

**STRIDES CIS LIMITED**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2018

# STRIDES CIS LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS	PAGE
Board of Directors and other officers	1
Independent auditor's report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 16

# STRIDES CIS LIMITED

---

## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Angeliki Eliades  
Mohana Kumar Pillai  
Maria Stella Katsari  
Yiannis Eliades  
Vikesh Kumar  
Vinod Padmanabhan (appointed on 19 July 2017)

**Company Secretary:**

Calmco Secretarial Ltd  
21 Demostheni Severi Avenue  
Anna Court - 5th Floor  
1080 Nicosia

**Registered office:**

Julia House  
3 Themistocles Dervis  
1066 Nicosia  
Cyprus

**Bankers:**

Bank of Cyprus Public Company Ltd  
State Bank of India

**Registration number:**

HE213858

# **Independent Auditor's Report**

## **To the Members of Strides CIS Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Strides CIS Limited (the "Company"), which are presented in pages 4 to 16 and comprise the statement of financial position as at 31 March 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **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 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.

## Independent Auditor's Report (continued)

### To the Members of Strides CIS Limited

#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditor's 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 auditor's 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 a true and fair view.

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

#### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Maria Paschalis  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Deloitte Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 18 September 2018

## STRIDES CIS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	01/04/2017 - 31/03/2018 US\$	01/04/2016 - 31/03/2017 US\$
<b>Turnover</b>	5	<b>1.644.793</b>	1.836.972
Cost of sales		<u>(1.220.624)</u>	<u>(1.217.882)</u>
<b>Gross profit</b>		<b>424.169</b>	619.090
Other operating income		-	48
Distribution expenses	6	(151.186)	(323.618)
Administration expenses	7	(48.777)	(25.320)
Other expenses	8	<u>(135.066)</u>	<u>(187.176)</u>
<b>Operating profit</b>		<b>89.140</b>	83.024
Net finance costs	9	<u>(12.025)</u>	<u>(17.302)</u>
<b>Profit before income tax</b>		<b>77.115</b>	65.722
Income tax	10	<u>-</u>	<u>-</u>
<b>Profit for the year</b>		<b>77.115</b>	65.722
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>77.115</u></b>	<b><u>65.722</u></b>

The notes on pages 8 to 16 form an integral part of these financial statements.

# STRIDES CIS LIMITED

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Note	31 March 2018 US\$	31 March 2017 US\$
<b>Assets</b>			
Trade and other receivables	11	-	249.373
		<u>-</u>	<u>249.373</u>
<b>Current assets</b>			
Trade and other receivables	11	1.314.816	1.746.064
Cash and cash equivalents	12	9.798	85.496
		<u>1.324.614</u>	<u>1.831.560</u>
<b>TOTAL ASSETS</b>		<b><u>1.324.614</u></b>	<b><u>2.080.933</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	3.145	3.145
Share premium		418.775	418.775
Other reserves	14	129.340	129.340
Accumulated losses		<u>(354.154)</u>	<u>(431.269)</u>
<b>Total equity</b>		<b><u>197.106</u></b>	<b><u>119.991</u></b>
<b>Current liabilities</b>			
Trade and other payables	15	1.122.012	1.955.446
Current tax liabilities	16	5.496	5.496
		<u>1.127.508</u>	<u>1.960.942</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1.324.614</u></b>	<b><u>2.080.933</u></b>

On 18 September 2018 the Board of Directors of Strides CIS Limited authorised these financial statements for issue.

.....  
Angeliki Eliades  
Director

.....  
Yiannis Eliades  
Director

The notes on pages 8 to 16 form an integral part of these financial statements.

## STRIDES CIS LIMITED

---

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated losses US\$	Total US\$
<b>Balance at 1 April 2016</b>	<b>3.145</b>	<b>418.775</b>	<b>129.340</b>	<b>(496.991)</b>	<b>54.269</b>
Total comprehensive income for the year	-	-	-	65.722	65.722
<b>Balance at 31 March 2017/ 1 April 2017</b>	<b>3.145</b>	<b>418.775</b>	<b>129.340</b>	<b>(431.269)</b>	<b>119.991</b>
Total comprehensive income for the year	-	-	-	77.115	77.115
<b>Balance at 31 March 2018</b>	<b>3.145</b>	<b>418.775</b>	<b>129.340</b>	<b>(354.154)</b>	<b>197.106</b>

Share premium is not available for distribution.

---

The notes on pages 8 to 16 form an integral part of these financial statements.

# STRIDES CIS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	<u>77.115</u>	<u>65.722</u>
	77.115	65.722
<b>Changes in working capital:</b>		
Decrease/(increase) in trade and other receivables	680.621	(1.643.056)
(Decrease)/increase in trade and other payables	<u>(833.434)</u>	<u>1.648.660</u>
<b>Cash (used in)/generated from operations</b>	<u>(75.698)</u>	<u>71.326</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(75.698)</b>	71.326
Cash and cash equivalents at beginning of the year	<u>85.496</u>	<u>14.170</u>
<b>Cash and cash equivalents at end of the year</b>	<b>12</b> <u>9.798</u>	<u>85.496</u>

The notes on pages 8 to 16 form an integral part of these financial statements.

# STRIDES CIS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 1. Incorporation and principal activities

#### Country of incorporation

Strides CIS Limited (the "Company") was incorporated in Cyprus on 29 November 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Julia House, 3 Themistocles Dervis, 1066 Nicosia, Cyprus.

#### Principal activities

The principal activity of the Company is to act as the representative of Strides Shasun Group in the Commonwealth of Independent States territory for marketing and sales of pharmaceutical products.

### 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### Adoption of new and revised IFRSs

In the current year, the Company has adopted all of the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on or after 1 April 2017. The adoption of these Standards did not have a material effect on the accounting policies of the Company, only presentation in relation to IAS 1 "Presentation of Financial Statements".

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

IFRS 15 "Revenue from Contracts with Customers" will be effective for annual periods beginning on or after 1 January 2018. The Company was in the process to evaluate the impact that IFRS15 "Revenue from Contracts with Customers" will have on the financial statements. The management will not apply a full retrospective approach upon transition to IFRS15 "Revenue from Contracts with Customers" and will book cumulative impact of transition as an adjustment to retained earnings at 1 April 2018.

# STRIDES CIS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 2. Significant accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

##### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Sale of goods**

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

- **Commission income**

Commission income is recognised when the right to receive payment is established.

##### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

##### Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

##### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

##### Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

# STRIDES CIS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 2. Significant accounting policies (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

#### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 3.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company has no significant concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 3. Financial risk management (continued)

#### 3.1 Credit risk (continued)

	31 March 2018	31 March 2017
	US\$	US\$
Trade receivables	1.065.443	1.394.683
Cash at bank	9.798	85.496
Receivables from related companies	-	351.381
	<u>1.075.241</u>	<u>1.831.560</u>

#### 3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 March 2018	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$	More than 5 years US\$
Trade and other payables	5.072	5.072	5.072	-	-	-	-
Payables to related parties	1.055.726	1.463.963	1.463.963	-	-	-	-
	<u>1.060.798</u>	<u>1.469.035</u>	<u>1.469.035</u>	-	-	-	-
31 March 2017	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	3-12 months US\$	1-2 years US\$	2-5 years US\$	More than 5 years US\$
Trade and other payables	6.266	6.266	6.266	-	-	-	-
Payables to related parties	1.923.126	1.923.126	1.923.126	-	-	-	-
	<u>1.929.392</u>	<u>1.929.392</u>	<u>1.929.392</u>	-	-	-	-

#### 3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

#### Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 5. Turnover

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Sales of goods	<u>1.644.793</u>	<u>1.836.972</u>
	<b>1.644.793</b>	<b>1.836.972</b>

The above represent sale of pharmaceutical products to third parties.

### 6. Distribution expenses

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Staff costs	-	75.032
Carriage and clearing	-	3.780
Advertising	151.186	90.646
Export expenses	-	154.160
	<u>151.186</u>	<u>323.618</u>

The salary expenses represented the costs of two employees working on behalf of the Company in the region of CIS that were terminated in the prior year.

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 7. Administration expenses

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Directors' fees	-	860
Annual levy	402	400
Sundry expenses	-	1.001
Other professional fees	48.375	23.059
	<u>48.777</u>	<u>25.320</u>

### 8. Other expenses

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Research and development expenses	135.066	187.176
	<u>135.066</u>	<u>187.176</u>

The above expenses incurred were charged in the income statement at the decision of the Company's management since the technical and commercial feasibility for these products licenses is not determined yet.

### 9. Finance income

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Foreign exchange gains	1.913	2.073
<b>Finance income</b>	<u>1.913</u>	<u>2.073</u>
Foreign exchange losses	(7.275)	(13.817)
Sundry finance expenses	(6.663)	(5.558)
<b>Finance costs</b>	<u>(13.938)</u>	<u>(19.375)</u>
<b>Net finance costs</b>	<u>(12.025)</u>	<u>(17.302)</u>

### 10. Income tax

The total charge for the year can be reconciled to the accounting profit as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Profit before income tax	77.115	65.722
Income tax calculated at the applicable tax rates	9.639	8.215
Tax effect of expenses not deductible for income tax purposes	960	1.655
Tax effect of allowances and income not subject to income tax	(239)	(259)
Tax effect of tax loss for the year	(10.360)	(9.611)
<b>Tax charge</b>	<u>-</u>	<u>-</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 11. Trade and other receivables

	<b>31 March 2018</b>	31 March 2017
	<b>US\$</b>	US\$
Trade receivables	<b>1.065.443</b>	1.394.683
Receivables from related companies (Note 17.2)	-	351.381
Deposits and prepayments	<b>249.373</b>	249.373
	<b>1.314.816</b>	1.995.437
Less non-current receivables	-	(249.373)
<b>Current portion</b>	<b>1.314.816</b>	1.746.064

Deposits and prepayments represent amounts paid for product registrations.

Ageing of past due but not impaired:

	<b>31 March 2018</b>	31 March 2017
	<b>US\$</b>	US\$
Up to 30 days	<b>325.985</b>	220.710
31-120 days	-	220.290
More than 120 days	<b>311.984</b>	543.460
	<b>637.969</b>	984.460

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

### 12. Cash and cash equivalents

Cash balances are analysed as follows

	<b>31 March 2018</b>	31 March 2017
	<b>US\$</b>	US\$
Cash at bank and in hand	<b>9.798</b>	85.496
	<b>9.798</b>	85.496

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

### 13. Share capital

	<b>2018</b>	<b>2018</b>	2017	2017
	<b>Number of shares</b>	<b>US\$</b>	Number of shares	US\$
<b>Authorised</b>				
Ordinary shares of €1 each	<b>10.000</b>	<b>10.000</b>	10.000	10.000
		<b>US\$</b>		US\$
<b>Issued and fully paid</b>				
Balance at 1 April	<b>2.200</b>	<b>3.145</b>	2.200	3.145
<b>Balance at 31 March</b>	<b>2.200</b>	<b>3.145</b>	2.200	3.145

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 13. Share capital (continued)

On 15 February 2016, the Company issued 200 additional ordinary shares of €1 par value per share fully paid. The shares were issued at a total premium of €371.950 (US\$418.775) for a total consideration of €372.150 (US\$419.000).

### 14. Other reserves

	31 March 2018	31 March 2017
	US\$	US\$
<b>Other reserves</b>	<b>129.340</b>	<b>129.340</b>

Other reserves represent an amount due to the ultimate controlling party, Strides Pharma Science Limited (formerly Strides Shasun Limited), which was capitalised during prior periods as shareholder's funds. This balance is not payable and bears no interest.

Share premium is not available for distribution.

### 15. Trade and other payables

	31 March 2018	31 March 2017
	US\$	US\$
Accruals	61.214	26.054
Other creditors	5.072	6.266
Payables to related companies (Note 17.3)	1.055.726	1.923.126
	<b>1.122.012</b>	<b>1.955.446</b>

### 16. Current tax liabilities

	31 March 2018	31 March 2017
	US\$	US\$
Corporation tax	3.030	5.496
Other taxes	2.466	-
	<b>5.496</b>	<b>5.496</b>

### 17. Related party transactions

The Company is controlled by Strides Pharma Global Pte Ltd, a company incorporated in Singapore. The ultimate controlling party is Strides Pharma Science Limited (formerly Strides Shasun Limited) which is incorporated in India.

The following transactions were carried out with related parties:

#### 17.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
	US\$	US\$
Directors' fees	-	860
	<b>-</b>	<b>860</b>

# STRIDES CIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 17. Related party transactions (continued)

#### 17.2 Receivables from related parties (Note 11)

<u>Name</u>	<u>Nature of transactions</u>	31 March 2018 US\$	31 March 2017 US\$
Fagris Medica Pvt Ltd	Current account	-	351.381
		<u>-</u>	<u>351.381</u>

The business operations of the related party Fagris Medica Pvt Ltd, together with its assets and liabilities were assigned to the ultimate controlling party Strides Pharma Science Limited (formerly Strides Shasun Limited).

#### 17.3 Payables to related parties (Note 15)

<u>Name</u>	<u>Nature of transactions</u>	31 March 2018 US\$	31 March 2017 US\$
Strides Pharma Global Pte Ltd	Current account	401.647	490.090
Strides Pharma International Limited	Current account	213.782	34.366
Strides Pharma Asia Pte Limited	Current account	-	8.908
Strides Pharma Limited	Current account	-	209.162
Strides Pharma Science Limited (formerly Strides Shasun Limited)	Trade	440.297	1.180.600
		<u>1.055.726</u>	<u>1.923.126</u>

During the year there were purchases of US\$1,348,774 (2017: US\$1,180,600) from Strides Pharma Science Limited (formerly Strides Shasun Limited).

### 18. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2018.

### 19. Commitments

The Company had no capital or other commitments as at 31 March 2018.

### 20. Events after the reporting period

There were no material events after the reporting period, except from the below, which have a bearing on the understanding of the financial statements.

On 2 May 2018, Strides Pharma Global Pte Ltd entered into a share transfer agreement where the entire shareholding in Strides CIS Limited was transferred to Strides Pharma International Limited.

**Independent auditor's report on pages 2 to 3**

# STRIDES CIS LIMITED

Julia House  
3 Themistocles Dervis  
1066 Nicosia  
Cyprus

Deloitte Limited  
Certified Public Accountants and Registered Auditors  
24 Spyrou Kyprianou Avenue  
1075 Nicosia  
Cyprus

18 September 2018

## Management representation letter for the audit of the year ended 31 March 2018

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Strides CIS Limited (the "Company") for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the accompanying financial statements give a true and fair view of the financial position as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

By a resolution of the Board of Directors, passed today, we are directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 March 2018, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

### I. Financial statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 17 April 2018 for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of Financial Statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

### 5) Litigation

- i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.
- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company.

**6) Events after the reporting period**

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

**7) Uncorrected misstatements**

We confirm that the financial statements are free of material misstatements, including omissions. No misstatements have been identified.

**8) Going concern**

We confirm that, having considered our expectations and intentions for the period not less than twelve months from today, and the availability of working capital, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.

**II. Information provided**

**9) Accounting records**

- i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of Directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

**10) Related parties**

We confirm that the ultimate controlling party of the Company is Strides Pharma Science Limited, that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

**11) Fraud**

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

**12) Laws and regulations**

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

**13) Contractual arrangements / agreements**

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

- ii) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- iii) There are no other agreements not in the ordinary course of business.
- 14) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

### **III. Other representations**

#### **Assets and liabilities**

- 15) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 16) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the carrying amounts at which they are stated.

#### **Financial instruments**

- 17) Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

#### **Provisions**

- 18) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected more likely than not to result in significant loss to the Company. Other such items, where in our opinion, in accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets, provision is unnecessary, have been appropriately disclosed in the financial statements.
- 19) Other material loss contingencies that should be accrued because (i) information presently available indicates that it is probable that an asset had been impaired or a liability had been incurred as from the reporting date and (ii) the amount of the loss can be reliably estimated have been accrued.
- 20) Other material loss contingencies that should be disclosed because, although both conditions specified in the above paragraph are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the reporting date have been disclosed.
- 21) Contingencies that should be disclosed because they are more likely than not will result in gains have been disclosed.
- 22) Income/gains that are virtually certain have been recognized.

#### **Fair values**

- 23) We confirm the following regarding the reasonableness of significant assumptions related to fair value measurements and disclosures in the financial statements:
  - The appropriateness, reasonableness and fairness of the measurement methods, including related business and valuation assumptions, used by us in determining fair value and the consistency in application of the methods.
  - The completeness and appropriateness of disclosures related to fair values in the financial statements.
  - No events subsequent to the reporting date have occurred that require adjustment to the fair value measurements and disclosures included in the financial statements.
  - We are not aware of any material information not contained within the fair value calculations that could materially influence the fair value calculations.
  - The information incorporated into the fair value calculations is, to the best of our knowledge, fair and accurate.
  - These significant assumptions related to fair value measurements and disclosures in the financial statements, appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Company, where relevant to the fair value measurements or disclosures.

#### **Impairment Testing**

- 24) We have performed impairment testing on the Company's assets as required by IAS36 and IAS39.
- 25) We confirm the following regarding this testing:

- The calculations undertaken to do this testing were based on reasonable and fair assumptions of the expected flows in using those assets.
- The relevant fair value measurements were made using the representations in the preceding paragraph.
- All available information as at the end of each reporting period and the relevant information in the period since the reporting date have been reflected within the calculations in a fair and accurate manner.

**Disclosures**

- 26) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.
- 27) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 28) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, Director, officer or any other third party.
- 29) We have recorded or disclosed, as appropriate all agreements to repurchase assets previously sold.
- 30) We hereby confirm that research and development costs of US\$135.066 should be expensed in the income statement since the technical and commercial feasibility could not be established for the relevant product licenses.

**31) Taxation**

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

**32) Transactions with Directors/officers**

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into. Because of the importance to your work of the information and representations supplied to you by the directors and agents of the Company, you shall not be held responsible or liable for any losses, damages, costs or other consequences if information, material to your work is withheld or concealed from you or misrepresented to you.

As further consideration of your providing your audit services, the Company agrees to indemnify and hold you harmless against all losses, damages and costs however caused which you may suffer arising from information material to your work being withheld or concealed from you, or misrepresented to you, by the directors or agents of the Company, except to the extent finally determined to have resulted primarily from your bad faith or willful default. The Company also agrees to indemnify and hold you harmless from and in respect of any loss, claim, damage, cost, liability or expense that you may suffer or incur by reason of the Company disclosing to you for the purpose of the audit inaccurate, untrue or misleading information and which is relied upon by you.

Yours faithfully,  
For and on behalf of the Board of Directors

.....  
Angeliki Eliades  
Director  
18 September 2018

.....  
Yiannis Eliades  
Director  
18 September 2018