Auditors' Report

The Board of Directors
Strides Arcolab Limited
Bangalore

We have examined the attached Balance sheet of Strides Pharma Inc USA a subsidiary of Strides Arcolab Limited (SAL), as at March 31, 2015 and the related Statement of Profit and Loss for the year ended on that date, annexed thereto, together referred to as 'Financial Statements'.

These Financials Statements have been prepared by the management of SAL based on the Management reporting package of the Company prepared under United States Generally Accepted Accounting Principles.

Based on the above examination and according to the additional information and explanations furnished to us, we report that:

➢ We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our examination of the Financial Statements.

➢ These financial statements mainly set out the information required in Schedule III of the Companies Act, 2013 for the purpose of consolidation of Group accounts.

➢ In our opinion, necessary adjustments have been made by the management of SAL to ensure that the Financial Statements:
   • comply with the Accounting Standards referred to in Section 133 of the Indian Companies Act, 2013 and
   • are fit for consolidation into Strides Arcolab Limited.

For Amarnath Kamath & Associates
Chartered Accountants
(Firm Registration No. 000099S)

Sudhakar S. Prabhu
Partner

Date: M.No:024015
Place: Bangalore
### A. EQUITY AND LIABILITIES

#### 1. Shareholders' funds
- a) Share capital
  - Mar-15: 111,150 USD 6,946,875 INR
  - Mar-14: 100,000 USD 5,972,000 INR
- b) Reserves and Surplus
  - Mar-15: -80,046 USD -42,502,855 INR
  - Mar-14: -1,599,275 USD -66,508,721 INR
  - Total: -568,806 USD -35,555,980 INR

#### 2. Share application money pending allotment
- Total: -

#### 3. Minority Interest
- Total: -

#### 4. Non Current Liabilities
- a) Long Term borrowing
  - Mar-15: -
  - Mar-14: -
- b) Deferred Tax liabilities (Net)
  - Mar-15: -
  - Mar-14: -
- c) Other Long Term Liabilities
  - Mar-15: -
  - Mar-14: -
- d) Long Term Provisions
  - Mar-15: -
  - Mar-14: -

#### 5. Current Liabilities
- a) Short Term borrowing
  - Mar-15: 15,774,489 USD 985,905,589 INR
  - Mar-14: -
- b) Trade Payables
  - Mar-15: 4,511,302 USD 281,956,392 INR
  - Mar-14: 607,430 USD 36,275,720 INR
- c) Other Current Liabilities
  - Mar-15: 41,058 USD 2,603,603 INR
  - Mar-14: 8,424,543 USD 503,113,722 INR
- d) Short Term Provisions
  - Mar-15: -
  - Mar-14: -

- Total: 20,327,449 USD 1,270,485,584 INR

#### Total of Liabilities
- Total: 19,758,554 USD 1,234,909,604 INR

### B. ASSETS

#### 1. NON CURRENT ASSETS
- a. Fixed Assets
  - 10
  - i) Tangible Assets
    - Mar-15: 1,312 USD 82,000 INR
    - Mar-14: 1,533 USD 91,551 INR
  - ii) Intangible Assets
    - Mar-15: -
    - Mar-14: -
  - iii) Capital Work in Progress
    - Mar-15: -
    - Mar-14: -
  - iv) Intangible Assets Under Development
    - Mar-15: -
    - Mar-14: -
  - v) Fixed Assets held for Sale
    - Mar-15: -
    - Mar-14: -

- Total: 1,312 USD 82,000 INR

- b. Non Current Investments
  - 11
  - Mar-15: 11,001,000 USD 687,562,500 INR

- c. Deferred Tax Assets (Net)
  - 12
  - Mar-15: -
  - Mar-14: -

- d. Long Term Loans and Advances
  - 13
  - Mar-15: -
  - Mar-14: -

- e. Other Non Current Assets
  - 14
  - Mar-15: -
  - Mar-14: -

- Total: 11,001,000 USD 687,562,500 INR

#### 2. CURRENT ASSETS
- a. Current investments
  - 15
- b. Inventories
  - 16
  - Mar-15: 2,484,621 USD 155,288,825 INR
  - Mar-14: 386,394 USD 23,075,426 INR
- c. Trade receivables
  - 17
  - Mar-15: 1,990,576 USD 124,410,998 INR
  - Mar-14: 67,157 USD 4,010,643 INR
- d. Cash and cash equivalents
  - 18
  - Mar-15: 91,126 USD 5,695,355 INR
  - Mar-14: 32,034 USD 1,913,062 INR
- e. Short-term loans and advances
  - 19
  - Mar-15: 4,020,031 USD 251,308,176 INR
  - Mar-14: 7,045,580 USD 420,762,038 INR
- f. Other current assets
  - 20
  - Mar-15: 168,968 USD -
  - Mar-14: 10,561,750 USD -

- Total: 8,756,242 USD 547,265,104 INR

### Total of Assets
- Total: 19,758,554 USD 1,234,909,604 INR

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For Amarnath Kamath & Associates
Chartered Accountants
(Firm Registration No. 000099S)

Sudhakar S. Prabhu
Partner
M.No:024015
Place: Bangalore
Date:
# Strides Pharma Inc
## PROFIT & LOSS ACCOUNT

### Particulars

<table>
<thead>
<tr>
<th>Schedule</th>
<th>For the period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar-15 USD</td>
</tr>
<tr>
<td><strong>A. CONTINUING OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>1. Revenue from Operations (Gross)</td>
<td>21</td>
</tr>
<tr>
<td>Less: Excise Duty</td>
<td>21</td>
</tr>
<tr>
<td>Revenue from Operations Net</td>
<td>21</td>
</tr>
<tr>
<td><strong>2. Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>a. Cost of Materials consumed</td>
<td>22.1</td>
</tr>
<tr>
<td>b. Purchases of Stock in Trade</td>
<td>22.2</td>
</tr>
<tr>
<td>c. Changes in inventories of finished goods, work-in-progress and stock-in-trade</td>
<td>22.3</td>
</tr>
<tr>
<td>d. Employee benefits expense</td>
<td>23</td>
</tr>
<tr>
<td>f. Other expenses</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>3. Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)</strong></td>
<td></td>
</tr>
<tr>
<td>-1,066,636</td>
<td>-920,272</td>
</tr>
<tr>
<td><strong>4. Finance Cost</strong></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>758,055</td>
</tr>
<tr>
<td><strong>5. Depreciation and amortisation expense</strong></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>222</td>
</tr>
<tr>
<td><strong>6. Other Income</strong></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>476,853</td>
</tr>
<tr>
<td><strong>7. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4+ 5 + 6)</strong></td>
<td></td>
</tr>
<tr>
<td>-1,368,260</td>
<td>-946,412</td>
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<tr>
<td><strong>8. Exceptional Items</strong></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>652,864</td>
</tr>
<tr>
<td><strong>8. Profit / (Loss) before tax (7 – 8)</strong></td>
<td></td>
</tr>
<tr>
<td>-1,368,260</td>
<td>-1,599,275</td>
</tr>
<tr>
<td><strong>9. Tax Expense</strong></td>
<td></td>
</tr>
<tr>
<td>a Current tax expense for current year</td>
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</tr>
<tr>
<td>b (Less): MAT credit (where applicable)</td>
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</tr>
<tr>
<td>c Current tax expense relating to prior years</td>
<td></td>
</tr>
<tr>
<td>d Net current tax expense</td>
<td></td>
</tr>
<tr>
<td>e Deferred tax</td>
<td></td>
</tr>
<tr>
<td><strong>10. Profit / (Loss) from continuing operations (11 + 12)</strong></td>
<td></td>
</tr>
<tr>
<td>-1,369,620</td>
<td>-1,599,275</td>
</tr>
</tbody>
</table>

For Amarnath Kamath & Associates
Chartered Accountants
(Firm Registration No. 0000995)

Sudhakar S. Prabhu
Partner
M.No:024015

Date: