

Registered number: 05282304

**STRIDES ARCOLAB INTERNATIONAL LIMITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 05282304**

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 \$	2019 \$
<b>Fixed assets</b>			
Intangible assets	4	-	75,329
Investments	5	104,309,907	91,275,035
		<u>104,309,907</u>	<u>91,350,364</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	3,423,661	5,428,969
Cash at bank and in hand	7	2,077,657	141,990
		<u>5,501,318</u>	<u>5,570,959</u>
Creditors: amounts falling due within one year	8	(6,414,279)	(27,526,231)
<b>Net current liabilities</b>		<u>(912,961)</u>	<u>(21,955,272)</u>
<b>Total assets less current liabilities</b>		<u>103,396,946</u>	<u>69,395,092</u>
Creditors: amounts falling due after more than one year	9	(32,969,994)	(15,213,699)
<b>Net assets</b>		<u><u>70,426,952</u></u>	<u><u>54,181,393</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	53,693,211	41,694,447
Share premium account	12	31,593,111	31,593,111
Foreign exchange reserve	12	(606,712)	(606,712)
Profit and loss account	12	(14,252,658)	(18,499,453)
		<u><u>70,426,952</u></u>	<u><u>54,181,393</u></u>

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 05282304**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2020**

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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

  
Mr. K T Parthasarathy  
Director

Date: 16 / Sep / 2020

The notes on pages 5 to 14 form part of these financial statements.

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 April 2019	41,694,447	31,593,111	(606,712)	(18,499,453)	54,181,393
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	4,246,795	4,246,795
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	4,246,795	4,246,795
Shares issued during the year	11,998,764	-	-	-	11,998,764
<b>Total transactions with owners</b>	11,998,764	-	-	-	11,998,764
<b>At 31 March 2020</b>	<b>53,693,211</b>	<b>31,593,111</b>	<b>(606,712)</b>	<b>(14,252,658)</b>	<b>70,426,952</b>

The notes on pages 5 to 14 form part of these financial statements.

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

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	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 April 2018	11,696,819	11,833,581	(606,712)	(17,001,778)	5,921,910
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,497,675)	(1,497,675)
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	(1,497,675)	(1,497,675)
Shares issued during the year	29,997,628	19,759,530	-	-	49,757,158
<b>Total transactions with owners</b>	29,997,628	19,759,530	-	-	49,757,158
<b>At 31 March 2019</b>	<b>41,694,447</b>	<b>31,593,111</b>	<b>(606,712)</b>	<b>(18,499,453)</b>	<b>54,181,393</b>

The notes on pages 5 to 14 form part of these financial statements.

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

Strides Arcolab International Limited is a private company limited by shares incorporated in England & Wales within the United Kingdom. The address of the registered office is Unit 4 Metro Centre, Tolpits Lane, Watford, Hertfordshire, WD18 9SS.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The Directors have also considered the availability of continued financial support from the parent company – Strides Pharma Science Limited, in evaluating their assessment. The Strides Group has continued to trade through the COVID-19 pandemic as "essential" categorised entities (being manufacturer and wholesaler of pharmaceutical goods) and the forecasts and budgets suggest the group will continue to do so. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

The Company incurred a profit of \$4,246,795 (2019: \$1,497,675 loss) and, as at the year end date, its net asset position is \$70,426,952 (2019: \$54,181,393). The Company has its investments in subsidiaries operating in the UK and USA markets and the management believes there is huge potential for these subsidiaries to be able to help the Company to realise their assets and discharge their liabilities.

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

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

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

**Transactions and balances**

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

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

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

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

**2.4 Finance costs**

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

**2.5 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.6 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

**2.7 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.9 Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.



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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.10 Debtors**

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

**2.11 Cash and cash equivalents**

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

**2.12 Creditors**

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

**2.13 Financial instruments**

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

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

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

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

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

**3. Employees**

The average monthly number of employees, including directors, during the year was 4 (2019 - 4).

**4. Intangible assets**

	<b>Licences \$</b>
At 1 April 2019	<b>125,549</b>
Disposals	<b>(125,549)</b>
At 31 March 2020	<b>-</b>
At 1 April 2019	<b>50,220</b>
Charge for the year	<b>9,416</b>
On disposals	<b>(59,636)</b>
At 31 March 2020	<b>-</b>
<b>Net book value</b>	
At 31 March 2020	<b>-</b>
At 31 March 2019	<b>75,329</b>

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**5. Fixed asset investments**

	Investments in subsidiary companies \$	Investments in associates \$	Total \$
<b>Cost or valuation</b>			
At 1 April 2019	79,362,220	23,232,717	102,594,937
Additions	14,549,872	-	14,549,872
At 31 March 2020	<u>93,912,092</u>	<u>23,232,717</u>	<u>117,144,809</u>
<b>Impairment</b>			
At 1 April 2019	11,319,902	-	11,319,902
Charge for the period	-	1,515,000	1,515,000
At 31 March 2020	<u>11,319,902</u>	<u>1,515,000</u>	<u>12,834,902</u>
<b>Net book value</b>			
At 31 March 2020	<u>82,592,190</u>	<u>21,717,717</u>	<u>104,309,907</u>
At 31 March 2019	<u>68,042,318</u>	<u>23,232,717</u>	<u>91,275,035</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**5. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	\$	\$
Strides Pharma Inc	64,908,189	3,974,187
Stabilis Pharma Inc	863	(300)
Strides Pharma Global (UK) Ltd	17,167,689	633,097

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**6. Debtors**

	2020 \$	2019 \$
Amounts owed by group undertakings	3,423,661	5,409,446
Tax recoverable	-	19,523
	<u>3,423,661</u>	<u>5,428,969</u>

**7. Cash and cash equivalents**

	2020 \$	2019 \$
Cash at bank and in hand	2,077,657	141,990
	<u>2,077,657</u>	<u>141,990</u>

**8. Creditors: Amounts falling due within one year**

	2020 \$	2019 \$
Amounts owed to group undertakings	4,902,752	27,509,610
Other taxation and social security	1,499,454	-
Accruals and deferred income	12,073	16,621
	<u>6,414,279</u>	<u>27,526,231</u>

**9. Creditors: Amounts falling due after more than one year**

	2020 \$	2019 \$
Amounts owed to group undertakings	32,969,994	15,213,699
	<u>32,969,994</u>	<u>15,213,699</u>

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**10. Loans**

Analysis of the maturity of loans is given below:

	2020	2019
	\$	\$
<b>Amounts falling due 2-5 years</b>		
Other loans	32,969,994	15,213,699
	<u>32,969,994</u>	<u>15,213,699</u>
	<u>32,969,994</u>	<u>15,213,699</u>

**11. Share capital**

	2020	2019
	\$	\$
<b>Allotted, called up and fully paid</b>		
28,526,329 (2019 - 28,526,329) Ordinary shares of £1.00 each	41,694,447	41,694,447
9,122 (2019 - nil) Preference shares of £1,000.00 each	11,998,764	-
	<u>53,693,211</u>	<u>41,694,447</u>

**12. Reserves**

**Share premium account**

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

**Foreign exchange reserve**

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

**Profit and loss account**

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

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**STRIDES ARCOLAB INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**13. Prior year adjustment**

During the preparation of these accounts, we corrected a balance sheet classification in the 2019 comparative figures.

An amount of \$19,759,530 was reclassified from the Called up share capital to the Share premium account.

**14. Related party transactions**

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

At the balance sheet date, an amount of \$15,470 (2019: \$205,859) was due from Beltapharm S.p.A, a subsidiary company.

At the balance sheet date, an amount of \$26,569 (2019: \$26,569) was due from Strides Global Consumer Healthcare Limited, a subsidiary company.

**15. Post balance sheet events**

In September 2020, the company passed a resolution to convert their complete holding of compulsory convertible preference shares into ordinary shares. As a result of this the 9,122 £1,000 compulsory convertible preference shares held by the company were converted into 1,779,819 of £1 ordinary shares.

**16. Controlling party**

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

The company is exempt from producing consolidated accounts as the parent, Strides Pharma Science Limited, produces consolidated accounts for the group.