
INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Strides Emerging Markets Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of M/s Strides Emerging Markets Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, 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, 2020, 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.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditor's report thereon.

The Board's Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



When we read Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 11, 2020



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

R. UMESH
Partner
M. No. 027892
UDIN: 20027892AAAAAF4490

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 11, 2020



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

✓ R. UMESH
Partner
M. No. 027892
UDIN: 20027892AAAAAF4490

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 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 2020, 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 11, 2020



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

R. UMESH
Partner
M. No. 27892
UDIN: 20027892AAAAAF4490

**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 ("the Company") as on 31st March 2020 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, 2020, 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 11, 2020



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

R. UMESH
Partner

M. No. 27892


UDIN: 20027892AAAAAF4490

STRIDES EMERGING MARKETS LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

	Note No.	INR in Million	
		31-Mar-20	31-Mar-19
A ASSETS			
I Non-Current Assets			
(a) Property, plant and equipment	3	347.97	342.52
(b) Capital work in progress		34.43	12.58
(c) Other intangible assets	3	2.44	0.12
(d) Deferred tax assets (net)	4	239.07	-
(e) Income tax assets	5	1.06	0.02
(f) Other non-current assets	6	3.25	3.19
Total Non-Current Assets		628.22	358.43
II Current Assets			
(a) Inventories	7	179.60	59.67
(b) Financial assets			
(i) Trade receivables	8	226.50	28.86
(ii) Cash and cash equivalents	9	11.00	3.34
(iii) Other balances with banks	10	2.78	2.65
(c) Income tax assets	11	0.01	1.06
(d) Other current assets	12	102.33	40.91
Total Current Assets		522.22	136.49
Total Assets		1,150.44	494.92
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	56.27	56.27
(b) Other equity	14	(220.95)	(303.82)
Total Equity		(164.68)	(247.55)
II Liabilities			
1 Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	-	581.72
(b) Provisions	16	13.87	7.57
		13.87	589.29
2 Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	17	747.64	-
(ii) Trade Payables			
- Total outstanding dues of micro & small enterprises	18	12.51	0.88
- Total outstanding dues of creditors other than micro & small enterprises	19	429.83	118.58
(b) Other current liabilities	20	109.29	31.27
(c) Provisions	21	1.98	2.45
		1,301.25	153.18
Total Equity and Liabilities		1,150.44	494.92

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

For and on behalf of Board of Directors

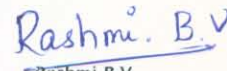
For **Gnanoba & Bhat**
Chartered Accountants
Firm Registration No. 000939S

R Umesh
Partner
Mem. No. 027892


Venkata Seetharama Raju Pakalapati
Director
DIN: 07500141


Umesh Pralhadrao Kale
Director
DIN: 07486080

Place: Bengaluru
Date: June 11, 2020




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



STRIDES EMERGING MARKETS LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2020

		INR in Million	
	Note		
	No.	31-Mar-20	31-Mar-19
1 Revenue from operations	22	393.04	36.12
2 Other income	23	0.14	10.96
3 Total revenue (1+2)		393.18	47.08
4 Expenses			
(a) Cost of materials consumed	24	295.16	39.22
(b) (Increase) / Decrease in inventories of finished goods work-in-progress and stock-in-trade	25	(40.58)	(3.11)
(c) Employee benefits expense	26	84.61	57.16
(d) Finance costs	27	72.07	32.58
(e) Depreciation and amortisation expenses	3	26.11	24.39
(f) Other expenses	28	109.52	56.52
Total		546.89	206.75
5 Profit / (Loss) before exceptional items and tax (3-4)		(153.71)	(159.67)
6 Exceptional items gain / (loss) (net)		-	-
7 Profit / (Loss) before tax (5+6)		(153.71)	(159.67)
8 Tax expense			
(a) Current tax		-	-
(b) Deferred tax	29	(239.07)	-
9 Profit / (Loss) for the year (7-8)		85.36	(159.67)
10 Other Comprehensive Income			
A) (i) Items that will not be reclassified to profit or loss		(2.49)	(0.74)
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		-	-
Total Other comprehensive Income		(2.49)	(0.74)
11 Total Comprehensive Income for the period (9+10)		82.87	(160.41)
12 Earnings per share (of INR 10/- each)			
- Basic (Refer Note 31)		15.17	(28.38)
- Diluted (Refer Note 31)		15.17	(28.38)

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 11, 2020




Rashmi B.V
Company Secretary
Mem. No. A38729



STRIDES EMERGING MARKETS LIMITED
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2020

INR in Million

Particulars	31-Mar-20	31-Mar-19
A. Cash flow from operating activities		
Net Profit / (Loss) after tax	85.36	(159.67)
Adjustments for:		
-Provision for tax	(239.07)	-
-Depreciation and amortisation	26.11	24.39
-Finance costs	70.78	32.57
-Interest income	(0.14)	(10.60)
-Provision for gratuity & leave encashment	3.86	2.32
-Provision for other receivable	2.63	0.00
-Net unrealised exchange (gain) / loss	4.64	-0.24
	(131.18)	48.44
Operating profit / (loss) before working capital changes	(45.82)	(111.23)
Changes in working capital:		
(Increase)/decrease in inventories	(119.93)	0.39
(Increase)/decrease in trade and other receivables	(267.41)	11.90
Increase/(decrease) in trade and other payables	324.23	(14.20)
Net Change in working capital	(63.11)	(1.91)
Cash generated from operations	(108.93)	(113.14)
Net income tax (paid) / refunds	-	(1.06)
Net cash flow from / (used in) operating activities (A)	(108.93)	(114.20)
B. Cash flow from investing activities		
Capital expenditure on fixed assets including capital advance	(56.58)	(9.15)
Interest received	0.02	10.45
Net cash flow from / (used in) investing activities (B)	(56.56)	1.30
C. Cash flow from financing activities		
Proceeds of long-term borrowings from related parties	-	95.60
Advance from related parties	14.38	26.55
Advance given to related parties	(0.06)	(0.08)
Proceeds from short-term borrowings	269.41	-
Repayment of short-term borrowings	(103.50)	-
Finance cost	(7.08)	(12.26)
Net cash flow from / (used in) financing activities (C)	173.15	109.81
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	7.66	(3.09)
Cash and cash equivalents at the beginning of the year	3.34	6.43
Cash and cash equivalents at the end of the year	11.00	3.34
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	11.00	3.34
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 9	11.00	3.34
Add: Current investments considered as part of Cash and cash equivalents (as defined in Ind AS 7 <i>Statement of Cash Flows</i>)	-	-
Cash and cash equivalents at the end of the year *	11.00	3.34
* Comprises:		
(a) Cash on hand	0.08	0.14
(b) Balances with banks - in current accounts	10.92	3.20

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 11, 2020



Rashmi B.V
Company Secretary
Mem. No. A38729



STRIDES EMERGING MARKETS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2020 AND MARCH 31, 2019

A) Equity share capital		INR in Million
Particulars		
Balance as at April 1, 2018		56.27
Changes in equity share capital during the year		-
Balance as at March 31, 2019		56.27
Changes in equity share capital during the year		-
Balance as at March 31, 2020		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 April 1, 2018	210.62	(353.51)	(0.52)		(143.41)
Loss for the year	-	(159.67)	-		(159.67)
Other comprehensive income for the year (net of tax)	-	-	(0.74)		(0.74)
Total comprehensive income	-	(159.67)	(0.74)		(160.41)
Balance as at March 31, 2019	210.62	(513.18)	(1.26)		(303.82)
Profit for the year	-	85.36	-		85.36
Other comprehensive income for the year (net of tax)	-	-	(2.49)		(2.49)
Total comprehensive income	-	85.36	(2.49)		82.87
Balance as at March 31, 2020	210.62	(427.82)	(3.75)		(220.95)

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. 0079395

R Umesh
Partner
Mem. No. 027892

Venkata Seetharama Raju Pakalapati
Director
DIN: 07500141

Umesh Pralhadrao Kale
Director
DIN: 07486080



Place: Bengaluru
Date: June 11, 2020

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



STRIDES EMERGING MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2020

NOTE – 1

COMPANY INFORMATION:

Strides Emerging Markets 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, 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.

COVID-19:

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The actual impact of this global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered available internal and external information while finalizing various estimates in relation to its financial statements upto the date of approval of the financial statements by the Board of Directors. The Company will continue to closely monitor any material changes to future economic conditions. However, the pandemic did not have any material impact on the financial statement for the year ended March 31, 2020.

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 in the earlier years. During the Current year, the Company received approval from TGA and started the manufacturing operations and supplies of pharmaceutical products in Australia.

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.

The Company as part of its restructuring plans intends to merge with Strides Pharma Science Limited, Ultimate Holding Company and post receiving approval by the Board of Directors for the Scheme on September 4, 2019, an application is filed before The National Company Law Tribunal (NCLT), Bengaluru.

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. LEASES:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

There were no material leases for the year ended 31st March 2020 and 31st March 2019 for the Company as a Lessee to apply the requirements of Ind AS 116.

H. 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

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. CONTINGENCIES:

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

O. 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.



P. 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 of Directors



Venkata Seetharama Raju Pakalapati

Director

DIN: 07500141



Umesh Pralhadrao Kale

Director

DIN: 07486080

Place : Bangaluru

Date : June 11, 2020



Rashmi B.V

Company Secretary

Mem. No. A38729



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note : 3

Property, plant and equipment

Property, plant and equipment		Gross Block			Depreciation			Net Block			
SI No	Description	As on 01.04.2019	Additions during the year	Deletions during the year	As on 31.03.2020	Up to 31.03.2019	For the year	Deletions during the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
1	Freehold land	49.05	-	-	49.05	-	-	-	-	49.05	49.05
2	Building	149.85	1.71	-	151.56	22.20	5.06	-	27.26	124.30	127.65
3	Furniture & fixtures	9.27	3.34	-	12.61	3.67	1.33	-	5.00	7.61	5.60
4	Office equipment & computers	7.22	2.01	-	9.23	6.86	0.59	-	7.45	1.78	0.36
5	Plant & machinery	235.70	24.23	-	259.93	75.84	18.86	-	94.70	165.23	159.86
	Total	451.09	31.29	-	482.38	108.57	25.84	-	134.41	347.97	342.52

Other Intangible assets

Other Intangible assets		Gross Block			Amortization			Net Block			
SI No	Description	As on 01.04.2019	Additions during the year	Deletions during the year	As on 31.03.2020	Up to 31.03.2019	For the year	Deletions during the year	Up to 31.03.2020	As on 31.03.2020	As on 31.03.2019
1	Software licence	0.55	2.59	-	3.14	0.43	0.27	-	0.70	2.44	0.12
	Total	0.55	2.59	-	3.14	0.43	0.27	-	0.70	2.44	0.12
	Grand Total	451.64	33.88	-	485.52	109.00	26.11	-	135.11	350.41	342.64
	Previous Year	449.67	2.06	-	451.64	84.64	24.39	0.02	109.00	342.64	365.04



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

4. Deferred tax balances

Particulars	INR in Million	
	As at 31-Mar-20	As at 31-Mar-19
Deferred tax assets	239.07	-
Deferred tax liabilities	-	-
Deferred tax assets/ liabilities (net)	239.07	-

2019-2020	INR in Million			
	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Tax losses	-	270.06	-	270.06
Property, plant and equipment	-	(37.98)	-	(37.98)
Provision for employee benefits	-	5.97	-	5.97
Others	-	1.02	-	1.02
Total	-	239.07	-	239.07

Note: The Board of Directors of the Company approved the Scheme of Amalgamation of the Company with the Ultimate Holding Company on September 4, 2019 with an Appointed date of April 1, 2019. The Scheme is currently pending for approval with National Company Law Tribunal (NCLT).

The Company started the manufacturing operations and supplies after obtaining the approval from TGA for manufacture and supply of pharmaceutical products in Australia.

Considering the above, the Company is reasonably certain that it will be able to utilize the Tax losses incurred in the past. Therefore, the Company has recognized the Deferred Tax Asset of INR 239.07 Million for the year ended 31st March 2020 (31st March 2019: Nil).



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note

No.

5	Income tax assets - Non Current	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Advance tax (net of provision)	1.06	0.02
	Total	1.06	0.02

6	Other non current assets	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Security deposits	2.86	2.82
	Capital advances	0.39	0.37
	Total	3.25	3.19

7	Inventories	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Raw materials	126.63	47.95
	Work-in-progress	33.59	3.52
	Finished goods	18.06	7.55
	Stores and spares	1.32	0.65
	Total	179.60	59.67

Note: (i) Details of work-in-progress		INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Capsules	3.82	2.15
	Tablets	29.77	1.37
	Total	33.59	3.52

8	Trade receivables	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Considered good - Unsecured	226.50	28.86
	Less: Allowances for doubtful trade receivables	-	-
	Total	226.50	28.86
	Note: Dues from Related parties (Refer Note 32)	210.55	23.92

9	Cash and cash equivalents	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Cash on hand	0.08	0.14
	Balance with banks:		
	- In current account	10.92	3.20
	Total	11.00	3.34

10	Other balances with banks	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Balance with banks:		
	- In deposit account	2.78	2.65
	Total	2.78	2.65

Note: Balance with banks in deposit account - INR 2.78 Mn (P.Y. INR 2.65 Mn) is held as margin for Bank Guarantee for bonds furnished to EOU authorities.

11	Income tax assets - Current	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Advance tax (net of provision)	0.01	1.06
	Total	0.01	1.06



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note
No.

12 Other current assets	INR in Million	
Particulars	31-Mar-20	31-Mar-19
Loans and advances to employees	0.10	0.50
Advances to related parties (Refer Note 32)	1.49	1.44
Advances to suppliers	21.82	2.13
Prepaid expenses	0.98	0.50
Incentives receivables	9.94	-
Balances with government authorities	68.00	36.34
Total	102.33	40.91

13 Equity share capital	INR in Million	
Particulars	31-Mar-20	31-Mar-19
Authorised		
10,000,000 Equity shares of INR 10/- each with voting rights (March 31st 2019: 10,000,000 Equity shares of INR 10 each)	100.00	100.00
Total	100.00	100.00
Issued, subscribed and fully paid-up		
5,626,562 Equity shares of INR 10/- each with voting rights (March 31st 2019: 5,626,562 Equity shares of INR 10 each)	56.27	56.27
Total	56.27	56.27

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

Particulars	31-Mar-20		31-Mar-19	
	No. of Shares	INR	No. of Shares	INR
Equity share of INR 10/- each				
Opening balance	5,626,562	56,265,620	5,626,562	56,265,620
Issued during the year	-	-	-	-
Closing balance	5,626,562	56,265,620	5,626,562	56,265,620

- (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-20		31-Mar-19	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma (Cyprus) Ltd - Holding Company	5,626,562	100%	5,626,562	100%
Total	5,626,562	100%	5,626,562	100%

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

Particulars	31-Mar-20		31-Mar-19	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma (Cyprus) Ltd - Holding Company	5,626,562	100%	5,626,562	100%
Total	5,626,562	100%	5,626,562	100%



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note
No.

14 Other equity		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
Securities premium			
Opening balance	210.62	210.62	
Add : Premium on shares issued during the year	-	-	
Closing balance	210.62	210.62	
Surplus in statement of profit and loss			
Opening balance	(513.18)	(353.51)	
Add: Profit / (Loss) for the year	85.36	(159.67)	
Closing balance	(427.82)	(513.18)	
Items of other comprehensive income			
Opening balance	(1.26)	(0.52)	
Add/(Less) : other comprehensive income for the year	(2.49)	(0.74)	
Add / (Less): Tax impact on above	-	-	
Closing balance	(3.75)	(1.26)	
Total	(220.95)	(303.82)	

15 Non current borrowings		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
Loan from related party (Refer Note 32)	-	581.72	
Total	-	581.72	

16 Non current provision		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
Provision for employee benefits:			
- Gratuity (Refer Note 30)	8.34	5.06	
- Compensated absence	5.53	2.51	
Total	13.87	7.57	

17 Current Borrowings		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
Loan from related party (Refer Note 32)	747.64	-	
Total	747.64	-	

18 Total outstanding dues of micro & small enterprises		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
Trade payables:			
- Other than acceptances	12.51	0.88	
Total	12.51	0.88	

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

		INR in Million	
Particulars	31-Mar-20	31-Mar-19	
(i) Principal amount remaining unpaid as at the end of the accounting year	12.51	0.88	
(ii) Interest due on the above remaining unpaid as at the end of the accounting year	0.93	0.18	
(iii) The amount of interest paid along with the amounts of the payment made beyond the appointed day	-	-	
(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 year	1.11	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
Notes forming part of the financial statements

Note

No.

19 Trade payables INR in Million

Particulars	31-Mar-20	31-Mar-19
Trade payables:		
- Other than acceptances	114.62	28.00
- Dues to related parties (Refer Note 32)	315.21	90.58
Total	429.83	118.58

20 Other current liabilities INR in Million

Particulars	31-Mar-20	31-Mar-19
Dues to related parties (Refer Note 32)	18.52	4.14
Interest outstanding on loans and advances taken from related parties (Refer Note 32)	84.32	20.62
Other payables:		
- Payables on purchase of fixed assets (Refer note below)	2.47	3.31
- Statutory remittances	3.73	2.98
- Advances from customers	0.25	0.22
Total	109.29	31.27

Note: Includes payables to related parties INR Nil (PY INR 1.62 Mn) (Refer Note 32)

21 Current provision INR in Million

Particulars	31-Mar-20	31-Mar-19
Provision for employee benefits:		
- Gratuity (Refer Note 30)	1.15	0.79
- Compensated absences	0.83	1.66
Total	1.98	2.45



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note

No.

22	Revenue from operations	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Sale of products	383.10	36.04
	Other operating revenues (refer Note (i) below)	9.94	0.08
	Total	393.04	36.12

Note (i) Other operating revenue comprises:		INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Export incentives	9.91	-
	Sale of Scrap	0.03	0.08
	Total other operating revenue	9.94	0.08

23	Other income	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Interest income	0.14	10.60
	Net gain on foreign currency transactions	-	0.36
	Total	0.14	10.96

24	Cost of materials consumed	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Opening stock	48.60	52.10
	Add: Purchases	374.51	35.72
	Closing stock	127.95	48.60
	Cost of materials consumed	295.16	39.22

25	(Increase) / Decrease in inventories of finished goods, work-in-progress and stock-in-trade	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Inventories at the end of the year:		
	- Finished goods	18.06	7.55
	- Work-in-progress	33.59	3.52
		51.65	11.07
	Inventories at the beginning of the year:		
	- Finished goods	7.55	2.16
	- Work-in-progress	3.52	5.80
		11.07	7.96
	Net (increase) / decrease	(40.58)	(3.11)

26	Employee benefits expenses	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	Salaries and wages	62.34	40.97
	Contributions to provident and other funds	3.73	2.61
	Gratuity (Refer to Note 30)	1.21	1.21
	Staff welfare expenses	17.33	12.38
	Total	84.61	57.16

27	Finance costs	INR in Million	
	Particulars	31-Mar-20	31-Mar-19
	- Interest on Borrowings (Refer Note 32)	70.78	32.57
	- Interest others	1.14	-
	- Bank charges and commission	0.15	0.01
	Total	72.07	32.58



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note

No.

28 Other expenses

INR in Million

Particulars	31-Mar-20	31-Mar-19
Power and fuel	20.75	11.91
Rent	1.89	1.83
Repairs and maintenance:		
- Buildings	0.88	2.13
- Machinery	11.48	7.34
- Others	2.15	3.11
Insurance	0.62	0.52
Rates and taxes	5.38	1.05
Communication expense	1.39	1.73
Travelling and conveyance	0.26	0.15
Printing and stationery	0.87	1.06
Freight and forwarding	0.14	0.45
Legal and professional	1.53	1.62
Payments to auditors	0.52	0.39
Support service charges (Refer Note 32)	8.05	3.67
Consumables	2.61	6.01
Quality control expenses	15.66	3.80
Testing and analytical expenses	10.35	3.37
Net loss on foreign currency transactions	16.84	-
Security charges	2.87	2.99
House keeping expenses	4.20	2.59
Miscellaneous expenses	1.08	0.80
Total	109.52	56.52

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

INR in Million

Particulars	31-Mar-20	31-Mar-19
Statutory Audit Fee	0.50	0.35
Tax Audit Fee	0.02	0.04
Total	0.52	0.39

29 Tax expenses

INR in Million

Particulars	31-Mar-20	31-Mar-19
Current Tax	-	-
Deferred Tax	(239.07)	-
Total	(239.07)	-



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

(Amounts in INR millions unless otherwise stated)

30. Employee benefit plans

30.1 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-20	As at 31-Mar-19
Employers' Contribution to Provident Fund	3.73	2.61
Employers' Contribution to employee state insurance scheme	0.48	0.57

30.2 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-20	31-Mar-19
Discount rate(s)	6.40%	7.05%
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-20	31-Mar-19
Service cost: •		
Current service cost	0.83	0.87
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	0.38	0.34
Components of defined benefit costs recognised in profit or loss	1.21	1.21

Remeasurement on the net defined benefit liability:

Actuarial (gains) / losses arising from changes in demographic assumptions	0.17	-
Actuarial (gains) / losses arising from changes in financial assumptions	0.34	0.08
Actuarial (gains) / losses arising from experience adjustments	1.98	0.66
Components of defined benefit costs recognised in other comprehensive income	2.49	0.74
Total	3.70	1.95

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-20	As At 31-Mar-19
Present value of defined benefit obligation	9.49	5.85
Fair value of plan assets	-	-
Funded status	The defined benefit plan is not funded.	
Restrictions on asset recognised	-	-
Others [describe]	-	-
Net liability arising from defined benefit obligation	9.49	5.85



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Movements in the present value of the defined benefit obligation are as follows:	Year ended 31-Mar-20	Year ended 31-Mar-19
Opening defined benefit obligation	5.85	4.81
Current service cost	0.83	0.87
Past service cost	-	-
Interest cost	0.38	0.34
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	0.17	-
Actuarial gains and losses arising from changes in financial assumptions	0.34	0.08
Actuarial gains and losses arising from experience adjustments	1.98	0.66
Benefits paid	(0.06)	(0.91)
Closing defined benefit obligation	9.49	5.85

Defined Benefit Obligation	01-Apr-19 to 31-Mar-20	01-Apr-18 to 31-Mar-19
Discount rate		
a. Discount rate - 100 basis points	10.06	6.14
b. Discount rate + 100 basis points	8.98	5.58
Salary increase rate		
a. Rate - 100 basis points	9.10	5.66
b. Rate + 100 basis points	9.90	6.05

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
2020-21	1.15
2021-22	1.20
2022-23	1.41
2023-24	1.02
2024-25	0.99
2025-26 to 2029-30	4.21

30.3 Actuarial Assumptions for Long-term Compensated Absence

Actuarial Assumptions	Year ended 31-Mar-20	Year ended 31-Mar-19
Discount Rate	6.40%	7.05%
Salary escalation Rate	10.00%	10.00%
Charge In the Profit and Loss account - INR in Million	3.81	0.94
Liability at the year end - INR in Million	6.36	3.01

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.



STRIDES EMERGING MARKETS LIMITED
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Note - 31

Earnings Per share

Particulars	31-Mar-20	31-Mar-19
Net Profit after Tax (INR in Million)	85.36	(159.67)
Weighted average number of equity shares (Nos.)	5,626,562	5,626,562
Earnings/(Loss) per share (INR)	15.17	(28.38)
Nominal Value of Equity Shares (INR)	10.00	10.00

Note - 32

Related Party Disclosures

Party where the Control Exists	Name of Related Party
Ultimate Holding Company	Strides Pharma Science Limited
Holding Company	Strides Pharma (Cyprus) Limited
Fellow Subsidiary	Arco Lab Private Limited Strides Pharma Global Pte Limited Arrow Pharmaceuticals Pty Limited, upto 10th July 2019
Associate of Ultimate Holding Company	Strides Consumer Private Limited
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. Sequent Research Limited d. Aurore Life Sciences Private Limited

INR in Million

Sl No	Nature of Transaction		Ultimate Holding Company	Holding Company	Fellow Subsidiary	Owned / influenced by KMP of Holding Company	Associate of Ultimate Holding Company
1	Loans & Advances - Taken / (Repaid) (net)	2020	269.41	-	-	-	-
		2019	465.60	-	-	-	-
2	Loans & Advances - Given/ (Repaid) (net)	2020	(103.50)	-	-	-	-
		2019	-	-	-	-	-
3	Sale of Goods	2020	36.29	-	330.50	0.05	7.11
		2019	24.44	-	10.95	-	-
4	Purchase of Goods / Asset	2020	175.39	-	12.49	21.58	-
		2019	18.14	-	-	8.45	-
5	Reimbursement for Expenses incurred on behalf of	2020	1.53	-	0.43	-	-
		2019	-	-	-	-	-
6	Support Service Expenses / Service charges	2020	0.48	-	7.57	2.63	-
		2019	1.88	-	1.79	0.22	-
7	Rental Expenses	2020	0.17	-	-	-	-
		2019	0.15	-	-	-	-
8	Interest Expenses	2020	70.78	-	-	-	-
		2019	32.57	-	-	-	-
9	Interest Income	2020	-	-	-	-	-
		2019	-	-	-	10.40	-
10	Reimbursement for Expenses incurred by	2020	29.21	-	-	-	-
		2019	18.21	-	2.48	-	-
11	Managerial remuneration to the Company Secretary (KMP) INR 1.08 Mn (P.Y. INR 0.88 Mn)						
12	Balances Outstanding:						
	a) Receivable	2020	8.09	1.49	198.97	0.00	3.48
		2019	22.52	1.44	1.39	0.00	-
	b) Loan payable	2020	831.96	-	-	-	-
		2019	602.34	-	-	-	-
	c) Payable	2020	293.17	-	15.21	25.35	-
		2019	96.02	-	1.98	-	-



STRIDES EMERGING MARKETS LIMITED
Notes forming part of the financial statements

Note - 33

Foreign Currency Exposure

Foreign Currency Exposure as at March 31, 2020 that have not been hedged by a derivative instrument or otherwise:

Particulars	31-Mar-20		31-Mar-19	
	Amt-Foreign Currency	INR in Million	Amt-Foreign Currency	INR in Million
Receivables -USD	0.12	9.25	0.06	4.11
Receivables -EURO	0.22	18.31	-	-
Receivables -AUD	4.31	198.97	-	-
Total		226.53	0.06	4.11
Payables- USD	0.28	21.03	-	-
Payables- EURO	0.01	0.83	-	-
Payables- CHF	0.04	2.90	-	-
Payables- AUD	0.00	0.05	0	0.05
Total		24.81	0.00	0.05

Note - 34

Deferred tax balances

INR in Million

Particulars	As at 31-Mar-20	As at 31-Mar-19
Deferred Tax Assets	239.07	-
Deferred Tax Liabilities	-	-
	239.07	-

Deductible temporary differences, unused tax losses and unused tax credits

INR in Million

Particulars	As at 31-Mar-20	As at 31-Mar-19
Deductible temporary differences, unused tax losses and unused tax credits for which deferred tax assets have been recognised are attributable to the following:		
-tax losses (revenue in nature)	232.09	132.76
-tax losses (capital in nature)	-	-
-unused tax credits (refer note below)	-	-
-deductible temporary differences - u/s 43B	6.98	2.88
	239.07	135.64

Note: Deferred tax asset was not recognized for the year ended 31st March 2019 on the grounds of prudence.

Note - 35

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

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 11, 2020

