17.23</b>

13 Inventories

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
Raw materials	35.18	-
Work-in-progress (Refer note (i) below)	7.05	-
Finished goods (other than those acquired for trading)	2.35	-
Stock-in-trade (acquired for trading)	-	2.63
Stores and spares	0.05	-
<b>Total</b>	<b>44.63</b>	<b>2.63</b>

Note:

(i) Details of work-in-progress

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
Capsules	5.84	-
Tablets	1.21	-
Others	-	-
<b>Total</b>	<b>7.05</b>	<b>-</b>

14 Trade receivables

Particulars	Rs. In Million	
	31-Mar-15	31-Mar-14
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured considered good	8.48	6.54
- Doubtful	-	-
	8.48	6.54
Less: Provision for doubtful trade receivables	-	-
	8.48	6.54
<b>Others</b>		
- Unsecured considered good	17.28	27.96
- Doubtful	-	-
	17.28	27.96
Less: Provision for doubtful trade receivables	-	-
	17.28	27.96
<b>Total</b>	<b>25.76</b>	<b>34.50</b>

Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note

No.

15 Cash and cash equivalents

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Cash on hand	0.02	-
Balance with banks:		
- In current account	6.30	0.42
- In deposit account	1.18	51.75
<b>Total</b>	<b>7.50</b>	<b>52.17</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per 'AS 3' Cash Flow Statements' is	7.50	52.17

16 Short-term loans and advances

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Unsecured, considered good		
Loans and advances to related parties (Refer note 32)	-	4.01
Loans and advances to employees	0.63	-
Loans and advances to suppliers	4.87	5.13
Advance Tax (net of provision)	0.60	-
Prepaid expenses	0.44	-
Balances with government authorities:		
- CENVAT credit receivable	1.68	-
- VAT credit receivable	13.43	1.49
- Service tax credit receivable	2.28	0.76
- Incentives receivables	2.78	0.29
<b>Total</b>	<b>26.71</b>	<b>11.68</b>

17 Other current assets

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Interest accrued on deposits	-	0.34
<b>Total</b>	<b>-</b>	<b>0.34</b>

8

Note  
No.

18 Revenue from operations

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Sale of products (Refer note (i) below)	16.77	-
Sales - Export of Capital Goods	48.37	63.89
Other operating revenues (Refer note (ii) below)	0.66	1.16
<b>Total</b>	<b>65.80</b>	<b>65.05</b>
Less: Excise duty	-	-
<b>Total</b>	<b>65.80</b>	<b>65.05</b>

Note:

(i) Sale of product comprises:

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Manufactured goods:		
- Tablets	16.77	-
<b>Total manufactured goods sold</b>	<b>16.77</b>	<b>-</b>
Traded goods:		
- Others	48.37	63.89
<b>Total traded goods sold</b>	<b>48.37</b>	<b>63.89</b>
<b>Total sale of products (including excise duty)</b>	<b>65.14</b>	<b>63.89</b>

(ii) Other operating revenue comprises:

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Export incentives	0.65	1.16
<b>Total other operating revenue</b>	<b>0.65</b>	<b>1.16</b>

19 Other income

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Interest income (Refer note (i) below)	0.35	1.99
Exchange fluctuation gain	-	2.08
Others	-	0.13
<b>Total</b>	<b>0.35</b>	<b>4.20</b>

Note:

(i) Interest income comprises:

Rs. in Million

Particulars	31-Mar-15	31-Mar-14
Interest from banks on deposits	0.35	1.99
<b>Total</b>	<b>0.35</b>	<b>1.99</b>

20 Cost of materials consumed

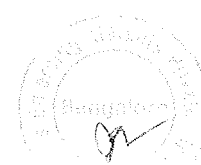
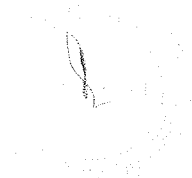
Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Opening stock	-	-
Add: Purchases	56.52	-
Closing stock	35.23	-
<b>Cost of materials consumed</b>	<b>21.29</b>	<b>-</b>

Cost of materials consumed comprises:

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Active pharmaceutical ingredients and other raw materials	18.91	-
Primary packing materials	1.57	-
Secondary packing materials	0.81	-
<b>Total</b>	<b>21.29</b>	<b>-</b>



Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note

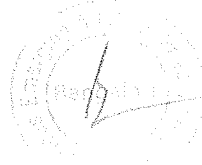
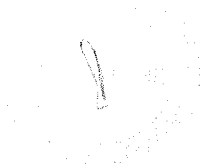
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21 Purchase of traded goods	Rs. In Million	
	Particulars	31-Mar-15
Traded goods	37.90	47.40
<b>Total</b>	<b>37.90</b>	<b>47.40</b>

22 (Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	Rs. In Million		
	Particulars	31-Mar-15	31-Mar-14
<b>Inventories at the end of the year:</b>			
- Finished goods	2.35	-	
- Work-in-progress	7.05	-	
- Stock-in-trade	-	-	2.63
	<b>3.40</b>	<b>2.63</b>	
<b>Inventories at the beginning of the year:</b>			
- Finished goods	2.63	-	
- Work-in-progress	-	-	
- Stock-in-trade	-	-	
	<b>2.63</b>	<b>-</b>	
<b>Net (increase) / decrease</b>	<b>(6.77)</b>	<b>(2.63)</b>	

23 Employee benefits expenses	Rs. In Million	
	Particulars	31-Mar-15
Salaries and wages	9.85	-
Contributions to provident and other funds (Refer note 31)	0.72	-
Staff welfare expenses	4.62	-
<b>Total</b>	<b>15.19</b>	<b>-</b>

24 Other expenses	Rs. In Million	
	Particulars	31-Mar-15
Subcontracting	0.47	-
Power and fuel	4.99	0.41
Water	0.04	-
Rent	0.68	-
Repairs and maintenance:		
- Buildings	0.29	-
- Machinery	1.07	-
- Others	1.17	-
Insurance	-	0.05
Rates and taxes	0.96	1.42
Communication	0.41	-
Travelling and conveyance	0.22	0.12
Printing and stationery	0.66	0.05
Freight and forwarding	10.49	6.51
Business promotion	0.04	-
Legal and professional	1.90	2.04
Payments to auditors (-Refer Note (i) below)	0.61	0.22
Consumables	3.94	-
Net loss on foreign currency transactions	4.70	-
Security Charges	0.94	0.09
House Keeping Expenses	1.98	-
Miscellaneous expenses	0.22	0.03
<b>Total</b>	<b>35.78</b>	<b>10.94</b>



Strides Emerging Markets Pvt Ltd  
Notes forming part of the financial statements

Note

No.

Note:

(i) Payments to the auditors comprises (net of service tax input credit):

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Statutory Audit Fee (previous year Rs. 0.20 Mn)	0.45	0.20
Tax Audit Fee	0.06	-
For Certification and Others (previous year Rs. 0.02 Mn)	0.10	0.02
<b>Total</b>	<b>0.61</b>	<b>0.22</b>

25 Finance costs

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Bank charges and commission	0.85	0.20
<b>Total</b>	<b>0.85</b>	<b>0.20</b>

26 Tax expenses

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Current tax expenses	-	4.50
Deferred tax expenses	-	-
Less: MAT credit availed	-	-
<b>Net tax expense</b>	<b>-</b>	<b>4.50</b>

27 Details of consumption of imported and indigenous materials

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
Imported	2.78	-
- Percentage to the total consumption	13%	-
Indigenous	18.52	-
- Percentage to the total consumption	87%	-
<b>Total</b>	<b>21.30</b>	<b>-</b>

28 Value of imports calculated on CIF basis

Rs. in Million

Particulars	31-Mar-15	31-Mar-14
Raw materials	8.13	-
Other goods	-	-
<b>Total</b>	<b>8.13</b>	<b>-</b>

29 Earnings in foreign currency

Rs. In Million

Particulars	31-Mar-15	31-Mar-14
FOB value of export of goods	47.79	-
<b>Total</b>	<b>47.79</b>	<b>-</b>

30 Foreign Currency Exposure

Foreign Currency Exposure as at March 31, 2015 that have not been hedged by a derivative instrument or other wise:

Particulars	31-Mar-15		31-Mar-14	
	Rs in Million	Amt-Foreign Currency	Rs in Million	Amt- Foreign Currency
Receivables -USD	8.4	0.135	34.50	5.57
<b>Total</b>	<b>8.4</b>	<b>0.135</b>	<b>34.50</b>	<b>5.57</b>
Payables- USD	30.15	0.48	-	-
<b>Total</b>	<b>30.15</b>	<b>0.48</b>	<b>-</b>	<b>-</b>

Strides Emerging Markets Pvt Ltd  
Notes on Financial Statements for the year ended 31st March 2015

Note -31  
Employee Benefits

Defined Contribution Plans

Employers' Contribution to Provident Fund  
During the year, the Company has recognized the following amount in the Profit and Loss Account-  
Rs in Million

Particulars	As at 31st March 2015	As at 31st March 2014
Employers' Contribution to Provident Fund	0.47	-

Particulars	Year ended	
	31st March 2015	31st March 2014
<b>Gratuity</b>		
<b>Components of employer expense</b>		
Current Service cost	0.25	-
Interest cost	-	-
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	-	-
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>0.25</b>	<b>-</b>
<b>Actual Contribution and Benefits Payments for the year</b>		
Actual benefit payments	-	-
Actual Contributions	-	-
<b>Net liability recognised in balance sheet</b>		
Present value of Defined Benefit Obligation	-	-
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	-	-
Unrecognized Past Service Costs	-	-
<b>Net liability recognised in balance sheet</b>	<b>-</b>	<b>-</b>
- Non-current portion		
- Current portion		
<b>Change in Defined Benefit Obligations during the year</b>		
Present Value of DBO at beginning of period	-	-
Current Service cost	0.25	-
Interest cost	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Actuarial (gains)/ losses	-	-
Benefits paid	-	-
<b>Present Value of DBO at the end of period</b>	<b>0.25</b>	<b>-</b>
<b>Change in Fair Value of Assets during the year</b>		
Plan assets at beginning of period	-	-
Acquisition Adjustment	-	-
Actual return on plan assets	-	-
Actual Company contributions(less risk premium, ST)	-	-
Benefits paid	-	-
Plan assets at the end of period	-	-
<b>Actuarial Assumptions</b>		
Discount Rate	7.90%	-
Expected Return on plan assets	0.00%	-
Salary escalation P.A	10.00%	-



**Strides Emerging Markets Pvt Ltd**  
Notes on Financial Statements for the year ended 31st March 2015

**Actuarial Assumptions for Long-term Compensated Absence**

Actuarial Assumptions		
Discount Rate	7.80%	-
Salary escalation Rate	10.00%	-
Attrition Rate	0.00%	-
Charge In the Profit and Loss account - Rs.	0.27	-
Liability at the year end - Rs.	0.27	-

**Note:** The estimates and rate of escalation in salary considered in actuarial valuation take into consideration inflation, seniority, promotion and other relevant factors such as employment market conditions. These figure are as certified by an actuary.

**Note - 32**

**Related Party Disclosures**

Party where the Control Exists	Name of Related Party
Holding Company	Strides Pharma (Cyprus) Limited
Ultimate Holding Company	Strides ArcoLab Limited
Fellow Subsidiary	Strides Vital Nigera Limited
Fellow Subsidiary	African Pharmaceutical Development Company

Sl No	Nature of Transaction		Rs in Million		
			Holding Company	Fellow Subsidiary	Ultimate Holding Company
1	Investment in Equity	2015	-	-	-
		2014	183.67	-	-
2	Loans & Advances - Taken / Repaid (net)	2015	43.64	-	176.50
		2014	0.76	-	-
3	Loans & Advances - Given/ Repaid (net)	2015	-	-	-
		2014	-	-	3.50
4	Sale of Goods	2015	46.07	1.71	17.34
		2014	59.43	6.53	-
5	Purchases	2015	-	-	1.48
		2014	-	-	-
6	Reimbursement of Expenses incurred on behalf of	2015	1.00	-	-
		2014	2.96	-	-
7	Reimbursement for Expenses incurred by	2015	-	-	4.48
		2014	-	-	1.31
8	Balances Outstanding: a) Receivable	2015	-	8.47	17.34
		2014	30.16	6.54	-
		2015	42.63	0.90	181.37
		2014	-	-	1.80

**Note - 33**

**Earnings Per share**

Particulars	31st March 2015	31st March 2014
Net Profit after Tax	(48.56)	8.84
Weighted average number of equity shares (No.s)	5.63	1.92
Earnings/(Loss) per share	(8.63)	4.60
Nominal Value of Equity Shares	10.00	10.00

Strides Emerging Markets Pvt Ltd

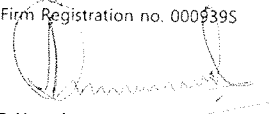

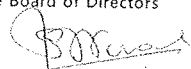
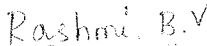
Note: 11

Sl No	Description	GROSS BLOCK						DEPRECIATION				NET BLOCK	
		As on 01.04.2014	Additions During the year	Deletions During the Year	As on 31.03.2015	Up to 01.04.2014	For the Year	Deletions During the Year	Up to 31.03.2015	As on 31.03.2015	As on 31.03.2014		
	<b>TANGIBLE ASSET</b>												
1	FREE HOLD LAND	45.55	2.64	-	48.18	-	-	-	-	48.18	45.55	-	45.55
3	BUILDING	-	146.87	-	146.87	-	2.28	-	2.28	144.59	-	-	-
4	FURNITURE & FIXTURES	-	8.03	-	8.03	-	0.35	-	0.35	7.69	-	-	-
5	OFFICE EQUIPMENT & COMPUTERS	-	6.60	-	6.60	-	0.98	-	0.98	5.62	-	-	-
6	PLANT & MACHINERY	-	208.21	-	208.21	-	6.85	-	6.85	201.37	-	-	-
	<b>Total Tangible asset</b>	<b>45.55</b>	<b>372.35</b>	<b>-</b>	<b>417.90</b>	<b>-</b>	<b>10.46</b>	<b>-</b>	<b>10.46</b>	<b>407.45</b>	<b>-</b>	<b>-</b>	<b>45.55</b>
	<b>INTANGIBLE ASSETS</b>												
9	SOFTWARE LICENCE	-	0.15	-	0.15	-	0.01	-	0.01	0.14	-	-	-
	<b>Total Intangible asset</b>	<b>-</b>	<b>0.15</b>	<b>-</b>	<b>0.15</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>0.01</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Capital Work In Progress</b>												
10	Projects	147.52	-	147.52	-	-	-	-	-	-	-	-	147.52
	<b>GRAND TOTAL</b>	<b>45.55</b>	<b>372.50</b>	<b>-</b>	<b>418.05</b>	<b>-</b>	<b>10.47</b>	<b>-</b>	<b>10.47</b>	<b>407.59</b>	<b>45.55</b>	<b>-</b>	<b>45.55</b>
	Previous Year	28.80	164.27	-	193.07	-	-	-	-	193.07	28.80	-	28.80



Strides Emerging Markets Pvt Ltd  
Cash Flow Statement for the year ended 31st March 2015

(Rs In Million)

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(48.57)		13.34
<i>Adjustments for:</i>				
Depreciation and amortisation	10.46			
Finance costs	0.78			
Interest income	(0.35)		(1.99)	
Other operating income	-		(0.29)	
Gratuity and leave encashment provision	0.72			
Liabilities / provisions no longer required written back	-		(0.00)	
Net unrealised exchange (gain) / loss	0.74		(2.08)	
		12.36		(4.36)
Operating profit / (loss) before working capital changes		(36.22)		8.97
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(42.00)		(2.63)	
Trade receivables	(12.51)		(42.29)	
Other non-current assets	-			
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	72.93		4.89	
		18.42		(40.03)
Cash flow from extraordinary items		(17.80)		(31.06)
Cash generated from operations		-		-
Net income tax (paid) / refunds		(17.80)		(31.06)
		(4.74)		(0.57)
<b>Net cash flow from / (used in) operating activities (A)</b>		(22.53)		(31.63)
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets including capital advance	(232.48)		(154.14)	
Interest received				
- Others	0.68		1.66	
		(231.80)		(152.48)
<b>Net cash flow from / (used in) investing activities (B)</b>		(231.80)		(152.48)
<b>C. Cash flow from financing activities</b>				
Advance from Related parties	210.45			
Proceeds from Issue of Share Capital			183.68	
Finance cost	(0.78)			
		209.67		183.68
<b>Net cash flow from / (used in) financing activities (C)</b>		209.67		183.68
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		(44.67)		(0.43)
Cash and cash equivalents at the beginning of the year		52.17		52.59
<b>Cash and cash equivalents at the end of the year</b>		7.50		52.17
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 15)		7.50		52.17
Less: Bank balances not considered as Cash and cash equivalents as defined in		-		-
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i> )		7.50		52.17
Add: Current investments considered as part of Cash and cash equivalents (as		-		-
<b>Cash and cash equivalents at the end of the year *</b>		7.50		52.17
* Comprises:				
(a) Cash on hand		0.02		-
(b) Balances with banks - in current accounts		6.30		0.42
(c) Balances with banks - in Fixed Deposits		1.18		51.75
		7.50		52.17
As per our report of even date				
for Gnanoba & Bhat Chartered Accountants Firm Registration no. 000939S			For and on behalf of the Board of Directors	
				
R Umesh Partner Mem. No. 027892			Sudhir Krishna Kanchan Director DIN: 01606191	Sinhue Bosco Noronha Director DIN: 01075198
Place :Bangalore Date: 20 May 2015				
				Rashmi B.V Company Secretary Mem. No. A38729



**STRIDES EMERGING MARKETS PRIVATE LIMITED**

**NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>st</sup> MARCH, 2015**

**NOTE No-1**

**COMPANY INFORMATION**

Strides Emerging Markets Private Limited is a pharmaceutical company which is headquartered in Bangalore, India. The Company manufactures and trades in pharmaceutical formulations for human consumption primarily in Africa, India and other emerging markets. The Company also trades in pharmaceutical manufacturing equipment in Africa, India and other emerging markets.

The Company is registered as a 100% Export Oriented Undertaking under the Foreign Trade Policy. The Company's newly set up manufacturing facility was commissioned at Anekal, Bangalore, on 13<sup>th</sup> October 2014 and commercial production was started immediately thereafter.

**NOTE No-2**

**SIGNIFICANT ACCOUNTING POLICIES:**

**A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

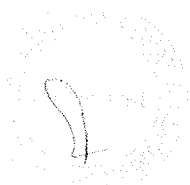
The accounts have been prepared under the historical cost convention and on the basis of the going concern, with revenues recognised and expenses accounted on their accrual, including provisions / adjustments for committed obligations and amounts determined as payable or receivable during the year.

The preparation of financial statements in conformity with Generally Accepted Accounting Practices requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

The Financial statements are in conformity with the Accounting Standards specified by National Advisory Committee for Accounting Standards, 2006 and the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

**B. CASH FLOW STATEMENTS**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated based on the available information.



**C. INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Cost is determined on 'First In First Out' (FIFO) basis. The cost of goods comprises of the purchase cost, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

**D. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenditure relating to the acquisition such as cost of installation / erection and interest up to the date of commissioning of the asset as applicable.

Capital Work-in-progress

Projects under which assets are not ready for its intended use and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributed finance costs.

**E. DEPRECIATION**

During the current financial year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has estimated the useful life of its assets to align the useful life with those specified in Schedule II.

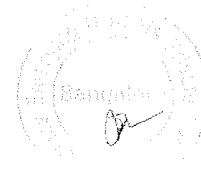
In respect of certain assets, the useful life assessed internally by the Company's Management / technical team differs from that specified in Schedule II of the Companies Act, 2013. In all such cases, appropriate documentation of the technical evaluation with justifications for the same has been maintained

**F. REVENUE RECOGNITION**

Sales revenue is recognized on the transfer of the title in the goods which coincides with the dispatch of same to the customers. Interest Income and Export Incentives are recognised on accrual basis.

**G. TAXATION**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet Date.



#### **H. FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in Foreign Currencies are recorded using the exchange rates prevailing on the date of transaction. The difference if any, on actual payment/ realization is charged off to revenue. Amount receivable / payable as at the close of the year is accounted at the prevailing rates and the difference if any, on receipt / while making actual payment due to fluctuation in the rate of exchange is charged to revenue in that year.

#### **I. EMPLOYEE BENEFITS**

- i. Retirement benefits in the form of Provident Fund and Pension Schemes are charged on an accrual basis to the Profit and Loss Account of the year when the contributions to the respective funds are due.
- ii. Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation carried out as the end of the fiscal year using the Projected Unit Credit Method, with the actuarial valuation being carried out at each balance sheet. The liability is not funded.
- iii. Provision for Leave Encashment has been made based on an actuarial valuation carried out as the end of the fiscal year with the actuarial valuation being carried out at each balance sheet. The liability is not funded.

#### **J. PROVISIONS**

A provision is recognized when the enterprise has a present obligation as a result of past event(s) which may result in a probable outflow of resources to settle the obligation and in respect of which a reasonable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

#### **K. IMPAIRMENT OF ASSETS**

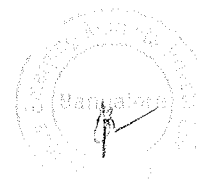
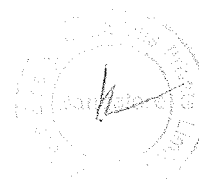
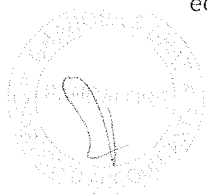
An asset is treated as impaired with the current carrying cost of the same exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there is any change in the estimate of recoverable amount.

#### **L. CONTINGENCIES**

Contingent liabilities are shown by way of note to the financial statement.

#### **M. EARNINGS PER SHARE**

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the

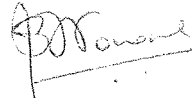


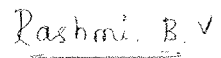
basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share and are deemed to be converted at the beginning of the period, unless they have been issued at a later date.

For and on behalf of the Board

Place: Bangalore  
Date: 20 May 2015

  
Sudhir Krishna Kanchan  
Director  
DIN: 01606191

  
Sinhue Bosco Noronha  
Director  
DIN: 01075198

  
Rashmi B.V  
Company Secretary  
Mem. No. A38729

