



Strides Pharma Asia Pte. Ltd.
Registration Number: 201135552C

Annual Report
Year ended 31 March 2022

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2022.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement, having regard to the financial support provided by the immediate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, notwithstanding the deficiency in net current assets.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mohana Kumar Pillai
 Dr. Kausalya Santhanam
 Christoph Wilhelm Funke (Appointed on 16 November 2021)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate holding company Strides Pharma Science Limited				
<i>Equity shares</i>				
Mohana Kumar Pillai	150,000	150,000	190,000	190,000
Dr. Kausalya Santhanam	3	1,203	1,000*	1,000*
*Joint holding with Spouse				

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Axis Dot Ventures Pte. Ltd.				
<i>Ordinary shares</i>				
Mohana Kumar Pillai	1	1	–	–
Admire Ventures Pte. Limited				
<i>Ordinary shares</i>				
Mohana Kumar Pillai	1	1	–	–
Tenshi Assisted Living Pvt. Ltd, India				
<i>Equity shares</i>				
Mohana Kumar Pillai	5,000	5,000	–	–
Devicam Capital LLP, India				
<i>Contribution</i>				
Mohana Kumar Pillai	30,000,000	30,000,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Mohana Kumar Pillai
Director

Christoph Wilhelm Funke
Director

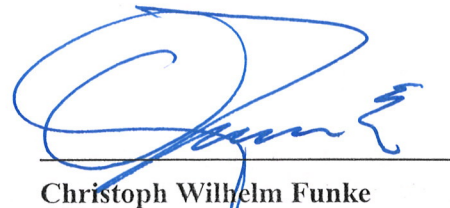
November 7, 2022

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On behalf of the Board of Directors

Mohana Kumar Pillai
Director



Christoph Wilhelm Funke
Director

November 7, 2022



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Independent auditors' report

Member of the Company
Strides Pharma Asia Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strides Pharma Asia Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Financial Reporting Standards in Singapore ('FRSS') so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information comprises of the Directors' statement.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

9 November 2022

Statement of financial position
As at 31 March 2022

	Note	2022 US\$	2021 US\$
Assets			
Investments in subsidiaries	5	209,826,584	210,742,158
Other receivables	7	–	421,749
Non-current assets		<u>209,826,584</u>	<u>211,163,907</u>
Cash and cash equivalents	6	295,419	319,241
Other receivables	7	457,267	63,603
Current assets		<u>752,686</u>	<u>382,844</u>
Total assets		<u>210,579,270</u>	<u>211,546,751</u>
Equity			
Share capital	8	175,329,360	175,329,360
Retained earnings		<u>23,353,276</u>	<u>23,353,363</u>
Total equity		<u>198,682,636</u>	<u>198,682,723</u>
Liabilities			
Other payables	9	3,844,065	4,811,459
Provisions	16	8,000,000	8,000,000
Current tax liabilities		52,569	52,569
Current liabilities		<u>11,896,634</u>	<u>12,864,028</u>
Total liabilities		<u>11,896,634</u>	<u>12,864,028</u>
Total equity and liabilities		<u>210,579,270</u>	<u>211,546,751</u>

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
Year ended 31 March 2022

	Note	2022 US\$	2021 US\$
Commissions for guarantees		6,401	2,652
Other income	10	8,671	1,936,706
Administrative expenses	11	(39,820)	(160,584)
Finance income	12	28,222	28,135
Finance costs	12	(3,561)	(1,679,518)
Net finance income/(costs)	12	24,661	(1,651,383)
(Loss)/Profit before tax		(87)	127,391
Tax expense	13	—	—
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year		(87)	127,391

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2022

	Share capital US\$	Retained earnings US\$	Total equity US\$
At 1 April 2020	175,329,360	28,032,672	203,362,032
Total comprehensive income for the year			
Profit for the year	–	127,391	127,391
Total comprehensive income for the year	–	127,391	127,391
Transactions with owners, recognised directly in equity			
Distributions to owners			
Equity dividend payable	–	(4,806,700)	(4,806,700)
Total distributions to owners	–	(4,806,700)	(4,806,700)
At 31 March 2021	175,329,360	23,353,363	198,682,723
At 1 April 2021	175,329,360	23,353,363	198,682,723
Total comprehensive loss for the year			
Loss for the year	–	(87)	(87)
Total comprehensive loss for the year	–	(87)	(87)
At 31 March 2022	175,329,360	23,353,276	198,682,636

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2022

	Note	2022 US\$	2021 US\$
Cash flows from operating activities			
(Loss)/Profit for the year		(87)	127,391
Adjustments for:			
Interest income		(28,222)	(28,135)
Interest expense		3,561	–
Guarantee commission		–	1,679,518
Gain on sale of investment in a subsidiary		–	(1,873,512)
		<u>(24,748)</u>	<u>(94,738)</u>
Changes in:			
- other receivables		56,306	(601)
- other payables		(333,819)	516,612
Cash generated from operations		<u>(302,261)</u>	<u>421,273</u>
Income tax paid		–	–
Net cash (used in)/generated from operating activities		<u>(302,261)</u>	<u>421,273</u>
Cash flows from investing activities			
Loan to a subsidiary		–	(259,896)
Capital contribution to a subsidiary	A	(14,000)	(31,021)
Repayment of capital from a subsidiary	A	2,000,000	2,860,000
Proceeds from sale of investment in subsidiary		–	1,978,524
Settlement of legal and professional fees related to the sale of investment in subsidiary		–	(105,012)
Net cash from investing activities		<u>1,986,000</u>	<u>4,442,595</u>
Cash flows from financing activities			
Repayment of guarantee commission and bank charges		(3,561)	(1,679,518)
Dividend paid		(1,704,000)	(3,102,700)
Net cash used in financing activities		<u>(1,707,561)</u>	<u>(4,782,218)</u>
Net (decrease)/increase in cash and cash equivalents		(23,822)	81,650
Cash and cash equivalents at beginning of the year		319,241	237,591
Cash and cash equivalents at end of the year	6	<u>295,419</u>	<u>319,241</u>

Note A:

During the current year, the Company transferred additional funds to its subsidiary, Arrow Pharma Pte. Ltd., amounting to US\$14,000 (2021: US\$31,021) and received a repayment of capital from its subsidiary, Strides Pharma Global Pte. Limited, amounting to US\$2,000,000 (2021: US\$2,860,000).

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 November 2022.

1 Domicile and activities

Strides Pharma Asia Pte. Ltd. (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 3 Tuas South Avenue 4, Singapore 637610.

The principal activity of the Company is that of an investment holding company.

The immediate and ultimate holding company is Strides Pharma Science Limited, which is incorporated in India, and listed on the National Stock Exchange and Bombay Stock Exchange in India.

As the Company meets the exemption criteria in FRS 110 *Consolidated Financial Statements*, it does not need to prepare consolidated financial statements and it only presents the Company's separate financial statements. Consolidated financial statements prepared by the ultimate holding company Strides Pharma Science Limited are available from www.strides.com.

2 Going concern

The financial statements of the Company have been prepared on a going concern basis, notwithstanding the deficiency in net current assets of US\$11,143,948 for the year ended 31 March 2022 (2021: US\$12,481,184), as the immediate holding company will and is able to provide the necessary financial support to enable the Company to continue its operations as a going concern and to pay its debts as and when they fall due.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (FRSs). The changes to significant accounting policies are described in note 3.5.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency. All financial information presented in United States dollars have been rounded to the nearest dollar, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment within the next financial year are included in Note 16 – contingent liability

In the process of applying the Company's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as described above.

3.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. On disposal of an investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

4.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Financial liabilities comprise other payables.

(iii) *Derecognition*

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

The Company's redeemable preference shares are classified as equity. Non-discretionary dividends and redemption in cash by the holders are subject to approval from the Board of Directors of the Company.

4.4 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- debt investments measured at FVOCI; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

4.5 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

4.6 Finance income and finance costs

Interest income or expense is recognised on a time proportion basis, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Bank charges are recognised in profit or loss in the period in which they are incurred.

4.7 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.8 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new FRSs interpretations and amendments to FRSs are not expected to have significant impact on the Company's financial statements.

5 Investments in subsidiaries

	2022 US\$	2021 US\$
Unquoted equity shares, at cost	7,359,605	6,242,158
Unquoted preference shares, at cost	178,226,979	178,226,979
Amount due from a subsidiary	24,240,000	26,273,021
	<u>209,826,584</u>	<u>210,742,158</u>

Unquoted equity shares, at cost

The movements of unquoted equity shares, at cost are as follows:

	2022 US\$	2021 US\$
At 1 April	6,242,158	6,242,158
Subscription of additional shares	1,117,447	–
At 31 March	<u>7,359,605</u>	<u>6,242,158</u>

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2022	2021	
		%	%	
Strides Pharma Global Pte. Limited	Singapore	100	100	Manufacturing and trading of pharmaceutical products
Stelis Biopharma (Malaysia) Sdn Bhd	Malaysia	100	100	Trading of pharmaceutical products
Trinity Pharma (Pty) Ltd.	South Africa	51.76	51.76	Trading of pharmaceutical products
Arrow Pharma Pte. Ltd.	Singapore	100	100	Trading of pharmaceutical products

Unquoted preference shares, at cost

Preference shares carry non-cumulative dividends at an annual rate of 12% of the issue price per share in preference to the ordinary shares, payable out of distributable profits of the financial year, subject to approval by the ordinary shareholders resolution at a general meeting.

Amount due from a subsidiary

Amount due from a subsidiary is unsecured, non-interest bearing and settlement is neither planned nor likely to occur in the foreseeable future as the amounts are intended for acquisition of additional equity shares in the subsidiaries in future periods. Accordingly, the amounts are recorded as the Company's investment in subsidiaries in the statement of financial position.

6 Cash and cash equivalents

	2022	2021
	US\$	US\$
Cash at bank	295,419	319,241

7 Other receivables

	2022	2021
	US\$	US\$
Non-current		
Loan to a subsidiary	–	421,749
Current		
Amounts due from subsidiaries (non-trade)	–	59,901
Amounts due from other related parties (non-trade)	–	3,702
Loan to a subsidiary	457,267	–
	457,267	63,603
	457,267	485,352

Loan to a subsidiary is unsecured, denominated in South African Rand, with effective interest rate of 7% per annum and repayable in June 2022.

Non-trade balances due from the ultimate holding company, subsidiaries and other related parties are unsecured, interest free and repayable on demand.

8 Share capital

	2022	2021	2022	2021
	Number of shares		US\$	US\$
Fully paid ordinary shares, with no par value:				
Issued and paid up:				
At beginning and end of the year	142	142	175,329,360	175,329,360
Total issued capital			175,329,360	175,329,360

All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

Fully paid ordinary shares, with no par value

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company:

For the year ended 31 March

	2022	2021
	US\$	US\$
Paid by the Company to owners of the Company		
US\$NIL per qualifying ordinary share (2021: US\$33,850)	—	4,806,700

Capital management

The capital structure of the Company consists of issued capital, monies pending allotment and retained earnings.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

9 Other payables

	2022	2021
	US\$	US\$
Amount due to a subsidiary	3,412,251	2,236,752
Amounts due to other related parties	–	302,241
Amounts due to holding company	196,406	105,012
Dividend payable to ultimate holding company	–	1,704,000
Other payables	235,408	463,454
	3,844,065	4,811,459

The non-trade amounts due to a subsidiary and other related parties are unsecured, repayable on demand and non-interest bearing.

10 Other income

	2022	2021
	US\$	US\$
Net foreign exchange gain	8,671	63,194
Net gain on sale of investment in a subsidiary	–	1,873,512
	8,671	1,936,706

11 Administrative expenses

	2022	2021
	US\$	US\$
Legal and professional fees	28,301	34,182
Others	11,519	126,402
	39,820	160,584

12 Net finance costs

	2022	2021
	US\$	US\$
Finance income		
Interest income on loans due from a subsidiary	28,222	28,135
Finance costs		
Bank charges	(3,561)	(2,804)
Guarantee commission due to ultimate holding company	–	(1,676,714)
Finance costs	(3,561)	(1,679,518)
Net finance costs	24,661	(1,651,383)

13 Tax expense

	2022	2021
	US\$	US\$
Current tax expense		
Current year	—	—
<hr/>		
<i>Reconciliation of effective tax rate</i>		
(Loss)/Profit before tax	(87)	127,391
Tax using the Singapore tax rate of 17% (2021: 17%)	(15)	21,656
Non-deductible expenses	15	296,841
Non-taxable income	—	(318,497)
Income tax expense recognised in profit or loss	—	—

14 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Company does not have a formal risk management policies and guidelines. However, the Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and debt investments.

The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

The Company's major classes of financial assets are other receivables and cash and cash equivalents.

Other receivables

At the end of the reporting period, there were amounts due from subsidiaries and other related parties amounting to US\$457,267 (2021: US\$481,644) and US\$NIL (2021: US\$3,702) respectively. The directors are of the opinion that these counterparties are not expected to have a significant risk of loss due to good credit records.

Cash and cash equivalents

The Company held cash and cash equivalents of US\$295,419 at 31 March 2022 (2021: US\$319,241) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are regulated.

Impairment losses

Financial assets comprise other receivables and cash and cash equivalents. Accordingly, the Company's exposure to expected credit loss is insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Carrying amount US\$	Contractual cash flows US\$	Within 1 year US\$
2022			
Other payables	<u>3,844,065</u>	<u>3,844,065</u>	<u>3,844,065</u>
2021			
Other payables	<u>4,811,459</u>	<u>4,811,459</u>	<u>4,811,459</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company incurs foreign currency exposure on other payables that are denominated in a currency other than United States dollar (“USD”). The currency giving rise to these risks are primarily Australian dollar and British pound. The Company monitors its net exposure to these foreign currencies to ensure it remains insignificant.

Exposure to currency risk

The Company’s exposures to foreign currency at the end of the reporting period are as follows:

	2022		2021	
	Assets US\$	Liabilities US\$	Assets US\$	Liabilities US\$
South African rand	457,268	–	421,751	–
Singapore dollar	–	(50,405)	–	(29,505)
Great Britain Pound	–	(19,489)	–	–

Sensitivity analysis

A 1% strengthening/(weakening) of United States dollar against the following currencies at the reporting date would have increased/(decreased) equity and profit or loss before income tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2022 US\$	2021 US\$
Profit/(loss)		
South African rand	(4,572)	(4,217)
Singapore dollar	504	295
Great Britain Pound	194	–
	<u>(3,874)</u>	<u>(3,922)</u>

Interest rate risk

Risk management policy

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, there are no interest-bearing financial instruments other than cash and cash equivalents. Hence, the Company’s exposure to interest rate risk is insignificant.

Classifications and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 4 describe how the classes of financial instruments are measured, including fair value gains and losses, are recognised.

The classifications of financial assets that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value. This includes cash and cash equivalents and other receivables that are classified as financial assets held at amortised cost.

All financial liabilities that are not measured at fair value have carrying amounts which are a reasonable approximation of fair value and are classified as financial liabilities at amortised cost.

15 Related parties transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2022 US\$	2021 US\$
Director fees paid	6,000	5,963

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2022 US\$	2021 US\$
Ultimate holding company		
Dividend declared	–	4,806,700
Reimbursement of expenses paid by ultimate holding company on behalf of SPA	196,406	105,012
Subsidiary		
Interest income	28,222	28,135
Reimbursement of expenses paid by subsidiary on behalf of SPA	20,705	–
Other related parties		
Support service expense	1,317	1,322

16 Contingent liability

Mylan Tax Matter

On 4 December 2013, the ultimate holding company and the Company disposed equity interests in Agila Specialties Private Limited and Agila Specialties Global Pte Limited (collectively known as 'the Agila') to Mylan Laboratories Limited and Mylan Investments Inc. (collectively known as 'the Mylan') pursuant to separate agreements, each dated as of 27 February 2013 (the "SPAs") (Strides Pharma Science Limited and Strides Pharma Asia Pte. Ltd., together referred to as "Strides").

In accordance with the terms of the SPAs and other transaction documents, certain amounts were set aside under separate deposit/escrow accounts which were required to be utilised for specified expenses during the specified period. These included separate escrow/deposit of US\$100,000,000 in respect of potential claims in relation to certain regulatory concerns ("Regulatory escrow") and US\$100,000,000 in respect of potential claims in relation to warranties and indemnities, including tax ("General Claims Escrow").

Given the uncertainties involved and in the absence of a right to receive, the amounts under the deposit/escrow arrangements were not included in the consideration accounted as income by the Company at the time of disposal of the investment. Receipts from these deposit/escrow accounts were recognised subsequently (net of related expenses incurred) in the period in which the amounts were received by the Company.

In previous years, the Company received notification of claims from Mylan under the terms of the SPAs. These included claims against the regulatory escrows, tax claims, warranty and indemnity claims, and third party claims. Under the terms of the SPAs, claims against the Company can only be made under specific provisions contained in the SPAs which include the procedures and timelines for submission of notifications of claims and actual claims and commencing arbitration proceedings.

A significant portion of these claims were settled out of the Regulatory Escrow deposit and the remaining balance of the Escrow account was recognised as income on full and final settlement of related claims. Further, the Company and Mylan also agreed on full and final settlement of warranty and indemnity claims to be adjusted against the 'General Claims Escrow'.

In the earlier years, the arbitration proceedings with respect to the third party claims have been settled. The Company and Mylan have entered into an agreement whereby Mylan has released the pending balance in Escrow account of US\$50,962,287. There are certain tax claims which are pending under the terms of the SPAs for which the Company has created adequate provisions in the books. In 2021 financial year, some of the open tax claims were settled and the company recognised a net gain on settlement of US\$1,873,512 in other income in the statement of profit and loss and other comprehensive income.

There has been no settlement yet of the remaining matters and the Company continues to maintain a provision as at 31 March 2022 of US\$8,000,000 (2021: US\$8,000,000).

Financial guarantee

Financial guarantee comprises a guarantee given by the Company to banks in respect of banking facilities amounting to US\$87,710,000 (2021: US\$77,335,000) granted to a wholly-owned subsidiary. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

