

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Strides Emerging Markets Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Strides Emerging Markets Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

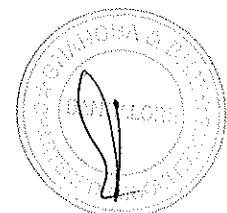
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting



policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

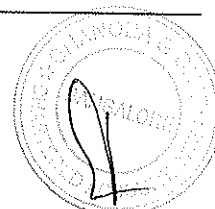
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the financial statements.

Opinion

In our opinion and the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

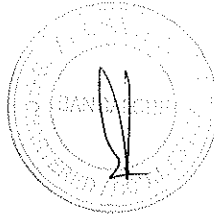
Report on Other Legal and Regulatory Requirements

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-A** 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 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 these books;
 - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. 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-B**; and



- g. 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 which require any provision to be made for 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: Bangalore
Date : May 11, 2016

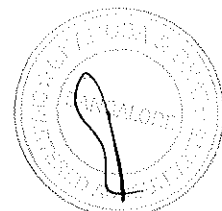


For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 27892

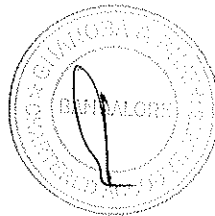
ANNEXURE-A TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR
REPORT OF EVEN DATE

- (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) In respect of its Inventory:
 - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals;
 - b) In our opinion, the Company has maintained proper records of inventory and no material discrepancies were observed on such physical verification.
- (iii) There are no parties required to be 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) According to the information given 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, Income Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2016, 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) According to the information and explanation given to us and based on our verification of the records and relevant documents, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (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) No managerial remuneration was paid by the Company during the year 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 financial statements etc as required by the applicable accounting standards.
- (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: Bangalore
Date : May 11, 2016



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 800939S

A handwritten signature of R. Umesh, written in black ink, positioned above a horizontal line.

R. UMESH
Partner
M. No. 27892

ANNEXURE-B 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 Private Limited as on 31st March 2016 in conjunction with our audit of the 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).

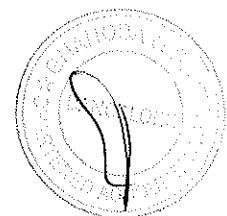
These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and 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 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, 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.

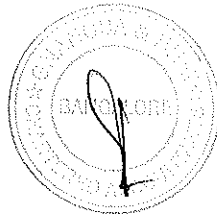
Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2016, 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: Bangalore
Date : May 11, 2016



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

— R. UMESH
Partner
M. No. 27892

STRIDES EMERGING MARKETS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

Rs. In Million

	Note No.	31-Mar-16	31-Mar-15
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	56.27	56.27
(b) Reserves and surplus	4	88.88	171.22
		145.15	227.49
2 Non-current liabilities			
(a) Deferred tax liabilities (net)	5	-	-
(b) Long-term provisions	6	3.66	0.49
		3.66	0.49
3 Current liabilities			
(a) Short-term borrowings	7	89.69	-
(b) Trade payables	8	94.29	60.51
(c) Other current liabilities	9	283.96	230.78
(d) Short-term provisions	10	1.28	0.13
		469.22	291.42
Total		618.03	519.40
B ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
- Tangible assets		397.37	407.46
- Intangible assets		0.45	0.14
- Capital work-in-progress		-	-
		397.82	407.60
(b) Long-term loans and advances	12	4.60	7.21
		402.42	414.81
2 Current assets			
(a) Inventories	13	79.93	44.63
(b) Trade receivables	14	86.69	25.76
(c) Cash and cash equivalents	15	3.91	7.50
(d) Short-term loans and advances	16	45.08	26.70
		215.61	104.59
Total		618.03	519.40

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

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



R. Umesh
Partner
Mem. No. 27892
Place :Bangalore
Date: May 11, 2016

For and on behalf of Board of Directors



Sudhir Krishna Kanchan
Director
DIN 01606191

Sinhue Bosco Noronha
Director
DIN 01075198

Rashmi B.V.

Rashmi B.V
Company Secretary
Mem. No. A38729

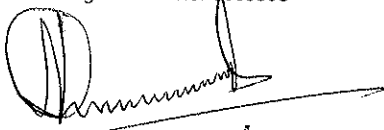


STRIDES EMERGING MARKETS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note No.	Rs. In Million	
		For the Year ended 31-Mar-16	For the Year ended 31-Mar-15
1 Revenue from operations	17	295.93	65.80
Less: Excise duty		-	-
Revenue from operations (net)		295.93	65.80
2 Other income	18	1.85	0.35
3 Total revenue (1+2)		297.78	66.15
4 Expenses			
(a) Cost of materials consumed	19	238.80	21.29
(b) Purchase of stock-in-trade	20	1.34	37.90
(c) (Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	21	(13.04)	(6.77)
(d) Employee benefits expenses	22	55.43	15.19
(e) Other expenses	23	67.77	35.78
Total		350.30	103.39
5 Earning before exceptional items, interest, tax, depreciation and amortisation (EBITDA) (3-4)		(52.52)	(37.24)
6 Finance costs	24	6.28	0.85
7 Depreciation and amortisation expense	11	23.54	10.47
8 Profit before exceptional items and taxes (5-6-7)		(82.34)	(48.56)
9 Tax expenses		-	-
10 Profit for the year (8-9)		(82.34)	(48.56)
11 Earnings per share (of Rs. 10/- each)			
- Basic		(14.63)	(8.63)
- Diluted		(14.63)	(8.63)

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

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

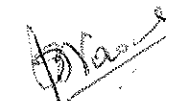


R Umesh
Partner
Mem. No. 027892
Place :Bangalore
Date: May 11, 2016

For and on behalf of Board of Directors

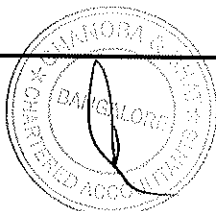


Sudhir Krishna Kanchan
Director
DIN: 01606191



Sinhue Bosco Noronha
Director
DIN: 01075198

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



Strides Emerging Markets Pvt Ltd
Cash Flow Statement for the year ended 31st March 2016

(Rs In Million)

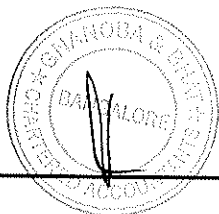
Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(82.33)		(48.57)
<i>Adjustments for:</i>				
Depreciation and amortisation	23.54		10.46	
Finance costs	6.28		0.78	
Interest income	(0.18)		(0.35)	
Gratuity and leave encashment provision	0.64		0.72	
Net unrealised exchange (gain) / loss	5.44		0.74	
		35.72		12.36
Operating profit / (loss) before working capital changes		(46.61)		(36.22)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(35.30)		(42.00)	
Trade receivables	(77.63)		(12.51)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	22.83		72.93	
		(90.09)		18.42
Cash flow from extraordinary items		(136.70)		(17.80)
Cash generated from operations		-		-
Net income tax (paid) / refunds		(136.70)		(17.80)
		0.02		(4.74)
Net cash flow from / (used in) operating activities (A)		(136.68)		(22.53)
B. Cash flow from investing activities				
Capital expenditure on fixed assets including capital advance	(18.48)		(232.48)	
Interest received				
- Others	0.18		0.68	
		(18.30)		(231.80)
Net cash flow from / (used in) investing activities (B)		(18.30)		(231.80)
C. Cash flow from financing activities				
Advance from Related parties	67.98		210.45	
Net increase / (decrease) in working capital borrowings	89.69		-	
Finance cost	(6.28)		(0.78)	
Dividends paid				
Tax on dividend				
		151.39		209.67
Net cash flow from / (used in) financing activities (C)		151.39		209.67
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(3.59)		(44.67)
Cash and cash equivalents at the beginning of the year		7.50		52.17
Cash and cash equivalents at the end of the year		3.91		7.50
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 15)		3.91		7.50
Less: Bank balances not considered as Cash and cash equivalents as defined in		-		-
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>)		3.91		7.50
Add: Current investments considered as part of Cash and cash equivalents (as		-		-
Cash and cash equivalents at the end of the year *		3.91		7.50
* Comprises:				
(a) Cash on hand		0.05		0.02
(b) Balances with banks - in current accounts		1.68		6.30
(c) Balances with banks - in Fixed Deposits		2.18		1.18
		3.91		7.50

As per our report of even date

for Gnanoba & Bhat
Chartered Accountants
Firm Registration no. 000939S

R Umesh
Partner
Mem. No. 027892

Place :Bangalore
Date: May 11, 2016



For and on behalf of the Board of Directors

Sudhir Krishna Kanchan
Director
DIN: 01606191

Sinhue Bosco Noronha
Director
DIN: 01075198

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

STRIDES EMERGING MARKETS PRIVATE LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2016

NOTE – 1

COMPANY INFORMATION

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 also trades in pharmaceutical manufacturing equipment 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 accounts have been prepared under the historical cost convention and on the basis of the going concern, 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.

The preparation of financial statements in conformity with Generally Accepted Accounting Practices requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

The Financial statements are in conformity with accordance with the Generally Accepted Accounting Principles (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 / the Companies Act, 1956, as applicable.

B. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby 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.

C. 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.



D. FIXED ASSETS

Fixed Assets 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.

E. DEPRECIATION

Depreciation on Fixed Assets 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	Software	5 years
8	Factory Building	30 years

F. REVENUE RECOGNITION

Revenue from sales is recognized on transfer of significant risks and rewards to the purchaser, which generally coincides with the delivery of the goods in terms of the arrangement with the purchaser. Sales include excise duty (where applicable) and are stated net of discounts, other taxes and sales returns.

G. TAXATION

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

Minimum alternate tax 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 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.

H. 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.

I. 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.

J. 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.

K. CONTINGENCIES

Contingent liabilities are shown by way of note to the financial statement.

L. 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.



M. 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 carried out as the end of the fiscal year 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 as the end of the fiscal year with the actuarial valuation being carried out at each balance sheet date. The liability is not funded.

For and on behalf of the Board

Place : Bangalore

Date: May 11, 2016



Sudhir Krishna Kanchan

Director

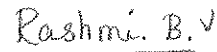
DIN 01606191



Sinhue Bosco Noronha

Director

DIN 01075198



Rashmi B.V

Company Secretary

Mem. No. A38729



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note
No.

3 Share capital

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Authorised 10,000,000 (Previous year 10,000,000) Equity shares of Rs. 10/- each with voting rights	100.00	100.00
Total Issued, subscribed and fully paid-up	100.00	100.00
5,626,562 (Previous Year 5,626,562) Equity shares of Rs.10/- each with voting rights	56.27	56.27
Total	56.27	56.27

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

Particulars	31-Mar-16		31-Mar-15	
	No. of Shares	Rs. In Million	No. of Shares	Rs. In Million
Equity share of Rs. 10/- each				
Opening balance	56,26,562	56.27	56,26,562	56.27
Issued/ called-up equity share capital during the period	-	-	-	-
Closing balance	56,26,562	56.27	56,26,562	56.27

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

The Company has only one class of equity shares, having a par value of Rs.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.

3(c) Shares held by Holding Company:

Particulars	31-Mar-16		31-Mar-15	
	No. of Shares	%	No. of Shares	%
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,562	100.00%	56,26,552	100.00%

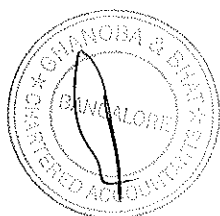
3(d) Details of equity shares held by each shareholder holding more than 5% of shares:

Particulars	31-Mar-16		31-Mar-15	
	No. of Shares	%	No. of Shares	%
Strides Pharma (Cyprus) Ltd - Holding Company	56,26,562	100.00%	56,26,552	100.00%

4 Reserves and surplus

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Securities premium account		
Opening balance	210.62	210.62
Add: Premium on shares issued during the period	-	-
Closing balance	210.62	210.62
Surplus in Statement of Profit and Loss		
Opening balance	(39.40)	9.16
Less: Loss for the year	(82.34)	(48.56)
Closing balance	(121.74)	(39.40)
Total	88.88	171.22



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note
No.

Particulars		Rs. In Million	
		31-Mar-16	31-Mar-15
5 Deferred tax (asset) / liability			
Tax effect on items constituting deferred tax liability / (asset):			
On difference between book balance and tax balance of fixed assets	57.07	83.82	
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful	(2.22)	(1.09)	
Unabsorbed depreciation carried forward / brought forward business losses	(188.54)	(83.08)	
Deferred tax (asset) / liability (net)	(133.69)	(0.35)	
Tax effect on the above - deferred tax (asset) / liability	(41.31)	(0.11)	

Note: Deferred Tax Asset of Rs. 41.31 Mn (P.Y. Rs. 0.11 Mn) attributable to unabsorbed losses and depreciation has not been recognised on the grounds of prudence

Particulars		Rs. In Million	
		31-Mar-16	31-Mar-15
6 Long-term provisions			
Provision for employee benefits:			
- Gratuity	2.39	0.25	
- Compensated absence	1.27	0.24	
Total	3.66	0.49	

Particulars		Rs. In Million	
		31-Mar-16	31-Mar-15
7 Short term borrowings			
Secured loans repayable on demand from banks:			
- Working capital loans from Yes Bank Limited	89.69	-	
- Short-term loans	-	-	
Total	89.69	-	

Details of Terms in respect of Cash Credit

Working capital loans from Yes Bank Limited consists of packing credit (foreign currency as well as INR), bill discounting facilities (import and inland) and cash credit facilities.

Rate of Interest - 1.50% above the Bank's base rate which translates to 12.25% p.a.

Nature of Security - The said loan is secured by first pari passu charge over entire moveable and immovable assets of the Company including current assets, both present and future.

Other Terms - The loan is further secured by the corporate guarantee of Strides Shasun Limited (Holding Company).

Particulars		Rs. In Million	
		31-Mar-16	31-Mar-15
8 Trade payables			
Trade payables:			
- Acceptance	-	-	
- Other than acceptances (Refer note (i) below)	62.59	60.51	
- Due from Related Parties (Refer note 31)	31.70	-	
Total	94.29	60.51	

Note:

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

Particulars		Rs. In Million	
		31-Mar-16	31-Mar-15
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year	-	0.06	
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	-	-	
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	-	-	
(iv) The amount of interest due and payable for the year	-	-	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	
(vi) The amount of further interest due and payable even in the succeeding year, until such date	-	-	

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 Pvt Ltd
Notes forming part of the financial statements

Note
No.

9 Other current liabilities

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Dues to Related Parties (Refer note 31)	276.94	206.44
Other payables:		
- Statutory remittances	2.30	1.30
- Payables on purchase of fixed assets	0.17	6.54
- Advances from customers	0.03	-
- Advances received - Related Parties (Refer note 31)	4.52	16.50
Total	283.96	230.78

10 Short-term provisions

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Provision for employee benefits:		
- Gratuity	0.40	-
- Compensated absences	0.88	0.13
Total	1.28	0.13

12 Long-term loans and advances

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Unsecured, considered good:		
- Capital advances	2.24	3.91
- Security deposits	2.36	2.46
- Others- Margin Money exceeding 12 months	-	0.84
Total	4.60	7.21

13 Inventories

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Raw materials [includes goods-in-transit of Rs. 1.24 Mn (P.Y. - Nil)]	55.96	35.18
Work-in-progress (Refer note (i) below)	11.44	7.05
Finished goods (other than those acquired for trading)	11.00	2.35
Stores and spares	1.53	0.05
Total	79.93	44.63

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

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Capsules	0.34	5.84
Tablets	11.10	1.21
Total	11.44	7.05



Strides Emerging Markets Pvt Ltd

Note : 11

(Rs in Million)

Schedule for Fixed Assets as on 31.03.2016

Sl No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 31.03.2015	Additions During the year	Deletions During the Year	As on 31.03.2016	Up to 31.03.2015	For the Year	Deletions During the Year	Up to 31.03.2016	As on 31.03.2016	As on 31.03.2015	
	TANGIBLE ASSETS											
1	FREEHOLD LAND	48.18	0.87	-	49.05	-	-	-	-	49.05	48.18	
3	BUILDING	146.87	1.35	-	148.22	2.28	4.94	-	7.22	141.00	144.59	
4	FURNITURE & FIXTURES	8.03	-	-	8.03	0.35	0.81	-	1.15	6.88	7.68	
5	OFFICE EQUIPMENT & COMPUTERS	6.60	0.23	-	6.83	0.98	2.18	-	3.16	3.67	5.63	
6	PLANT & MACHINERY	208.21	10.92	-	219.14	6.84	15.54	-	22.38	196.76	201.37	
	Total Tangible assets	417.90	13.37	-	431.27	10.44	23.46	-	33.90	397.37	407.46	
	INTANGIBLE ASSETS											
9	SOFTWARE LICENCE	0.15	0.40	-	0.55	0.01	0.08	-	0.10	0.45	0.14	
	Total Intangible assets	0.15	0.40	-	0.55	0.01	0.08	-	0.10	0.45	0.14	
	GRAND TOTAL	418.05	13.77	-	431.82	10.46	23.54	-	34.00	397.82	407.59	
	Previous Year	45.55	372.50	-	418.05	-	10.46	-	10.46	407.59	193.07	



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note

No.

14 Trade receivables

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured considered good	2.57	8.48
- Doubtful	-	-
	2.57	8.48
Less: Provision for doubtful trade receivables	-	-
	2.57	8.48
Others		
- Unsecured considered good	84.12	17.28
- Doubtful	-	-
	84.12	17.28
Less: Provision for doubtful trade receivables	-	-
	84.12	17.28
Total	86.69	25.76
Note: Dues to Related Parties (Refer note 31)	85.69	23.54

15 Cash and cash equivalents

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Cash on hand	0.05	0.02
Balance with banks:		
- In current account	1.68	6.30
- In deposit account	2.18	1.18
Total	3.91	7.50
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 'Cash Flow Statements' is	3.91	7.50

16 Short-term loans and advances

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Unsecured, considered good		
Loans and advances to related parties (Refer note 31)	6.20	-
Loans and advances to employees	0.48	0.63
Loans and advances to suppliers	5.46	4.87
Advance Tax (net of provision)	0.58	0.60
Prepaid expenses	1.56	0.44
Balances with government authorities:		
- CENVAT credit receivable	2.85	1.68
- VAT credit receivable	18.00	13.42
- Service tax credit receivable	9.95	2.28
- Incentives receivables	-	2.78
Total	45.08	26.70



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note

No.

17 Revenue from operations

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Sale of products (Refer note (i) below)	294.48	17.35
Export of Capital Goods (Refer note (i) below)	1.10	47.79
Other operating revenues (Refer note (ii) below)	0.35	0.66
Total	295.93	65.80
Less: Excise duty	-	-
Total	295.93	65.80

Note:

(i) Sale of product comprises:

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Manufactured goods:		
- Tablets	267.53	16.77
- Capsules	6.72	-
- Sachets	-	-
- Others	20.23	-
Total manufactured goods sold	294.48	16.77
Traded goods:		
- Tablets	-	-
- Capsules	-	-
- Others	1.10	48.37
Total traded goods sold	1.10	48.37
Total sale of products (including excise duty)	295.58	65.14

(ii) Other operating revenue comprises:

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Export incentives	0.03	0.65
Sale of Scrap	0.32	0.01
Total other operating revenue	0.35	0.66

18 Other income

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Interest income (Refer note (i) below)	0.18	0.35
Exchange fluctuation gain	1.67	-
Total	1.85	0.35

Note:

(i) Interest income comprises:

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Interest from banks on deposits	0.18	0.35
Total	0.18	0.35

19 Cost of materials consumed

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Opening stock	35.23	-
Add: Purchases	261.06	56.52
Closing stock	57.49	35.23
Cost of materials consumed	238.80	21.29



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note
No.

Cost of materials consumed comprises:

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Active pharmaceutical ingredients and other raw materials	213.72	18.91
Primary packing materials	15.39	1.57
Secondary packing materials	9.69	0.81
Total	238.80	21.29

20 Purchase of traded goods

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Traded goods	1.34	37.90
Total	1.34	37.90

21 (Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade

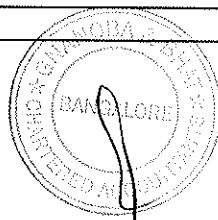
Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Inventories at the end of the year:		
- Finished goods	11.00	2.35
- Work-in-progress	11.44	7.05
	22.44	9.40
Inventories at the beginning of the year:		
- Finished goods	2.35	2.63
- Work-in-progress	7.05	-
	9.40	2.63
Net (increase) / decrease	(13.04)	(6.77)

22 Employee benefits expenses

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Salaries and wages	39.83	9.85
Contributions to provident and other funds (Refer note 29)	3.16	0.98
Staff welfare expenses	12.44	4.36
Total	55.43	15.19

23 Other expenses

Particulars	Rs. In Million	
	31-Mar-16	31-Mar-15
Subcontracting	0.03	0.47
Power and fuel	15.43	4.99
Water	-	0.04
Rent	0.79	0.68
Repairs and maintenance:		
- Buildings	0.11	0.29
- Machinery	3.75	1.07
- Others	0.46	1.17
Insurance	0.62	-
Rates and taxes	1.19	0.96
Communication	0.16	0.41
Travelling and conveyance	0.21	0.22
Printing and stationery	0.95	0.66
Freight and forwarding	5.74	10.49
Business promotion	0.55	0.04
Legal and professional	3.09	1.90
Payments to auditors (-Refer Note (i) below)	0.52	0.61
Support Service Charges	9.60	-
Consumables	14.01	3.94
Net loss on foreign currency transactions	3.19	4.70
Security Charges	1.66	0.94
House Keeping Expenses	2.95	1.98
Miscellaneous expenses	2.75	0.22
Total	67.76	35.78



Strides Emerging Markets Pvt Ltd
Notes forming part of the financial statements

Note
No.

Note:

(i) Payments to the auditors comprises (net of service tax input credit):

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Statutory Audit Fee	0.35	0.30
Tax Audit Fee	0.06	0.06
For Certification and Others	0.11	0.25
Total	0.52	0.61

24 Finance costs

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Interest expense on:		
- Borrowings	5.84	-
- delayed payment of income tax	-	-
Bank charges and commission	0.44	0.85
Total	6.28	0.85

25 Details of consumption of imported and indigenous materials

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Imported	84.32	2.78
- Percentage to the total consumption	35%	13%
Indigenous	154.48	18.52
- Percentage to the total consumption	65%	87%
Total	238.80	21.30

26 Value of imports calculated on CIF basis

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
Raw materials	96.22	8.13
Other goods	-	-
Total	96.22	8.13

27 Earnings in foreign currency

Rs. In Million

Particulars	31-Mar-16	31-Mar-15
FOB value of export of goods	1.10	47.79
Total	1.10	47.79

28 Foreign Currency Exposure

Foreign Currency Exposure as at March 31, 2016 that have not been hedged by a derivative instrument or other wise:

Particulars	31-Mar-16		31-Mar-15	
	Rs in Million	Amt-Foreign Currency	Rs in Million	Amt- Foreign Currency
Receivables -USD	2.57	0.04	8.40	0.14
Total	2.57	0.04	8.40	0.14
Payables- USD	59.08	0.92	30.15	0.48
Payables- EURO	0.91	0.01	-	-
Total	59.08	0.92	30.15	0.48



Strides Emerging Markets Pvt Ltd
Notes on Financial Statements for the year ended 31st March 2016

Note -29
Employee Benefits

Defined Contribution Plans

Employers' Contribution to Provident Fund
During the year, the Company has recognized the following amount in the Profit and Loss Account-
Rs in Million

Particulars	As at 31st March 2016	As at 31st March 2015
Employers' Contribution to Provident Fund	2.30	0.47

Particulars	Year ended	
	31st March 2016	31st March 2015
Gratuity		
Components of employer expense		
Current Service cost	0.69	0.25
Interest cost	0.23	-
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	(0.28)	-
Total expense recognised in the Statement of Profit & Loss	0.64	0.25
Actual Contribution and Benefits Payments for the year		
Actual benefit payments	-	-
Actual Contributions	-	-
Net liability recognised in balance sheet		
Present value of Defined Benefit Obligation	2.79	0.25
Fair value of plan assets	-	-
Funded status {Surplus/(Deficit)}	-	-
Unrecognized Past Service Costs	-	-
Net liability recognised in balance sheet	2.79	0.25
- Non-current portion	2.39	0.24
- Current portion	0.40	0.01
Change in Defined Benefit Obligations during the year		
Present Value of DBO at beginning of period	0.25	-
Current Service cost	0.69	0.25
Interest cost	0.23	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Liability on acquisition	1.90	-
Actuarial (gains)/ losses	(0.28)	-
Benefits paid	-	-
Present Value of DBO at the end of period	2.79	0.25
Change in Fair Value of Assets during the year		
Plan assets at beginning of period	-	-
Acquisition Adjustment	-	-
Actual return on plan assets	-	-
Actual Company contributions (less risk premium, ST)	-	-
Benefits paid	-	-
Plan assets at the end of period	-	-
Actuarial Assumptions		
Discount Rate	8.00%	7.90%
Expected Return on plan assets	0.00%	0.00%
Salary escalation P.A	10.00%	10.00%



Strides Emerging Markets Pvt Ltd
Notes on Financial Statements for the year ended 31st March 2016

Actuarial Assumptions for Long-term Compensated Absence

Actuarial Assumptions		
Discount Rate	7.75%	7.80%
Salary escalation Rate	10.00%	10.00%
Attrition Rate	15.00%	10.00%
Charge in the Profit and Loss account - Rs.	0.95	0.27
Liability at the year end - Rs.	1.49	0.27

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.

Note - 30

Earnings Per share

Particulars	31st March 2016	31st March 2015
Net Profit after Tax	(82.34)	(48.56)
Weighted average number of equity shares (No.s)	5.63	5.63
Earnings/(Loss) per share	(14.63)	(8.63)
Nominal Value of Equity Shares	10.00	10.00

Note - 31

Related Party Disclosures

Party where the Control Exists	Name of Related Party
Holding Company	Strides Pharma (Cyprus) Limited
Ultimate Holding Company	Strides Shasun Limited
Fellow Subsidiary	Strides Vital Nigera Limited
Fellow Subsidiary	African Pharmaceutical Development Company
Key Managerial Personnel - Company Secretary	Rashmi B.V (refer note. 8 below)

SI No	Nature of Transaction	Rs in Million				
		Holding Company	Fellow Subsidiary	Ultimate Holding Company		
1	Loans & Advances - Taken / (Repaid) (net)	2016	(11.97)	-	0.20	
		2015	43.64	0.90	176.50	
2	Loans & Advances - Given/ (Repaid) (net)	2016	-	(5.85)	-	
		2015	-	8.20	-	
3	Sale of Goods	2016	1.10	-	293.86	
		2015	46.07	1.71	17.34	
4	Purchase of Goods / Asset	2016	-	-	40.93	
		2015	-	-	-	
5	Guarantee Commission / Support Service Charges paid	2016	-	-	13.60	
		2015	-	-	-	
6	Reimbursement of Expenses incurred on behalf of	2016	-	-	-	
		2015	1.00	-	-	
7	Reimbursement for Expenses incurred by	2016	-	-	4.78	
		2015	-	-	-	
8	Managerial remuneration paid to Company Secretary (KMP) Rs. 0.47 million (P.Y. Nil)					
9	Balances Outstanding:					
		a) Receivable	2016	-	2.57	83.13
			2015	-	8.47	17.34
		b) Payable	2016	35.58	0.91	277.13
2015	42.63		0.90	181.37		

Note - 32

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

By Order of the Board of Directors
for Strides Emerging Markets Pvt Ltd

Sudhir Krishna Kanchan

Sudhir Krishna Kanchan
 Director
 DIN 01606191

Sinhue Bosco Neronha

Sinhue Bosco Neronha
 Director
 DIN 01075198

Rashmi B.V

Rashmi B.V
 Company Secretary
 Mem. No. A38729

Place :Bangalore
 Date: May 11, 2016

