

Registered number: 05282304

STRIDES ARCOLAB INTERNATIONAL LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

STRIDES ARCOLAB INTERNATIONAL LTD

COMPANY INFORMATION

Directors	Mr. V Kumar Mr R Visvanathan Dr K Santhanam
Registered number	05282304
Registered office	Unit 4 Metro Centre Tolpits Lane Watford Hertfordshire WD18 9SS
Independent auditor	MHA Chartered Accountants & Statutory Auditor 2 London Wall Place London EC2Y 5AU

STRIDES ARCOLAB INTERNATIONAL LTD

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STRIDES ARCOLAB INTERNATIONAL LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2023.

Business review

Performance

Loss for the year after tax in 2023 was US\$15.84m (2022: US\$2.99m (loss)) as a result of interest expenses and impairment of investments.

No dividend was declared for the financial year ended 31 March 2023.

Strides Arcolab International Ltd is predominantly an investment entity. The Company has borrowed funds from group undertakings to make investments and advances monies to group undertakings.

Principal risks and uncertainties

Principal risks affecting the business are operational risk and movement in value of the investments held by the company in subsidiaries and other entities.

The Company closely monitors the performance of subsidiaries in which the investments are made, also any further investments would be made after the relevant due diligence and validation.

During 2022-23, investment in other entities has been partially reduced due to significant erosion in value of investments.

Currency

Since majority of the receivables and payables from group undertakings are denominated in USD, the company's currency exposure is minimised.

Interest risk

The Company has taken loans from the group undertakings at a fixed rate of interest, to remove the risks due to interest rate fluctuation.

Credit and Liquidity

The receivables and payables are majorly from group undertakings and are supported by the group and parent companies, the credit and liquidity risk are minimal.

Other Operational risks

Since the company is an investment entity there are no operational risk due related to trading.

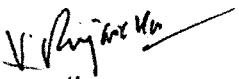
Future Developments

During 2024-25 the Company will focus on providing necessary support for the growth and expansions for the entities it has invested in.

STRIDES ARCOLAB INTERNATIONAL LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board and signed on its behalf.


Mr R Visvanathan
Director
Date: 07/12/2023

STRIDES ARCOLAB INTERNATIONAL LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company is the holding of investments.

Results and dividends

The loss for the year, after taxation, amounted to \$15,844,649 (2022 - loss \$2,991,064).

No dividend was declared for the financial year ended 31 March 2023 (2022 - £nil).

Directors

The directors who served during the year were:

Mr. V Kumar
Mr. K T Parthasarathy (resigned 30 September 2022)
Mr R Visvanathan
Dr K Santhanam

Future developments

Please refer to the strategic report for details of future business developments.

STRIDES ARCOLAB INTERNATIONAL LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Following a rebranding exercise on 15 May 2023, the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

This report was approved by the board on 07/12/2023 and signed on its behalf.



Mr R Visvanathan
Director

STRIDES ARCOLAB INTERNATIONAL LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRIDES ARCOLAB INTERNATIONAL LTD

Opinion

We have audited the financial statements of Strides Arcolab International Ltd (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

STRIDES ARCOLAB INTERNATIONAL LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRIDES ARCOLAB INTERNATIONAL LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

STRIDES ARCOLAB INTERNATIONAL LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRIDES ARCOLAB INTERNATIONAL LTD
(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increased the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditors
London, United Kingdom
Date:

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

STRIDES ARCOLAB INTERNATIONAL LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Administrative expenses		(13,521,971)	18,653
Operating (loss)/profit	4	<u>(13,521,971)</u>	<u>18,653</u>
Interest payable and similar expenses	8	(3,592,068)	(3,009,717)
Loss before tax		<u>(17,114,039)</u>	<u>(2,991,064)</u>
Tax on loss	9	1,269,390	-
Loss for the financial year		<u><u>(15,844,649)</u></u>	<u><u>(2,991,064)</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:\$NIL).

The notes on pages 13 to 24 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LTD
REGISTERED NUMBER: 05282304

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 \$	2022 \$
Fixed assets			
Investments	10	112,084,241	124,621,958
		<u>112,084,241</u>	<u>124,621,958</u>
Current assets			
Debtors: amounts falling due within one year	11	7,248,252	6,040,045
Cash at bank and in hand	12	294,240	299,770
		<u>7,542,492</u>	<u>6,339,815</u>
Creditors: amounts falling due within one year	13	(5,181,909)	(5,384,368)
Net current assets		<u>2,360,583</u>	<u>955,447</u>
Total assets less current liabilities		<u>114,444,824</u>	<u>125,577,405</u>
Creditors: amounts falling due after more than one year	14	(67,471,710)	(62,759,642)
Net assets		<u>46,973,114</u>	<u>62,817,763</u>
Capital and reserves			
Called up share capital	17	44,035,560	44,035,560
Share premium account	18	41,250,762	41,250,762
Foreign exchange reserve	18	(606,712)	(606,712)
Profit and loss account	18	(37,706,496)	(21,861,847)
		<u>46,973,114</u>	<u>62,817,763</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mr R Visvanathan
Director

Date: 07/12/2023

The notes on pages 13 to 24 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital \$	Share premium account \$	Foreign exchange reserve \$	Profit and loss account \$	Total equity \$
At 1 April 2021	44,035,560	41,250,762	(606,712)	(18,870,783)	65,808,827
Comprehensive income for the year					
Loss for the year	-	-	-	(2,991,064)	(2,991,064)
At 1 April 2022	<u>44,035,560</u>	<u>41,250,762</u>	<u>(606,712)</u>	<u>(21,861,847)</u>	<u>62,817,763</u>
Comprehensive income for the year					
Loss for the year	-	-	-	(15,844,649)	(15,844,649)
At 31 March 2023	<u><u>44,035,560</u></u>	<u><u>41,250,762</u></u>	<u><u>(606,712)</u></u>	<u><u>(37,706,496)</u></u>	<u><u>46,973,114</u></u>

The notes on pages 13 to 24 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	\$	\$
Cash flows from operating activities		
Loss for the financial year	(15,844,649)	(2,991,064)
Adjustments for:		
Impairments of investments	13,638,717	-
Interest paid	3,592,068	3,009,717
(Increase) in debtors	(897)	(14,973)
(Increase)/decrease in amounts owed by groups	(1,207,310)	154,475
(Decrease) in creditors	(683)	(1,561,013)
(Decrease)/increase in amounts owed to groups	(201,776)	1,365,640
Net cash generated from operating activities	(24,530)	(37,218)
Cash flows from investing activities		
Purchase of fixed asset investments	(1,101,000)	(19,995,633)
Net cash from investing activities	(1,101,000)	(19,995,633)
Cash flows from financing activities		
Other new loans	1,120,000	20,000,000
Net cash used in financing activities	1,120,000	20,000,000
Net (decrease) in cash and cash equivalents	(5,530)	(32,851)
Cash and cash equivalents at beginning of year	299,770	332,621
Cash and cash equivalents at the end of year	294,240	299,770
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	294,240	299,770
	294,240	299,770

The notes on pages 13 to 24 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LTD

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 \$	Cash flows \$	At 31 March 2023 \$
Cash at bank and in hand	299,770	(5,530)	294,240
Debt due after 1 year	(62,759,642)	(4,712,068)	(67,471,710)
	<u>(62,459,872)</u>	<u>(4,717,598)</u>	<u>(67,177,470)</u>

The notes on pages 13 to 24 form part of these financial statements.

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Strides Arcolab International Ltd is a private company limited by shares incorporated in England & Wales within the United Kingdom. The address of the registered office is Unit 4 Metro Centre, Tolpits Lane, Watford, Hertfordshire, WD18 9SS. The financial statements cover a period from 1 April 2022 to 31 March 2023.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is exempt from producing consolidated accounts under S.401 Companies Act 2006, as the parent company, Strides Pharma Science Limited, produces consolidated accounts for the group.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The Directors have also considered the availability of continued financial support from the parent company – Strides Pharma Science Limited, in evaluating their assessment.

The Company incurred a loss of \$15,844,649 (2022: \$2,991,064) and, as at the year end date, its net asset position was \$46,973,114 (2022: \$62,817,763). The Company has its investments in subsidiaries operating in the UK and USA markets and the management believes there is huge potential for these subsidiaries to be able to help the Company to realise their assets and discharge their liabilities.

Based on these assessments and having regard to the available financial support, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD, and the financial statements are rounded to the nearest US\$.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Financial instruments (continued)

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgments in applying the company's accounting policies

The following are considered to be critical judgments that the directors have made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the statutory financial statements.

Assessing indicators of investments impairment

In assessing whether there have been any indicators of impairment in investments, the directors have considered both external and internal sources of information such as market conditions, third party valuation reports and experience of recoverability.

Recoverability of intercompany debtors

The directors believe that all intercompany debtors at the year end other than what has been provided for are recoverable.

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023	2022
	\$	\$
Exchange differences	<u>(154,054)</u>	<u>(21,349)</u>

5. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023	2022
	\$	\$
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>16,678</u>	<u>16,027</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	\$	\$
Directors fees	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,000</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Number of employees	<u>4</u>	<u>4</u>

7. Directors' remuneration

	2023	2022
	\$	\$
Directors' emoluments	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,000</u>

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Interest payable and similar expenses

	2023	2022
	\$	\$
Loans from group undertakings	3,592,068	3,009,717
	<u>3,592,068</u>	<u>3,009,717</u>

9. Taxation

	2023	2022
	\$	\$
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Group relief	(1,269,390)	-
Total deferred tax	<u>(1,269,390)</u>	<u>-</u>
Tax on loss	<u>(1,269,390)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023	2022
	\$	\$
Loss on ordinary activities before tax	<u>(17,114,039)</u>	<u>(2,991,064)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(3,251,667)	(568,302)
Effects of:		
Expenses not deductible for tax purposes	2,867,752	-
Remeasurement of deferred tax for changes in tax rates	(121,237)	568,302
Movement in deferred tax not recognised	(764,238)	-
Total tax charge for the year	<u>(1,269,390)</u>	<u>-</u>

Factors that may affect future tax charges

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Taxation (continued)

From 1 April 2023 the main rate of corporation tax will increase from 19% to 25%.

10. Fixed asset investments

	Investments in subsidiary companies \$	Investments in associates \$	Total \$
Cost or valuation			
At 1 April 2022	102,583,241	25,488,717	128,071,958
Additions	1,101,000	-	1,101,000
At 31 March 2023	<u>103,684,241</u>	<u>25,488,717</u>	<u>129,172,958</u>
Impairment			
At 1 April 2022	-	3,450,000	3,450,000
Charge for the period	-	13,638,717	13,638,717
At 31 March 2023	<u>-</u>	<u>17,088,717</u>	<u>17,088,717</u>
Net book value			
At 31 March 2023	<u>103,684,241</u>	<u>8,400,000</u>	<u>112,084,241</u>
At 31 March 2022	<u>102,583,241</u>	<u>22,038,717</u>	<u>124,621,958</u>

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Strides Pharma Inc	2 Tower Centre Blvd, Suite 1102, East Brunswick, NJ 08816, US	Ordinary	100
Stabilis Pharma Inc	197 State Route 18 #102, East Brunswick, NJ 08816.	Ordinary	100
Strides Pharma Global (UK) Ltd	Unit 4, Metro Centre, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9SS	Ordinary	90

On July 1, 2022, Stabilis Pharma the wholly owned subsidiary merged with Strides Pharma Inc (another wholly owned subsidiary) of the company.

11. Debtors

	2023	2022
	\$	\$
Amounts owed by group undertakings	7,229,105	6,021,795
Other debtors	19,147	18,250
	<u>7,248,252</u>	<u>6,040,045</u>

Amounts owed by group undertakings, which are due within one year, are interest free, unsecured and due on demand.

12. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	294,240	299,770
	<u>294,240</u>	<u>299,770</u>

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Creditors: Amounts falling due within one year

	2023	2022
	\$	\$
Amounts owed to group undertakings	5,164,773	5,366,549
Accruals and deferred income	17,136	17,819
	<u>5,181,909</u>	<u>5,384,368</u>

Amounts owed to group undertakings, which are due within one year, are interest free, unsecured and repayable on demand.

14. Creditors: Amounts falling due after more than one year

	2023	2022
	\$	\$
Amounts owed to group undertakings	67,471,710	62,759,642
	<u>67,471,710</u>	<u>62,759,642</u>

Amounts included in creditors, falling due after more than one year, are related to intercompany loans (note 15) and interest is charged on principle amount at 6.5% per annum. The intercompany loans are unsecured.

15. Loans

Analysis of the maturity of loans is given below:

	2023	2022
	\$	\$
Amounts falling due 2-5 years		
Intercompany loans	67,471,710	62,759,642
	<u>67,471,710</u>	<u>62,759,642</u>
	<u>67,471,710</u>	<u>62,759,642</u>

STRIDES ARCOLAB INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Financial instruments

	2023	2022
	\$	\$
Financial assets		
Financial assets measured at amortised cost	294,240	299,770
Financial assets that are debt instruments measured at amortised cost	7,248,252	6,040,045
	<u>7,542,492</u>	<u>6,339,815</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(72,653,619)</u>	<u>(68,144,010)</u>

Financial assets measured at amortised cost comprise of cash at bank.

Financial assets measured at amortised cost comprise of amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise intercompany loans, amounts due to group undertakings and accruals.

17. Share capital

	2023	2022
	\$	\$
Allotted, called up and fully paid		
30,306,148 (2022 - 30,306,148) Ordinary shares of £1.00 each	<u>44,035,560</u>	<u>44,035,560</u>

18. Reserves

Share premium account

The share premium has arisen on conversion of preference shares to ordinary equity.

Foreign exchange reserve

The foreign exchange reserve arises on the translation of the opening net assets and reserves, with exchange differences arising on translation accumulated in equity. The presentational currency of the accounts was changed from Sterling to USD in a previous year.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

STRIDES ARCOLAB INTERNATIONAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Contingent liabilities

Financial guarantee comprises a guarantee given by the Company to banks in respect of banking facilities amounting to £4M 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.

20. Related party transactions

As the company is a wholly owned subsidiary of Strides Pharma Science Limited, the company has taken advantage of the exemption in FRS102 para 33.1A and has therefore not disclosed transactions or balances with other wholly-owned subsidiaries which form part of the group headed by Strides Pharma Science Limited.

During Aug 2022, the investments held by the Company in Strides Global consumer healthcare limited reduced below 20% and do not have any representation in the Board of Directors. Hence the Company no longer have any significant influence over Strides Global consumer healthcare.

At the balance sheet date, an amount of \$26,569 (2022: \$26,569) was due from Strides Global Consumer Healthcare Limited, an associated company.

During the year, Dr K Santhanam was paid directors sitting fees of \$6,000 (2022: \$6,000), as at the year end no amounts were outstanding in respect of this. At the balance sheet date, an amount of \$3,000 (2022: \$Nil) was payable to Dr K Santhanam, a director of the company.

21. Controlling party

The company is 100% owned by Strides Pharma Science Limited, an entity registered in India, which is also the ultimate parent undertaking. The consolidated accounts are available at the registered address of the ultimate parent. The address is 201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703, India. There is no ultimate controlling party.

STRIDES ARCOLAB INTERNATIONAL LTD

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	2023 \$	2022 \$
Overheads		
Administration expenses	(13,521,971)	18,653
Operating (loss)/profit	<u>(13,521,971)</u>	<u>18,653</u>
Interest payable	(3,592,068)	(3,009,717)
Tax on loss on ordinary activities	1,269,390	-
Loss for the year	<u><u>(15,844,649)</u></u>	<u><u>(2,991,064)</u></u>

STRIDES ARCOLAB INTERNATIONAL LTD

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	\$	\$
Administration expenses		
Directors fees	6,000	6,000
Legal and professional	14,335	17,550
Auditors' remuneration	16,678	16,027
Bank charges	295	1,672
Difference on foreign exchange	(154,054)	(21,349)
Impairment of investments	13,638,717	-
VAT interest waived	-	(38,553)
	<u>13,521,971</u>	<u>(18,653)</u>
	2023	2022
	\$	\$
Interest payable		
Group interest payable	(3,592,068)	(3,009,717)
	<u>3,592,068</u>	<u>3,009,717</u>