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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s Strides Emerging Markets Limited**  
**(Formerly known as Strides Emerging Markets Private Limited)**

**Report on the Ind AS financial statements**

We have audited the accompanying Ind AS financial statements of M/s Strides Emerging Markets Limited (formerly known as Strides Emerging Markets Private Limited) ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Responsibilities of Management and Those Charged with Governance for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 SAs 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.

A further description of our responsibilities for the audit of the financial statements is included in "Annexure - A" of this auditor's report.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure - B** a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit & Loss, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to



the best of our information and according to the explanations given to us, the Company has not paid / provided any managerial remuneration to its Directors during the year.

- g. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give a separate report in the **Annexure - C**; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bengaluru  
Date : June 18, 2019



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

R. UMESH  
Partner  
M. No. 27892



#### ANNEXURE-A TO THE AUDITOR'S REPORT

As part of an audit in accordance with SAs, 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such 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 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Place: Bengaluru  
Date : June 18, 2019



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

**R. UMESH**  
Partner  
M. No. 27892



ANNEXURE - B TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR  
REPORT OF EVEN DATE

- (i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets;
  - b) As explained to us, the fixed assets were physically verified during the year by the Management in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
  - c) According to the information and explanation given to us, the title deeds in respect to immovable properties are held in the name of Company.
- (ii) As explained to us, the inventories were physically verified by the Company during the year and in our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were observed thereon.
- (iii) According to the information and explanations given to us, the Company has not granted loans to any parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence clause (iii) of the Order clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions which come under the purview of Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and hence reporting under this clause is not applicable.
- (vi) To the best of our knowledge and as explained to us, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues:
  - a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no material undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2019, for a period more than six months from the date they became due.
  - b) There were no statutory dues which were not deposited on account of any dispute.
- (viii) The company has not borrowed any funds from any financial institution or bank or Government or issued any debentures and hence reporting under this clause is not applicable.



- (ix) The Company has not raised moneys by way of initial public offer, further public offer or any term loans during the year and hence reporting under this clause is not applicable.
- (x) To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration and hence reporting under this clause is not applicable.
- (xii) The Company is not a Nidhi Company and hence this clause is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us and based on our verification of the records and relevant documents, all transactions with related parties entered into by the Company are in compliance with section 188 of the Companies Act where applicable and the details of the same have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards. The Provisions of Section 177 are not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under this clause is not applicable.
- (xv) According to the information and explanation given to us by the Management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence this clause is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bengaluru  
Date : June 18, 2019



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

**R. UMESH**  
Partner  
M. No. 27892



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

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

We have audited the internal financial controls over the financial reporting of M/s Strides Emerging Markets Limited (formerly known as Strides Emerging Markets Private Limited) ("the Company") as on 31<sup>st</sup> March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as on that date.

**Management's Responsibility for Internal Financial Controls**

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

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

**Auditor's Responsibility**

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

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

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





**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bengaluru  
Date : June 18, 2019



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

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

R. UMESH  
Partner  
M. No. 27892



**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)  
BALANCE SHEET AS AT MARCH 31, 2019

	Note No.	INR in Million	
		31-Mar-19	31-Mar-18
<b>A ASSETS</b>			
<b>I Non-Current Assets</b>			
(a) Property, plant and equipment	3	342.52	364.81
(b) Capital work in progress		12.58	2.58
(c) Other intangible assets	3	0.12	0.23
(d) Income tax assets	4	0.02	-
(e) Other non-current assets	5	27.50	28.39
<b>Total Non-Current Assets</b>		<b>382.74</b>	<b>396.01</b>
<b>II Current Assets</b>			
(a) Inventories	6	59.67	60.06
(b) Financial assets			
(i) Trade receivables	7	28.86	55.06
(ii) Cash and cash equivalents	8	3.34	6.43
(iii) Other balances with banks	9	2.65	2.50
(c) Current tax assets (Net)	10	1.06	0.02
(d) Other current assets	11	16.60	3.44
<b>Total Current Assets</b>		<b>112.18</b>	<b>127.51</b>
<b>Total Assets</b>		<b>494.92</b>	<b>523.52</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	12	56.27	56.27
(b) Other equity	13	(303.82)	(143.41)
<b>Total Equity</b>		<b>(247.55)</b>	<b>(87.14)</b>
<b>II Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
(a) Financials liabilities			
(i) Borrowings	14	581.72	116.12
(b) Provisions	15	7.57	6.62
		<b>589.29</b>	<b>122.74</b>
<b>2 Current Liabilities</b>			
(a) Financials liabilities			
I. Trade Payables			
(i) Total outstanding dues of micro & small enterprises	16	0.88	-
(ii) Total outstanding dues of creditors other than micro & small enterprises	17	118.58	134.02
(b) Other current liabilities	18	31.27	351.97
(c) Provisions	19	2.45	1.93
		<b>153.18</b>	<b>487.92</b>
<b>Total Equity and Liabilities</b>		<b>494.92</b>	<b>523.52</b>

See accompanying notes forming part of the Financial Statements  
In terms of our report attached

For and on behalf of Board of Directors

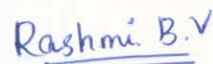
For **Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 0009395



**R Umesh**  
Partner  
Mem. No. 027892

  
**Venkata Seetharama Raju Pakalapati**  
Director  
DIN: 07500141

  
**Umesh Pralhadrao Kale**  
Director  
DIN: 07486080

  
**Rashmi B.V.**  
Company Secretary  
Mem. No. A38729

Place: Bengaluru  
Date: June 18, 2019



**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND MARCH 31, 2018**

A) Equity share capital				INR in Million
Particulars				
Balance as at March 31, 2018				56.27
Changes in equity share capital during the year				-
Balance as at March 31, 2019				56.27

B) Other equity				INR in Million
Particulars	Reserves and Surplus		Items of other comprehensive income	Total
	Security Premium	Retained earnings	Re -measurement of the defined benefit liabilities / (assets)	
Balance as at March 31, 2018	210.62	(353.51)	(0.52)	(143.41)
Profit/loss for the year	-	(159.67)	-	(159.67)
Other comprehensive income for the year (net of tax)	-	-	(0.74)	(0.74)
<b>Total comprehensive income</b>	-	(159.67)	(0.74)	(160.41)
Balance as at March 31, 2019	210.62	(513.18)	(1.26)	(303.82)

See accompanying notes forming part of the Financial Statements  
In terms of our report attached

For **Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 000939S

**R Umesh**  
Partner  
Mem. No. 027892

Place: Bengaluru  
Date: June 18, 2019

For and on behalf of Board of Directors

**Praveen**  
Venkata Seetharama Raju Pakalapati  
Director  
DIN: 07500141

**Umesh Pralhadrao Kale**  
Director  
DIN: 07486080

**Rashmi B.V**  
Rashmi B.V  
Company Secretary  
Mem. No. A38729





**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)  
**STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2019**

Particulars	INR in Million	
	For the period ended	
	31 March, 2019	31 March, 2018
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) after tax	(159.67)	(124.17)
<b>Adjustments for:</b>		
-Depreciation and amortisation	24.39	25.72
-Finance costs	32.57	11.52
-Interest income	(10.60)	(0.18)
-Provision for gratuity & leave encashment	2.32	1.26
-Net unrealised exchange (gain) / loss	(0.24)	(4.13)
	<b>48.44</b>	<b>34.19</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>(111.23)</b>	<b>(89.98)</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in inventories	0.39	(7.95)
(Increase)/decrease in trade and other receivables	11.90	(16.89)
Increase/(decrease) in trade and other payables	(14.20)	22.21
<b>Net Change in working capital</b>	<b>(1.91)</b>	<b>(2.63)</b>
<b>Cash generated from operations</b>	<b>(113.14)</b>	<b>(92.61)</b>
Net income tax (paid) / refunds	(1.06)	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(114.20)</b>	<b>(92.61)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets including capital advance	(9.15)	(3.45)
Interest received	10.45	0.03
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>1.30</b>	<b>(3.42)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds of long-term borrowings from related parties	95.60	116.12
Advance from related parties	26.55	101.51
Advance given to related parties	(0.08)	(1.35)
Repayment of short-term borrowings	-	(104.69)
Finance cost	(12.26)	(11.20)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>109.81</b>	<b>100.40</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(3.09)</b>	<b>4.36</b>
Cash and cash equivalents at the beginning of the year	6.43	2.07
<b>Cash and cash equivalents at the end of the year</b>	<b>3.34</b>	<b>6.43</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 8)	3.34	6.43
Less: Bank balances not considered as Cash and cash equivalents as defined in IndAS 7	-	-
<i>Statement of Cash Flow.</i>		
Net Cash and cash equivalents (as defined in IND AS 7 <i>Statement of Cash Flows</i> ) included in Note 8	<b>3.34</b>	<b>6.43</b>
Add: Current investments considered as part of Cash and cash equivalents (as defined in Ind AS 7 <i>Statement of Cash Flows</i> )	-	-
<b>Cash and cash equivalents at the end of the year *</b>	<b>3.34</b>	<b>6.43</b>
<b>* Comprises:</b>		
(a) Cash on hand	0.14	0.03
(b) Balances with banks - in current accounts	3.20	6.40
(c) Balances with banks - in Fixed Deposits	-	-

See accompanying notes forming part of the Financial Statements  
in terms of our report attached

For and on behalf of Board of Directors

For **Gnanoba & Bhat**  
Chartered Accountants  
Firm Registration No. 0009395

**R Umesh**  
Partner  
Mem. No. 27892

**Venkata Seetharama Raju Pakalapati**  
Director  
DIN: 07500141

**Umesh Pralhadrao Kale**  
Director  
DIN: 07486080

Place: Bengaluru  
Date: June 18, 2019



**Rashmi B.V**  
Rashmi B.V  
Company Secretary  
Mem. No. A38729



**STRIDES EMERGING MARKETS LIMITED**  
**(Formerly known as Strides Emerging Markets Private Limited)**

**NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2019**

**NOTE – 1**

**COMPANY INFORMATION**

Strides Emerging Markets Limited (Formerly known as Strides Emerging Markets Private Limited) is a pharmaceutical company which is headquartered in Bangalore, India. The Company manufactures and trades in pharmaceutical formulations for human consumption primarily in Africa, India and other emerging markets. The Company is registered as a 100% Export Oriented Undertaking under the Foreign Trade Policy.

**NOTE – 2**

**SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

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

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

**B. GOING CONCERN**

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

**C. CASH FLOW STATEMENTS**

Cash flows are reported using the indirect method, whereby the profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated based on the available information.

**D. INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Cost is determined on 'First In First Out' (FIFO) basis. The cost of goods comprises of the purchase cost but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

**E. PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment's are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenditure relating to the acquisition such as cost of installation / erection and interest up to the date of commissioning of the asset as applicable.

**Capital Work-in-progress**

Projects under which assets are not ready for its intended use and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributed finance costs.

**F. INTANGIBLE ASSETS**

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





benefit in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case, such expenditure is added to the cost of the asset.

#### **G. DEPRECIATION**

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

Sl. No.	Asset	Life as Assets (in years)
1	Computers and Accessories	3 years
2	Furniture & Fixtures	10 years
3	Plant & Machinery	15 years
4	Electrical Installations	10 years
5	Dies and Punches	4 years
6	Office Equipment	5 years
7	Factory Building	30 years
8	Software	5 years

#### **H. REVENUE RECOGNITION**

##### **Revenue from contracts with customers:**

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

##### **Sale of services:**

Revenue from services rendered, is recognised in the statement of profit and loss as the underlying services are performed. Upfront payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed. Costs and earnings in excess of billings for the year are recognized as Unbilled Revenue.

#### **I. TAXATION**

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

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

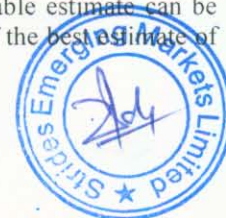
Deferred tax assets and liabilities (if any) are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet Date.

#### **J. FOREIGN CURRENCY TRANSACTIONS:**

Transactions denominated in Foreign Currencies are recorded using the exchange rates prevailing on the date of transaction. The difference if any, on actual payment/ realization is charged off to revenue. Amount receivable / payable as at the close of the year is accounted at the prevailing rates and the difference if any, on receipt / while making actual payment due to fluctuation in the rate of exchange is charged to revenue in that year.

#### **K. PROVISIONS:**

A provision is recognized when the enterprise has a present obligation as a result of past event(s) which may result in a probable outflow of resources to settle the obligation and in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined on the basis of the best estimate of



the resources required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**L. IMPAIRMENT OF ASSETS**

An asset is treated as impaired if the current carrying cost of the same exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there is any change in the estimate of recoverable amount. The recoverable amount is the greater of the net selling price or the value in use.

**M. CONTINGENCIES**

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

**N. EARNINGS PER SHARE**

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share and are deemed to be converted at the beginning of the period, unless they have been issued at a later date.

**O. EMPLOYEE BENEFITS**

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

For and on behalf of the Board



Venkata Seetharama Raju Pakalapati  
Director  
DIN: 07500141



Umesh Pralhadrao Kale  
Director  
DIN: 07486080

Place : Bangalore  
Date : June 18, 2019



Rashmi B.V.  
Company Secretary  
Mem. No. A38729





**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)  
Notes forming part of the financial statements

Note : 3

Property, plant and equipment

SI No	Description	Gross Block			Depreciation			Net Block	
		As on 01.04.2018	Additions during the year	Deletions during the year	As on 31.03.2019	Up to 31.03.2018	For the year	Up to 31.03.2019	As on 31.03.2019
1	Freehold land	49.05	-	-	49.05	-	-	-	49.05
2	Building	149.85	-	-	149.85	17.20	5.00	22.20	127.65
3	Furniture & fixtures	8.38	0.89	-	9.27	2.81	0.86	3.67	5.60
4	Office equipment & computers	7.07	0.15	-	7.22	6.66	0.20	6.86	0.36
5	Plant & machinery	234.77	1.02	0.09	235.70	57.65	18.21	75.84	159.86
	<b>Total</b>	<b>449.12</b>	<b>2.06</b>	<b>0.09</b>	<b>451.09</b>	<b>84.32</b>	<b>24.28</b>	<b>108.57</b>	<b>342.52</b>
									<b>364.81</b>

Other Intangible assets

SI No	Description	Gross Block			Depreciation			Net Block	
		As on 01.04.2018	Additions during the year	Deletions during the year	As on 31.03.2019	Up to 31.03.2018	For the year	Up to 31.03.2019	As on 31.03.2019
1	Software licence	0.55	-	-	0.55	0.32	0.11	0.43	0.12
	<b>Total</b>	<b>0.55</b>	<b>-</b>	<b>-</b>	<b>0.55</b>	<b>0.32</b>	<b>0.11</b>	<b>0.43</b>	<b>0.23</b>
	<b>Grand Total</b>	<b>449.67</b>	<b>2.06</b>	<b>-</b>	<b>451.64</b>	<b>84.64</b>	<b>24.39</b>	<b>109.00</b>	<b>365.04</b>
	<b>Previous Year</b>	<b>445.62</b>	<b>4.05</b>	<b>-</b>	<b>449.67</b>	<b>58.92</b>	<b>25.72</b>	<b>84.64</b>	<b>386.71</b>



**STRIDES EMERGING MARKETS LIMITED**  
**(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)**  
**Notes forming part of the financial statements**

Note

No.

4	Income tax assets	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Advance tax (net of provision)	0.02	-
	<b>Total</b>	<b>0.02</b>	<b>-</b>

5	Other non current assets	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Security deposits	2.82	3.14
	Capital advances	0.37	2.75
	Balances with government authorities:		
	- CENVAT credit receivable	3.52	1.07
	- GST credit receivables	9.34	9.34
	- VAT credit receivable	8.27	8.91
	- Service tax credit receivable	3.18	3.18
	<b>Total</b>	<b>27.50</b>	<b>28.39</b>

6	Inventories	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Raw materials	47.95	51.71
	Work-in-progress	3.52	5.80
	Finished goods	7.55	2.16
	Stores and spares	0.65	0.39
	<b>Total</b>	<b>59.67</b>	<b>60.06</b>

**Note: (i) Details of work-in-progress**

	Particulars	INR in Million	
		31-Mar-19	31-Mar-18
	Capsules	2.15	0.20
	Tablets	1.37	4.90
	Others	-	0.70
	<b>Total</b>	<b>3.52</b>	<b>5.80</b>

7	Trade receivables	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	a) Considered good - Unsecured	28.86	55.06
	b) Which have significant increase in Credit Risk	-	-
	c) Credit impaired	-	-
		28.86	55.06
	Less: Allowances for doubtful trade receivables	-	-
	<b>Total</b>	<b>28.86</b>	<b>55.06</b>
	<b>Note: Dues from Related parties (Refer Note 29)</b>	<b>23.92</b>	<b>39.87</b>

8	Cash and cash equivalents	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Cash on hand	0.14	0.03
	Balance with banks:		
	- In current account	3.20	6.40
	<b>Total</b>	<b>3.34</b>	<b>6.43</b>

9	Other balances with banks	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Balance with banks:		
	- In deposit account	2.65	2.50
	<b>Total</b>	<b>2.65</b>	<b>2.50</b>

**Note:** Balance with banks in deposit account - INR 2.65 Mn (P.Y. INR 2.50 Mn) is held as Bank Guarantee for bonds furnished to EOU authorities.





**STRIDES EMERGING MARKETS LIMITED**  
**(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)**  
**Notes forming part of the financial statements**

Note

No.

10	Current tax assets (net)	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Advance tax (net of provision)	1.06	0.02
	<b>Total</b>	<b>1.06</b>	<b>0.02</b>

11	Other current assets	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Loans and advances to employees	0.50	0.32
	Loans and advances to related parties (Refer Note 29)	1.44	1.35
	Advances to suppliers	2.13	1.17
	Prepaid expenses	0.50	0.51
	Balances with government authorities:		
	- GST credit receivables	12.04	0.10
	<b>Total</b>	<b>16.60</b>	<b>3.44</b>

12	Equity share capital	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	<b>Authorised</b>		
	10,000,000 Equity shares of INR 10/- each with voting rights (March 31st 2018: 10,000,000 Equity shares of INR 10 each)	100.00	100.00
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>
	<b>Issued, subscribed and fully paid-up</b>		
	5,626,562 Equity shares of INR 10/- each with voting rights (March 31st 2018: 5,626,562 Equity shares of INR 10 each)	56.27	56.27
	<b>Total</b>	<b>56.27</b>	<b>56.27</b>

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

Particulars	31-Mar-19		31-Mar-18	
	No. of Shares	INR	No. of Shares	INR
Equity share of INR 10/- each				
Opening balance	56,26,562	5,62,65,620	56,26,562	5,62,65,620
Issued during the year	-	-	-	-
<b>Closing balance</b>	<b>56,26,562</b>	<b>5,62,65,620</b>	<b>56,26,562</b>	<b>5,62,65,620</b>

- (b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of INR 10/- each:

The Company has only one class of equity shares, having a par value of INR 10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

- (c) Shares held by Holding Company:

Particulars	31-Mar-19		31-Mar-18	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,562	100%	56,26,562	100%
<b>Total</b>	<b>56,26,562</b>	<b>100%</b>	<b>56,26,562</b>	<b>100%</b>



**STRIDES EMERGING MARKETS LIMITED**  
**(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)**  
**Notes forming part of the financial statements**

Note

No.

(d) Details of equity shares held by each shareholder holding more than 5 % of shares:

Particulars	31-Mar-19		31-Mar-18	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,562	100%	56,26,562	100%
<b>Total</b>	<b>56,26,562</b>	<b>100%</b>	<b>56,26,562</b>	<b>100%</b>

13 Other equity

INR in Million

Particulars	31-Mar-19	31-Mar-18
<b>Securities premium</b>		
Opening balance	210.62	210.62
Add : Premium on shares issued during the year	-	-
<b>Closing balance</b>	<b>210.62</b>	<b>210.62</b>
<b>Surplus in statement of profit and loss</b>		
Opening balance	(353.51)	(229.34)
Add: (Loss) for the year	(159.67)	(124.17)
<b>Closing balance</b>	<b>(513.18)</b>	<b>(353.51)</b>
<b>Items of other comprehensive income</b>		
Opening balance	(0.52)	(0.34)
Add/(Less) : other comprehensive income for the year	(0.74)	(0.18)
Add / (Less): Tax impact on above	-	-
<b>Closing balance</b>	<b>(1.26)</b>	<b>(0.52)</b>
<b>Total</b>	<b>(303.82)</b>	<b>(143.41)</b>

14 Non current borrowings

INR in Million

Particulars	31-Mar-19	31-Mar-18
Loan from related party (Refer Note 29)	581.72	116.12
<b>Total</b>	<b>581.72</b>	<b>116.12</b>

15 Non current provision

INR in Million

Particulars	31-Mar-19	31-Mar-18
<b>Provision for employee benefits:</b>		
- Gratuity (Refer Note 27.2)	5.06	4.33
- Compensated absence	2.51	2.29
<b>Total</b>	<b>7.57</b>	<b>6.62</b>

16 Total outstanding dues of micro & small enterprises

INR in Million

Particulars	31-Mar-19	31-Mar-18
Trade payables:		
- Other than acceptances	0.88	-
<b>Total</b>	<b>0.88</b>	<b>-</b>

Note: (i) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

INR in Million

Particulars	31-Mar-19	31-Mar-18
(i) Principal amount remaining unpaid as at the end of the accounting year	0.88	-
(ii) Interest due on the above remaining unpaid as at the end of the accounting year	0.01	-
(iii) The amount of interest paid along with the amounts of the payment made beyond the	-	-
(iv) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act, 2006;	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting	0.18	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.





**STRIDES EMERGING MARKETS LIMITED**  
**(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)**  
Notes forming part of the financial statements

Note

No.

**17 Trade payables** INR in Million

Particulars	31-Mar-19	31-Mar-18
Trade payables:		
- Other than acceptances	28.00	37.80
- Dues to related parties (Refer Note 29)	90.58	96.22
<b>Total</b>	<b>118.58</b>	<b>134.02</b>

**18 Other current liabilities** INR in Million

Particulars	31-Mar-19	31-Mar-18
Dues to related parties (Refer Note 29)	4.14	347.59
Interest outstanding on loans and advances taken from related parties (Refer Note 29)	20.62	0.31
Other payables:		
- Payables on purchase of fixed assets (Refer note below)	3.31	2.84
- Statutory remittances	2.98	1.21
- Advances from customers	0.22	0.02
<b>Total</b>	<b>31.27</b>	<b>351.97</b>

**Note:** Includes payables to related parties INR 3.28 Mn (PY INR 1.62 Mn) (Refer Note 29)

**19 Current provision** INR in Million

Particulars	31-Mar-19	31-Mar-18
<b>Provision for employee benefits:</b>		
- Gratuity (Refer Note 27.2)	0.79	0.48
- Compensated absences	1.66	1.45
<b>Total</b>	<b>2.45</b>	<b>1.93</b>



**STRIDES EMERGING MARKETS LIMITED**  
**(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE PERIOD ENDED MARCH 31, 2019**

		INR in Million	
	Note		
	No.	31-Mar-19	31-Mar-18
1 Revenue from operations	20	36.12	71.72
2 Other income	21	10.96	0.47
3 <b>Total revenue (1+2)</b>		<b>47.08</b>	<b>72.19</b>
4 <b>Expenses</b>			
(a) Cost of materials consumed	22	39.22	49.38
(b) (Increase) / Decrease in inventories of finished goods work-in-progress and stock-in-trade	23	(3.11)	(1.91)
(c) Employee benefits expense	24	57.16	60.44
(d) Finance costs	25	32.58	11.94
(e) Depreciation and amortisation expenses	3	24.39	25.72
(f) Other expenses	26	56.52	50.79
<b>Total</b>		<b>206.75</b>	<b>196.36</b>
5 <b>Profit before exceptional items and tax (3-4)</b>		<b>(159.67)</b>	<b>(124.17)</b>
6 Exceptional items gain / (loss) (net)		-	-
7 <b>Profit before tax (5+6)</b>		<b>(159.67)</b>	<b>(124.17)</b>
8 Tax expense		-	-
9 <b>Profit for the year (7-8)</b>		<b>(159.67)</b>	<b>(124.17)</b>
10 <b>Other Comprehensive Income</b>			
A) (i) Items that will not be reclassified to profit or loss		(0.74)	(0.18)
A) (ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) (i) Items that may be reclassified to profit or loss		-	-
B) (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
<b>Total Other comprehensive Income</b>		<b>(0.74)</b>	<b>(0.18)</b>
11 <b>Total Comprehensive Income for the period (9+10)</b>		<b>(160.41)</b>	<b>(124.35)</b>
12 <b>Earnings per share (of INR 10/- each)</b>			
- Basic		(28.38)	(22.07)
- Diluted		(28.38)	(22.07)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of Board of Directors

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration No. 0009395



**R Umesh**

Partner

Mem. No. 027892



**Venkata Seetharama Raju Pakalapati**

Director

DIN: 07500141



**Umesh Pralhadrao Kale**

Director

DIN: 07486080

Place: Bengaluru

Date: June 18, 2019



**Rashmi B.V**  
Company Secretary  
Mem. No. A38729





**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)

Notes forming part of the financial statements

Note

No.

20	Revenue from operations	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Sale of products	36.04	71.48
	Other operating revenues - sale of scrap	0.08	0.24
	<b>Total</b>	<b>36.12</b>	<b>71.72</b>

21	Other income	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Interest income	10.60	0.18
	Sundry balances written back	-	0.03
	Net gain on foreign currency transactions	0.36	0.26
	<b>Total</b>	<b>10.96</b>	<b>0.47</b>

22	Cost of materials consumed	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Opening stock	52.10	45.64
	Add: Purchases	35.72	54.88
	Add: Excise duty	-	0.96
	Closing stock	48.60	52.10
	<b>Cost of materials consumed</b>	<b>39.22</b>	<b>49.38</b>

23	(Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	<b>Inventories at the end of the year:</b>		
	- Finished goods	7.55	2.16
	- Work-in-progress	3.52	5.80
		<b>11.07</b>	<b>7.96</b>
	<b>Inventories at the beginning of the year:</b>		
	- Finished goods	2.16	0.35
	- Work-in-progress	5.80	5.70
		<b>7.96</b>	<b>6.05</b>
	<b>Net (increase) / decrease</b>	<b>(3.11)</b>	<b>(1.91)</b>

24	Employee benefits expenses	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Salaries and wages	40.97	42.97
	Contributions to provident and other funds (Refer Note 27.1)	2.61	2.80
	Gratuity (Refer Note 27.2)	1.21	1.69
	Staff welfare expenses	12.38	12.98
	<b>Total</b>	<b>57.16</b>	<b>60.44</b>

25	Finance costs	INR in Million	
	Particulars	31-Mar-19	31-Mar-18
	Interest expense on:		
	- Borrowings	32.57	10.95
	- Delayed payment of income tax	-	0.01
	- Bank charges and commission	0.01	0.98
	<b>Total</b>	<b>32.58</b>	<b>11.94</b>



**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)

Notes forming part of the financial statements

Note

No.

26 Other expenses

INR in Million

Particulars	31-Mar-19	31-Mar-18
Power and fuel	11.91	11.70
Rent	1.83	1.77
Repairs and maintenance:		
- Buildings	2.13	0.03
- Machinery	7.34	3.13
- Others	3.11	0.46
Insurance	0.52	0.20
Rates and taxes	1.05	3.27
Communication expense	1.73	2.23
Travelling and conveyance	0.15	0.04
Printing and stationery	1.06	0.50
Freight and forwarding	0.45	0.65
Legal and professional	1.62	1.09
Payments to auditors (refer note below)	0.39	0.54
Support service charges	3.67	9.62
Consumables	13.18	7.47
Security charges	2.99	3.19
House keeping expenses	2.59	2.57
Pooja expenses	0.69	1.70
Miscellaneous expenses	0.11	0.63
<b>Total</b>	<b>56.52</b>	<b>50.79</b>

Note: Payments to auditors comprises (net of GST credit):

INR in Million

Particulars	31-Mar-19	31-Mar-18
Statutory Audit Fee	0.35	0.35
Tax Audit Fee	0.04	0.06
For Certification and Others	-	0.13
<b>Total</b>	<b>0.39</b>	<b>0.54</b>





**STRIDES EMERGING MARKETS LIMITED**  
(FORMERLY STRIDES EMERGING MARKETS PRIVATE LIMITED)  
Notes forming part of the financial statements

(Amounts in INR millions unless otherwise stated)

**27. Employee benefit plans**

**27.1 Defined contribution plans**

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

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

Particulars	INR in Million	
	As at 31-Mar-19	As at 31-Mar-18
Employers' Contribution to Provident Fund	2.61	2.80
Employers' Contribution to employee state insurance scheme	0.57	0.66

**27.2 Defined benefit plans**

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

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

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

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

	Valuation as at 31-Mar-19	31-Mar-18
Discount rate(s)	7.05%	7.35%
Expected rate(s) of salary increase	10.00%	10.00%

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

	31-Mar-19	31-Mar-18
Service cost •		
Current service cost	0.87	0.76
Past service cost and (gain)/loss from settlements	-	0.70
Net interest expense	0.34	0.23
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>1.21</b>	<b>1.69</b>

Remeasurement on the net defined benefit liability:

Actuarial (gains) / losses arising from changes in demographic assumptions	-	(0.07)
Actuarial (gains) / losses arising from changes in financial assumptions	0.08	(0.17)
Actuarial (gains) / losses arising from experience adjustments	0.66	0.41

Components of defined benefit costs recognised in other comprehensive income

<b>Total</b>	<b>1.95</b>	<b>1.87</b>
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The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

	As At 31-Mar-19	As At 31-Mar-18
Present value of defined benefit obligation	5.85	4.81
Fair value of plan assets	-	-
<b>Funded status</b>	The defined benefit plan is not funded.	
Restrictions on asset recognised	-	-
Others [describe]	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>5.85</b>	<b>4.81</b>



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Movements in the present value of the defined benefit obligation are as follows:	Year ended 31-Mar-19	Year ended 31-Mar-18
Opening defined benefit obligation	4.81	3.55
Current service cost	0.87	0.76
Past service cost	-	0.70
Interest cost	0.34	0.23
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	(0.07)
Actuarial gains and losses arising from changes in financial assumptions	0.08	(0.17)
Actuarial gains and losses arising from experience adjustments	0.66	0.41
Benefits paid	(0.91)	(0.61)
<b>Closing defined benefit obligation</b>	<b>5.85</b>	<b>4.81</b>

Defined Benefit Obligation	01-Apr-18 to 31-Mar-19	01-Apr-17 to 31-Mar-18
<b>Discount rate</b>		
a. Discount rate - 100 basis points	6.14	5.08
b. Discount rate + 100 basis points	5.58	4.57
<b>Salary increase rate</b>		
a. Rate - 100 basis points	5.66	4.61
b. Rate + 100 basis points	6.05	5.02

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

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Expected future Cash outflows towards the plan are as follows-	INR in Million
Financial Year	Amount
2019-20	0.79
2020-21	0.93
2021-22	0.88
2022-23	0.80
2023-24	0.70
2024-25 to 2028-29	2.70

**27.3 Actuarial Assumptions for Long-term Compensated Absence**

Actuarial Assumptions	Year ended 31-Mar-19	Year ended 31-Mar-18
Discount Rate	7.05%	7.35%
Salary escalation Rate	10.00%	10.00%
Charge In the Profit and Loss account - INR in Million	0.94	1.21
Liability at the year end - INR in Million	3.01	2.75

**Note:** The estimates and rate of escalation in salary considered in actuarial valuation take into consideration inflation, seniority, promotion and other relevant factors such as employment market conditions. These figure are as certified by an actuary.





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**Note - 28**

**Earnings Per share**

Particulars	31st March 2019	31st March 2018
Net Profit after Tax (INR in Million)	(159.67)	(124.17)
Weighted average number of equity shares (Nos.)	56,26,562	56,26,562
Earnings/(Loss) per share (INR)	(28.38)	(22.07)
Nominal Value of Equity Shares (INR)	10.00	10.00

**Note - 29**

**Related Party Disclosures**

Party where the Control Exists	Name of Related Party
Holding Company	Strides Pharma (Cyprus) Limited
Ultimate Holding Company	Strides Pharma Science Limited (Formerly Strides Shasun Limited)
Fellow Subsidiary	a. Strides Consumer Private Limited b. Arco Lab Private Limited c. Arrow Pharmaceuticals Pty Ltd
Key Managerial Personnel - Company Secretary	Rashmi B.V (refer note. 11 below)
Enterprises owned / significantly influenced by KMP of Holding Company	a. Tenshi Kaizen Private Limited b. Solara Active Pharma Sciences Limited c. Aurore Life Sciences Pvt Ltd

INR in Million

Sl No	Nature of Transaction		Ultimate Holding Company	Holding Company	Fellow Subsidiary	Owned / influenced by KMP of Holding Company
1	Loans & Advances - Taken / (Repaid) (net)	2019	465.60	-	-	-
		2018	249.07	(30.16)	-	-
2	Loans & Advances - Given/ (Repaid) (net)	2019	-	-	-	-
		2018	-	1.33	-	-
3	Sale of Goods	2019	24.44	-	10.95	-
		2018	43.35	-	13.84	0.01
4	Purchase of Goods / Asset	2019	18.14	-	-	8.45
		2018	4.86	-	-	1.83
5	Guarantee Commission Expenses	2019	-	-	-	-
		2018	0.91	-	-	-
6	Support Service Expenses / Service charges	2019	1.88	-	1.79	0.22
		2018	9.60	-	-	-
7	Rental Expenses	2019	0.15	-	-	-
		2018	0.15	-	-	-
8	Interest Expenses	2019	32.57	-	-	-
		2018	0.34	-	-	-
9	Interest Income	2019	-	-	-	10.40
		2018	-	-	-	-
10	Reimbursement for Expenses incurred by	2019	18.21	-	2.48	-
		2018	17.61	-	-	-
11	Managerial remuneration to the Company Secretary (KMP) INR 0.88 Mn (P.Y. INR 0.81 Mn)					
12	<b>Balances Outstanding:</b>					
	a) Receivable	2019	22.52	1.44	1.39	0.00
		2018	33.14	1.35	6.73	-
	b) Loan payable	2019	602.34	-	-	-
		2018	116.43	-	-	-
	c) Trade Payable	2019	96.02	-	1.98	-
		2018	442.22	-	3.94	-



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**Note - 30**

**Foreign Currency Exposure**

Foreign Currency Exposure as at March 31, 2019 that have not been hedged by a derivative instrument or other wise:

Particulars	31st March 2019		31st March 2018	
	Amt-Foreign Currency	INR in Million	Amt-Foreign Currency	INR in Million
Receivables -USD	0.06	4.11	0.06	3.88
<b>Total</b>	<b>0.06</b>	<b>4.11</b>	<b>0.06</b>	<b>3.88</b>
Payables- USD	-	-	0.00	0.10
Payables- EURO	-	-	0.00	0.02
Payables- AUD	0.00	0.05	-	-
<b>Total</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.13</b>

**Note - 31**

**Details of leasing arrangements**

INR in Million

Particulars	31-Mar-19	31-Mar-18
Minimum lease payments debited to rent account	1.83	1.77
Future minimum lease payments;		
-Not later than 1 year	-	0.13
-Later than 1 year and not later than 5 years	-	-
-Later than 5 years	-	-

**Note - 32**

Previous year figures have been regrouped and reclassified where necessary to conform to current year figures.

For Gnanoba & Bhat

Chartered Accountants

Firm Registration No. 000939S



R. Umesh

Partner

Mem. No. 027892

For and on behalf of Board of Directors



Venkata Seetharama Raju Pakalapati

Director

DIN: 07500141



Umesh Pralhadrao Kale

Director

DIN: 07486080



Rashmi B.V

Company Secretary

Mem. No. A38729

Place: Bengaluru

Date: June 18, 2019





**STRIDES EMERGING MARKETS LIMITED**  
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**Note - 33**

**Deferred tax balances**

Particulars	INR in Million	
	As at 31-Mar-19	As at 31-Mar-18
Deferred Tax Assets	-	-
Deferred Tax Liabilities	-	-
	-	-

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

Particulars	INR in Million	
	As at 31-Mar-19	As at 31-Mar-18
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
-tax losses (revenue in nature)	132.76	91.37
-tax losses (capital in nature)	-	-
-unused tax credits (refer note below)	-	-
-deductible temporary differences - u/s 43B	2.88	2.46
	<b>135.64</b>	<b>93.84</b>

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

