

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Strides Consumer Private Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of M/s Strides Consumer Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity for the year then 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the relevant rules issued thereunder. 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 were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 thereunder.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including Other Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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** 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 our 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 those books;
 - c. The Balance Sheet, the Statement of Profit & Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder;
 - e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give a separate report in the **Annexure-B**; and



- g. 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 for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bangalore
Date : May 04, 2018



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

R. UMESH
Partner
M. No. 27892

ANNEXURE-A 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 in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
 - c) The company did not own any immovable properties during the year.
- (ii) As explained to us, the inventories were physically verified by the Company during the year and in our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were observed thereon.
- (iii) The Company has not granted loans to any parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence clause (iii) of the Order clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions which come under the purview of Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public 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 information given to us, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues :
- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty, Service Tax, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2018, for a period more than six months from the date they became due.
 - b) There are no statutory dues which were not deposited on account of any dispute.
- (viii) The company has not borrowed any funds from any financial institution or bank or Government or issued any debentures and hence reporting under this clause is not applicable.



- (ix) The Company has not raised moneys by way of initial public offer, further public offer or any term loans during the year and hence reporting under this clause is not applicable.
- (x) To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
- (xi) No managerial remuneration was paid by the Company during the year and hence reporting under this clause is not applicable.
- (xii) The Company is not a Nidhi Company and hence this clause is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us and based on our verification of the records and relevant documents, all transactions with related parties entered into by the Company are in compliance with section 188 of the Companies Act where applicable and the details of the same have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under this clause is not applicable.
- (xv) According to the information and explanation given to us by the Management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence this clause is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bangalore
Date : May 04, 2018



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

R. UMESH
Partner
M. No. 27892

**ANNEXURE-B TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH F OF OUR
REPORT OF EVEN DATE**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the
Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over the financial reporting of M/s Strides Consumer Private Limited as on 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorisations of management and directors of the company.
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bangalore
Date : May 04, 2018



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

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

R. UMESH
Partner
M. No. 27892

STRIDES CONSUMER PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

| | Note No. | INR In Million 31-Mar-18 |
|--------------------------------------|-------------|-----------------------------|
| A ASSETS | | |
| I Non-current assets | | |
| (a) Property, plant and equipment | 1 | 0.01 |
| (b) Other intangible assets | 1 | 8.04 |
| (c) Other non-current assets | 2 | 0.50 |
| Total non-current assets | | 8.55 |
| II Current assets | | |
| (a) Inventories | 3 | 4.71 |
| (b) Financial assets | | |
| (i) Trade receivables | 4 | 7.09 |
| (ii) Cash and cash equivalents | 5 | 6.71 |
| (c) Other current assets | 6 | 11.40 |
| Total current assets | | 29.91 |
| | | |
| TOTAL ASSETS | | 38.46 |
| B EQUITY AND LIABILITIES | | |
| I Equity | | |
| (a) Equity share capital | 7 | 0.10 |
| (b) Other equity | 8 | (168.60) |
| Total Equity | | (168.50) |
| II Liabilities | | |
| 1 Non-current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 9 | 110.28 |
| (b) Provisions | 10 | 0.51 |
| Total non-current liabilities | | 110.79 |
| 2 Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Trade payables | 11 | 43.88 |
| (b) Other current liabilities | 12 | 52.06 |
| (c) Provisions | 13 | 0.23 |
| Total current liabilities | | 96.17 |
| TOTAL EQUITY AND LIABILITIES | | 38.46 |

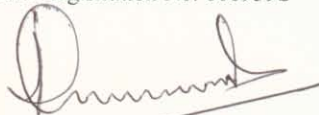
See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration No. 000939S



R Umesh

Partner

Mem. No. 27892

For and on behalf of Board of Directors



Subodh Marwah

Director

DIN: 05203422



Vikesh Kumar

Director

DIN: 07669087

Place: Bangalore
Date : May 4, 2018



STRIDES CONSUMER PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED MARCH 31, 2018

| | Note No. | INR In Million 31-Mar-18 |
|---|-------------|-----------------------------|
| 1 Revenue from operations | 14 | 11.89 |
| 2 Other income | | - |
| 3 Total Income (1+2) | | 11.89 |
| 4 Expenses | | |
| (a) Purchase of stock-in-trade | 15 | 12.51 |
| (b) Changes in inventories of stock-in-trade | 16 | (4.71) |
| (c) Employee benefits expenses | 17 | 85.03 |
| (d) Finance costs | 18 | 4.07 |
| (e) Depreciation and amortisation expense | 1 | 0.47 |
| (f) Other expenses | 19 | 83.12 |
| Total | | 180.49 |
| 5 Profit before exceptional items and tax (3-4) | | (168.60) |
| 6 Exceptional items gain / (loss) (net) | | - |
| 7 Profit before tax (5+6) | | (168.60) |
| 8 Tax expense | | - |
| 9 Profit / (Loss) for the year (7-8) | | (168.60) |
| 10 Other Comprehensive Income | | |
| A) (i) Items that will not be reclassified to profit or loss | | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - |
| B) (i) Items that may be reclassified to profit or loss | | - |
| (ii) Income tax relating to items that may be reclassified to profit or loss | | - |
| Total Other comprehensive Income | | - |
| 11 Total Comprehensive Income for the period (9+10) | | (168.60) |
| 12 Earnings per share (of Rs. 100/- each) | | |
| - Basic | | (0.17) |
| - Diluted | | (0.17) |

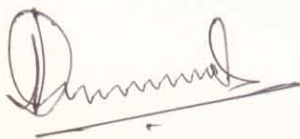
See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration no. 000939S



R Umesh

Partner

Mem. No. 27892

Place: Bangalore

Date : May 4, 2018

For and on behalf of Board of Directors



Subodh Marwah

Director

DIN: 05203422



Vikesh Kumar

Director

DIN: 07669087



STRIDES CONSUMER PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2018

A) Equity share capital

| Particulars | INR In Million |
|---|----------------|
| Opening Balance | - |
| Changes in equity share capital during the year | 0.10 |
| Balance as at March 31, 2018 | 0.10 |

B) Other equity

| Particulars | Reserves and Surplus | Items of other comprehensive income | Total |
|--|----------------------|---|-----------------|
| | Retained earnings | Re -measurement of the defined benefit liabilities / (assets) | |
| Opening Balance | - | - | - |
| Profit / (Loss) for the period | (168.60) | - | (168.60) |
| Other comprehensive income for the period (net of tax) | - | - | - |
| Total comprehensive income | (168.60) | - | (168.60) |
| Balance as at March 31, 2018 | (168.60) | - | (168.60) |

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration no. 000939S

For and on behalf of Board of Directors



R Umesh

Partner

Mem. No. 27892



Subodh Marwah

Director

DIN: 05203422



Vikesh Kumar

Director

DIN: 07669087

Place :Bangalore

Date : May 4, 2018



STRIDES CONSUMER PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31,2018

| Particulars | INR In Million For the period ended 31 March, 2018 |
|---|--|
| A. Cash flow from operating activities | |
| Net Profit / (Loss) before tax | (168.60) |
| Adjustments for: | |
| -Depreciation and amortisation | 0.47 |
| -Finance costs | 3.95 |
| -Provision for gratuity & leave encashment | 0.73 |
| | 5.15 |
| Operating profit / (loss) before working capital changes | (163.45) |
| Changes in working capital: | |
| (Increase)/decrease in inventories | (4.71) |
| (Increase)/decrease in trade and other receivables | (18.99) |
| Increase/(decrease) in trade and other payables | 47.90 |
| Net Change in working capital | 24.20 |
| Net cash flow from / (used in) operating activities (A) | (139.25) |
| B. Cash flow from investing activities | |
| Capital expenditure on property, plant and equipment including capital advance | (0.02) |
| Capital expenditure on intangible assets | (8.50) |
| Net cash flow from / (used in) investing activities (B) | (8.52) |
| C. Cash flow from financing activities | |
| Advance from related parties | 48.04 |
| Proceeds from issue of share capital | 0.10 |
| Proceeds of long-term borrowings | 110.29 |
| Finance cost | (3.95) |
| Net cash flow from / (used in) financing activities (C) | 154.48 |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | 6.71 |
| Cash and cash equivalents at the beginning of the period | - |
| Cash and cash equivalents at the end of the period | 6.71 |
| Reconciliation of cash and cash equivalents with the Balance Sheet: | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 5) | 6.71 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in IndAS 7 Statement of Cash Flow. | - |
| Net Cash and cash equivalents (as defined in IndAS 7 Statement of Cash Flow) included in Note 5 | 6.71 |
| Add: Current investments considered as part of Cash and cash equivalents (as defined in IndAS 7 Statement of Cash Flow) | - |
| Cash and cash equivalents at the end of the period * | 6.71 |
| * Comprises: | |
| (a) Cash on hand | - |
| (b) Balances with banks - in current accounts | 6.71 |
| (c) Balances with banks - in fixed deposits | - |

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. 27892

Place :Bangalore
Date : May 4, 2018



For and on behalf of Board of Directors



Subodh Marwah

Director

DIN: 05203422



Vikesh Kumar

Director

DIN: 07669087



STRIDES CONSUMER PRIVATE LIMITED
Notes forming part of the financial statements

Note : 1

Property, plant and equipment

| Sl No | Description | Gross block | | | For the period | Depreciation | | Up to 31.03.2018 | INR In Million | |
|-------|--------------------------------|-----------------------------|-----------------------------|------------------|----------------|-----------------------------|------------------|------------------|----------------------------|-------------|
| | | Additions during the period | Deletions during the period | As on 31.03.2018 | | Deletions during the period | As on 31.03.2018 | | Net block As on 31.03.2018 | |
| 1 | Office equipment and computers | 0.02 | - | 0.02 | 0.01 | - | 0.01 | 0.01 | 0.01 | 0.01 |
| | Total | 0.02 | - | 0.02 | 0.01 | - | 0.01 | 0.01 | 0.01 | 0.01 |

Other Intangible assets

| Sl No | Description | Gross block | | | For the period | Amortization | | Up to 31.03.2018 | INR In Million | |
|-------|-------------------------|-----------------------------|-----------------------------|------------------|----------------|-----------------------------|------------------|------------------|----------------|-------------|
| | | Additions during the period | Deletions during the period | As on 31.03.2018 | | Deletions during the period | As on 31.03.2018 | | | |
| 1 | Registration and brands | 8.50 | - | 8.50 | 0.46 | - | 0.46 | 0.46 | 8.04 | 8.04 |
| | Total | 8.50 | - | 8.50 | 0.46 | - | 0.46 | 0.46 | 8.04 | 8.04 |
| | Grand Total | 8.52 | - | 8.52 | 0.47 | - | 0.47 | 0.47 | 8.05 | 8.05 |



STRIDES CONSUMER PRIVATE LIMITED
Notes Forming Part of the Financial Statements

Note
No.

| 2 Other non current assets | INR In Million | |
|------------------------------------|----------------|-------------|
| Particulars | 31-Mar-18 | |
| Unsecured, considered good: | | |
| - Security deposits | | 0.50 |
| Total | | 0.50 |

| 3 Inventories | INR In Million | |
|----------------|----------------|-------------|
| Particulars | 31-Mar-18 | |
| Finished goods | | 4.71 |
| Total | | 4.71 |

| 4 Trade receivables | INR In Million | |
|--|----------------|-------------|
| Particulars | 31-Mar-18 | |
| Unsecured: | | |
| Considered good | | 7.09 |
| Considered doubtful | | - |
| | | 7.09 |
| Less: Allowances for doubtful trade receivable | | - |
| Total | | 7.09 |

| 5 Cash and cash equivalents | INR In Million | |
|-----------------------------|----------------|-------------|
| Particulars | 31-Mar-18 | |
| Cash on hand | | - |
| Balance with banks: | | |
| - In current account | | 6.71 |
| Total | | 6.71 |

| 6 Other current assets | INR In Million | |
|---------------------------------------|----------------|--------------|
| Particulars | 31-Mar-18 | |
| Unsecured, considered good | | |
| Advances to suppliers | | 2.97 |
| Advances to employees | | - |
| Balances with government authorities: | | |
| - GST receivable | | 8.43 |
| Total | | 11.40 |

| 7 Equity share capital | INR In Million | |
|---|----------------|-------------|
| Particulars | 31-Mar-18 | |
| Authorised | | |
| 10,000 Equity shares of Rs. 100/- each with voting rights | | 1.00 |
| Total | | 1.00 |
| Issued, subscribed and fully paid-up | | |
| 1,000 Equity shares of Rs.100/- each with voting rights | | 0.10 |
| Total | | 0.10 |

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

| Particulars | 31-Mar-18 | |
|--------------------------------|---------------|----------------|
| | No. of Shares | INR In Million |
| Equity share of Rs. 100/- each | | |
| Opening balance | - | - |
| Issued during the year | 1,000 | 0.10 |
| Closing balance | 1,000 | 0.10 |

(b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of Rs. 100/- each:

The Company has only one class of equity shares, having a par value of Rs.100/-. 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.



STRIDES CONSUMER PRIVATE LIMITED
Notes Forming Part of the Financial Statements

Note

No.

(c) Shares held by holding company:

| Particulars | 31-Mar-18 | |
|----------------------------|---------------|-------------|
| | No. of Shares | % Of shares |
| M/s Strides Shasun Limited | 1,000 | 100% |
| Total | 1,000 | 100% |

8 Other Equity INR In Million

| Particulars | 31-Mar-18 |
|--|-----------------|
| Surplus in statement of profit and loss | |
| Opening balance | - |
| Add: (Loss) for the year | (168.60) |
| Closing balance | (168.60) |
| Items of other comprehensive income | |
| Opening balance | - |
| Add / (Less) : Other comprehensive income for the year | - |
| Add / (Less) : Tax impact on above | - |
| Closing balance | - |
| Total | (168.60) |

9 Non current borrowings INR In Million

| Particulars | 31-Mar-18 |
|-------------------------|---------------|
| Loan from related party | 110.28 |
| Total | 110.28 |

Note: The above loan carries an interest of 9.00% p.a.

10 Non current provisions INR In Million

| Particulars | 31-Mar-18 |
|------------------------|-------------|
| Provisions: | |
| - Gratuity | 0.25 |
| - Compensated absences | 0.26 |
| Total | 0.51 |

11 Trade payables INR In Million

| Particulars | 31-Mar-18 |
|---------------------------|--------------|
| Trade payables: | |
| - Other than acceptances | 23.48 |
| - Dues to related parties | 20.40 |
| Total | 43.88 |

12 Other current liabilities INR In Million

| Particulars | 31-Mar-18 |
|---------------------------|--------------|
| Dues to related parties | 48.04 |
| Other payables: | |
| - Statutory remittances | 3.94 |
| - Advances from customers | 0.08 |
| Total | 52.06 |

13 Current provisions INR In Million

| Particulars | 31-Mar-18 |
|------------------------|-------------|
| Provisions: | |
| - Gratuity | - |
| - Compensated absences | 0.23 |
| Total | 0.23 |



STRIDES CONSUMER PRIVATE LIMITED
Notes Forming Part of the Financial Statements

Note

No.

| 14 Revenue from operations | INR In Million |
|--|----------------|
| Particulars | 31-Mar-18 |
| Sale of products | 11.89 |
| Total | 11.89 |
| 15 Purchase of stock-in-trade | INR In Million |
| Particulars | 31-Mar-18 |
| Traded goods | 12.51 |
| Total | 12.51 |
| 16 Changes in inventories of stock-in-trade | INR In Million |
| Particulars | 31-Mar-18 |
| Inventories at the end of the period: | |
| - Stock-in-trade | 4.71 |
| | 4.71 |
| Inventories at the beginning of the period: | |
| - Stock-in-trade | - |
| | - |
| Net (increase) / decrease | (4.71) |
| 17 Employee benefits expenses | INR In Million |
| Particulars | 31-Mar-18 |
| Salaries and wages | 81.40 |
| Contributions to provident and other funds | 1.44 |
| Gratuity | 0.25 |
| Staff welfare expenses | 1.94 |
| Total | 85.03 |
| 18 Finance costs | INR In Million |
| Particulars | 31-Mar-18 |
| Interest expense on: | - |
| - Borrowings | 3.95 |
| - Bank charges and commission | 0.12 |
| Total | 4.07 |
| 19 Other Expenses | INR In Million |
| Particulars | 31-Mar-18 |
| Rent | 1.46 |
| Repairs and maintenances: | - |
| - Others | 1.05 |
| Insurance | - |
| Rates and taxes | 2.53 |
| Communication | 0.04 |
| Travelling and conveyance | 5.56 |
| Printing and stationery | 0.06 |
| Sales promotion | 50.83 |
| Legal and professional fees | 14.28 |
| Payments to auditors for statutory audit | 0.12 |
| Support service charges | 1.19 |
| Consumables & processing charges | 3.80 |
| Net loss on foreign currency transactions | - |
| Freight and forwarding | 2.15 |
| Miscellaneous expenses | 0.05 |
| Total | 83.12 |



STRIDES CONSUMER PRIVATE LIMITED
Notes forming part of the financial statements

20. Employee benefit plans

20.1 Defined contribution plans

The employees of the Company are members of a state-managed retirement benefit plan operated by the government. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

During the period, the Company has recognized the following amount in the Profit and Loss Account-

| Particulars | INR In Million |
|--|----------------|
| | 31-Mar-18 |
| Employers' Contribution to Provident Fund | 1.44 |
| Employers' Contribution to Employee state insurance scheme | 19.62 |

20.2 Defined benefit plans

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity under this Act. The amount of gratuity payable on termination / retirement is the last drawn basic salary per month of the employee proportionate for a period of 15 days per completed year of service. The above liability is not funded.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Valuation as at
31-Mar-18

| | |
|-------------------------------------|--------|
| Discount rate(s) | 7.40% |
| Expected rate(s) of salary increase | 10.00% |

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows.

31-Mar-18

| | |
|--|--------------------|
| Service cost: • | |
| Current service cost | 0.25 |
| Past service cost and (gain)/loss from settlements | - |
| Net interest expense | - |
| Components of defined benefit costs recognised in profit or loss | <u><u>0.25</u></u> |
| Remeasurement on the net defined benefit liability: | |
| Return on plan assets (excluding amounts included in net interest expense) | - |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | - |
| Actuarial (gains) / losses arising from experience adjustments | - |
| Others [describe] | - |
| Adjustments for restrictions on the defined benefit asset | - |
| Components of defined benefit costs recognised in other comprehensive income | - |
| Total | <u><u>0.25</u></u> |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.



STRIDES CONSUMER PRIVATE LIMITED
Notes forming part of the financial statements

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| | As At 31-Mar-18 |
|---|-----------------|
| Present value of defined benefit obligation | 0.25 |
| Fair value of plan assets | - |

| | The defined benefit plan is not funded. |
|--|---|
| Restrictions on asset recognised | - |
| Others [describe] | - |
| Net liability arising from defined benefit obligation | 0.25 |

| | Period ended 31-Mar-18 |
|--|---------------------------|
| Opening defined benefit obligation | - |
| Current service cost | 0.25 |
| Past service cost | - |
| Interest cost | - |
| Remeasurement (gains)/losses: | |
| Actuarial gains and losses arising from changes in demographic assumptions | - |
| Actuarial gains and losses arising from changes in financial assumptions | - |
| Actuarial gains and losses arising from experience adjustments | - |
| Others [describe] | - |
| Past service cost, including losses/(gains) on curtailments | - |
| Liabilities extinguished on settlements | - |
| Liabilities assumed in a business combination | - |
| Exchange differences on foreign plans | - |
| Benefits paid | - |
| Others [describe] | - |
| Closing defined benefit obligation | 0.25 |

| | 01-Apr-17 to 31-Mar-18 |
|-------------------------------------|------------------------------|
| Discount rate | |
| a. Discount rate - 100 basis points | 0.28 |
| b. Discount rate + 100 basis points | 0.23 |
| Salary increase rate | |
| a. Rate - 100 basis points | 0.23 |
| b. Rate + 100 basis points | 0.28 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

20.3 Actuarial Assumptions for Long-term Compensated Absence

| Actuarial Assumptions | Period ended 31-Mar-18 |
|---|---------------------------|
| Discount Rate | 7.40% |
| Salary escalation Rate | 10.00% |
| Attrition Rate | 0.00% |
| Charge In the Profit and Loss account - Rs. | 0.29 |
| Liability at the period end - Rs. | 0.29 |

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.

Expected future Cash outflows towards the plan are as follows-

| Financial Year | INR In Million |
|---------------------|----------------|
| 2018-19 | - |
| 2019-20 | - |
| 2020-21 | 0.02 |
| 2021-22 | 0.02 |
| 2022-23 | 0.04 |
| 2023-24 to 2028- 29 | 0.16 |



STRIDES CONSUMER PRIVATE LIMITED

Notes forming part of the financial statements

Note - 21

Earnings per share

| Particulars | 31-Mar-18 |
|---|-----------|
| Net profit after tax | (168.60) |
| Weighted average number of equity shares (No.s) | 1,000 |
| Earnings/(Loss) per share | (0.17) |
| Nominal value of equity shares | 100 |

Note - 22

Related party disclosures

| Party where the control exists | | Name of related party | | |
|--|--|----------------------------------|-----------------|-------------------|
| Holding Company | | Strides Shasun Limited | | |
| Fellow Subsidiary | | Strides Emerging Markets Limited | | |
| Enterprise owned / significantly influenced by KMP of Holding Company | | Tenshi Kaizen Private Limited | | |
| INR In Million | | | | |
| Sl No | Nature of Transaction | | Holding Company | Fellow Subsidiary |
| Related party transactions during the year ended March 31st, 2018 | | | | |
| 1 | Investment in equity | 2018 | 0.10 | - |
| 2 | Loans taken | 2018 | 110.29 | - |
| 3 | Interest on loan | 2018 | 3.95 | - |
| 4 | Purchase of goods | 2018 | - | 13.84 |
| 5 | Support service expenses | 2018 | 1.19 | - |
| 6 | Rental expenses | 2018 | 1.46 | - |
| 7 | Reimbursement for expenses incurred by | 2018 | 53.63 | - |
| 8 | Service availed from an enterprise owned / significantly controlled by KMP of Holding Company Rs. 3.76 Million /- (Balance Rs. 1.96 Million) | | | |
| Related party balances as at March 31st, 2018 | | | | |
| 9 | a) Loan payable | 2018 | 110.29 | - |
| | b) Advances payable | 2018 | 59.74 | - |
| | c) Trade payable | 2018 | - | 6.73 |

Note - 23

Details of leasing arrangements

INR In Million

| Particulars | 31-Mar-18 |
|--|-----------|
| Minimum lease payments debited to rent account | 1.46 |
| Future minimum lease payments: | |
| -Not later than 1 year | 1.05 |
| -Later than 1 year and not later than 5 years | - |
| -Later than 5 years | - |

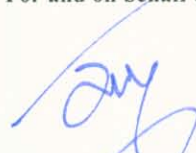
Note - 24

Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprises under The Micro, Small and Medium Enterprises Act, 2006 as at 31st March 2018.

Note - 25

Previous year figures have not been given, this being the first year of the Company.

For and on behalf of Board of Directors


Subodh Marwah
 Director
 DIN: 05203422


Vikesh Kumar
 Director
 DIN: 07669087

Place :Bangalore
 Date : May 4, 2018



STRIDES CONSUMER PRIVATE LIMITED
Notes forming part of the financial statements

Deferred tax balances

| <u>Particulars</u> | INR In Million | |
|--------------------------|-----------------|--|
| | As at 31-Mar-18 | |
| Deferred tax assets | - | |
| Deferred tax liabilities | - | |
| | - | |

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

| <u>Particulars</u> | INR In Million | |
|---|-----------------|--|
| | As at 31-Mar-18 | |
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | |
| -tax losses (revenue in nature) | 42.95 | |
| -tax losses (capital in nature) | - | |
| -unused tax credits (refer note below) | - | |
| -deductible temporary differences - u/s 40a(ia), 43B | 0.45 | |
| | 43.40 | |

Note: Deferred tax asset has not been recognised on the grounds of prudence



STRIDES CONSUMER PRIVATE LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH, 2018

NOTE – 26

COMPANY INFORMATION

Strides Consumer Private Limited is a pharmaceutical company which is headquartered in Bangalore, India. The Company trades in pharmaceutical products for human consumption in India.

During the year, the Company has acquired certain trademarks for expanding its operations in India and abroad.

NOTE – 27

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Company is a subsidiary of Strides Shasun Limited, a listed company which is required to prepare its financial statements in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, these financial statements are also prepared in accordance with Ind AS under the historical cost convention on the accrual basis with revenues recognized and expenses accounted on their accrual, including provisions / adjustments for committed obligations and amounts determined as payable or receivable during the year.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B. GOING CONCERN

The net worth of the Company as at the end of the year has been eroded in entirety due to the losses incurred for the year. Since the company is in initial stage of operation and the management is presently exploring the business opportunities that can be gainfully carried on by the Company. Hence taking into consideration the funds infused by the Holding Company to support the business operations, all principles applicable to a Going Concern have been applied in the preparation of these financial statements.

C. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby the 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.

D. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipments 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.

E. INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price including duties and taxes (other than those refundable subsequently from the authorities), and directly attributable expenditure incurred for making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefit in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case, such expenditure is added to the cost of the asset.



F. DEPRECIATION

Depreciation on Property, Plant and Equipments provided in the accounts on the basis of useful lives as assessed by the Management under the Straight Line Method basis as prescribed under Schedule II of the Companies Act, 2013.

Intangible assets comprising Brands have been amortised over the estimated useful life of such assets of 5 years, under the Straight Line Method basis as prescribed under Schedule II of the Companies Act, 2013.

G. REVENUE RECOGNITION

Revenue from sales is recognized on transfer of significant risks and rewards to the purchaser, which generally coincides with the delivery of the goods in terms of the arrangement with the purchaser. Sales are stated net of discounts, other taxes and sales returns.

H. TAXATION

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

Minimum alternate tax paid in accordance with the tax laws, which gives future economic benefits in the nature of adjustments to the future income tax liability is considered an asset if there is convincing evidence that the Company will pay normal tax in future.

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.

I. 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. Provisions are not discounted to their present value and are determined on the basis of the best estimate of the resources required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

J. IMPAIRMENT OF ASSETS

An asset is treated as impaired if 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. The recoverable amount is the greater of the net selling price or the value in use.

K. CONTINGENCIES

Contingent liabilities are not recognized and are shown by way of notes to the financial statements.

L. 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.



M. EMPLOYEE BENEFITS

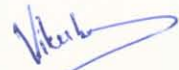
- i. Retirement benefits in the form of Provident Fund and Pension Schemes are charged on an accrual basis to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner.
- ii. Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation using the Projected Unit Credit Method, with the actuarial valuation being carried out at each balance sheet date. The liability is not funded.
- iii. Provision for Leave Encashment has been made based on an actuarial valuation carried out at each balance sheet date. The liability is not funded.

For and on behalf of the Board

Place : Bangalore
Date : May 4, 2018



Subodh Marwah
Director
DIN: 05203422



Vikesh Kumar
Director
DIN: 07669087

