Strides Shasun

Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.

Corp. Office: "Strides House", Bilekahalli, Bannerghatta Road, Bangalore-560 076.

PART I

STATEMENT OF STANDALONE UNAUDITED RESULTS

FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

Rs. In Lakhs

Sl. No.	Particulars	3 Months ended 31.12.2016	3 Months ended 30.09.2016	Corresponding 3 Months ended 31.12.2015 in the previous year (Recast as per Note 2 & 3)	Year to date figures for the current period ended 31.12.2016	Year to date figures for the previous period ended 31.12.2015 (Recast as per Note 2 & 3)
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		(1)	(2)	(3)	(4)	(5)
1	**Income from operations**					
	(a) Net Sales / Income from Operations	55,811	48,608	47,374	152,248	143,380
	(b) Other Operating Income	2,233	3,052	3,266	8,859	9,966
	Total Income from operations (net)	**58,044**	**51,660**	**50,640**	**161,107**	**153,346**
2	**Expenses**					
	(a) Cost of material consumed	25,715	20,439	26,449	70,859	83,884
	(b) Purchases of stock-in-trade	3,593	2,398	901	8,478	5,166
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,179)	621	641	(2,298)	(974)
	(d) Employee benefit expenses	10,360	11,095	6,941	29,945	20,196
	(e) Depreciation and amortisation expense	3,328	3,060	2,490	9,295	7,561
	(f) Other expenses	11,808	12,156	9,231	34,577	28,090
	Total expenses	**53,625**	**49,769**	**46,653**	**150,856**	**143,923**
3	**Profit/(Loss) from Operations before Other Income, finance cost & Exceptional Items (1-2)**	**4,419**	**1,891**	**3,987**	**10,251**	**9,423**
4	Other Income	3,644	4,698	3,172	11,886	9,739
5	**Profit/ (Loss) from ordinary activities before finance cost & Exceptional Items (3+4)**	**8,063**	**6,589**	**7,159**	**22,137**	**19,162**
6	Finance costs	2,778	2,919	2,667	8,576	6,840
7	**Profit/(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)**	**5,285**	**3,670**	**4,492**	**13,561**	**12,322**
8	**Exceptional Items:**					
	- Exchange Fluctuation (loss) / gain (Net)	(1,281)	259	(209)	(2,488)	(1,678)
	- Merger and restructuring costs	(104)	(343)	(147)	(592)	(311)
	- Write off / provision for assets	(6,032)	(269)	-	(6,301)	-
	- Net (loss) / gain on sale of long term Investments	124		1,262	124	1,262
	- Impact of aligning accounting policies on merger of Shasun (Refer note 3)	-	-	-		(1,682)
9	**Profit / (Loss) from Ordinary Activities before tax (7+ 8)**	**(2,008)**	**3,317**	**5,398**	**4,304**	**9,913**
10	Tax Expense / (credit) (net)	444	245	487	966	2,214
11	**Net Profit / (Loss) after tax (9-10) - A**	**(2,452)**	**3,072**	**4,911**	**3,338**	**7,699**
12	**Other Comprehensive Income (OCI) (net of tax) - B**	(491)	(366)	257	(1,226)	(229)
13	**Total Comprehensive Income for the period - [A+B]**	**(2,943)**	**2,706**	**5,168**	**2,112.00**	**7,470**
12	Paid-up Equity Share Capital (Face value of Rs.10/-each)	8,936.87	8,936.60	8,927	8,936.87	8,927
13	**Earnings per share (face value of Rs. 10/- each) - not annualised**					
	(a) Basic EPS (Rs.)	**(2.74)**	**3.44**	**4.32**	**3.74**	**7.85**
	(b) Diluted EPS (Rs.)	**(2.74)**	**3.43**	**4.31**	**3.73**	**7.79**

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STATEMENT OF STANDALONE UNAUDITED RESULTS

FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

Notes:

1 The above statement of standalone unaudited financial results of the Company has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 3, 2017. The statutory auditors of the Company have carried out the limited review of the results.

2 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and in terms of the Listing Regulation, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The Company has opted to avail the relaxation provided by Securities and Exchange Board of India ('SEBI') in respect of disclosure requirements for corresponding figures for the earlier periods. The results for the quarter and nine months ended December 31, 2015 have been recasted to be Ind AS compliant. Revenues and costs are recognised on the basis of accounting policies consistently followed by the Company. Income from Operations includes revenues from sale of products, product development services, royalties, export entitlements etc. Cost of material consumed is net of rebates, discounts, supplier reimbursements against additional purchase costs incurred, etc.

3 During the previous year, pursuant to the court approved Scheme of Amalgamation, Shasun Pharmaceuticals Limited (the 'Shasun') has been amalgamated with the Company w.e.f. the appointed date of April 01, 2015 and the effective date of merger was November 19, 2015. Hence, the results for the quarter and nine months ended December 31, 2015 have been recast to reflect the merger of Shasun with the Company.

Ind AS 103 'Business Combination' is not applicable to the above referred merger in view of the scheme sanctioned by the Hon'ble High courts of Judicature under section 391 to 394 of the Companies Act, 1956.

The Company has followed the 'Pooling of Interest method' as per the court approved Scheme of Amalgamation for the accounting of Assets and Liabilities of erstwhile Shasun. The impact of aligning the accounting policies between the two entities on the assets and liabilities taken over on merger amounting to Rs. 1,682 lakhs has been expensed off in the results for the nine months ended December 31, 2015 under exceptional items.

The Company has issued 21,017,329 equity shares of Rs. 10/- each to the shareholders of erstwhile Shasun in terms of the Scheme of Amalgamation. These shares have been considered for the purpose of calculation of earnings per share

4 Reconciliation of Net Profit for the quarter and nine months ended December 31, 2015 as reported earlier in accordance with previous Indian GAAP and now being reported in accordance with Ind AS, as stated in note 2 above is as follows:

Rs. in Lakhs

Particulars	**9 Months ended 31.12.2015**	**3 Months ended 31.12.2015**
	UNAUDITED	UNAUDITED
Net profit as reported under previous GAAP	10,143	4,933
Add / (Less): Adjustments for GAAP differences :		
Impact of measuring ESOP at fair value through profit or loss	(241)	(100)
Impact of measuring financial Instruments at fair value through profit or loss	(3,342)	44
Tax impact on Ind AS adjustments	1,167	(16)
Other Ind AS adjustments	(28)	51
Net profit as per Ind AS	**7,699**	**4,912**

5 During the nine months ended December 31, 2016, 20,000 equity shares and 2,717 equity shares were allotted by the Company under the Strides Arcolab ESOP 2011 Scheme and Strides Arcolab ESOP 2015 Scheme, respectively, on exercising equal number of options.

6 On December 4, 2013, the Company and its wholly owned subsidiary, Strides Pharma Asia Pte Limited ("the Singapore Subsidiary"), completed the sale of investments in Agila Specialties Private Limited and Agila Specialties Global Pte Limited (together, "Agila") to Mylan Laboratories Limited and Mylan Institutional Inc. (together, "Mylan") pursuant to separate agreements, each dated as of February 27, 2013 (the "SPAs"). Pursuant to the SPAs, the Strides Group established escrow arrangements to fund certain potential indemnification liabilities, including specified employee, tax and regulatory remediation costs from such consideration. These escrow arrangements include a US$ 100 million 'General Claims Escrow' deposit (out of which US$ 8.00 million has been settled in earlier year to be paid to Mylan in relation to certain claims) and a US$ 100 million 'Regulatory Escrow' deposit. Pursuant to the SPAs, the Company has also provided a corporate guarantee to Mylan for US$ 200 million (valid up to December 4, 2020) on behalf of Singapore Subsidiary which can be used for discharging financial obligations, if any, of the Singapore Subsidiary to Mylan.

Under the terms of the SPAs, claims against the Company / the Singapore subsidiary (as the case may be) can only be made under specific provisions contained in the SPAs which include the procedures and timelines for submission of notifications of claims and actual claims and commencing arbitration proceedings. The Company had received a consolidated notification of claims from Mylan under the terms of the SPAs.

These claims were related to third party claims, tax claims, claims against the regulatory escrows and general claims. During the quarter ended December 31, 2016, a significant portion of these claims have been settled and the Company has received approximately USD 28 Million as full and final settlement of claims against Regulatory Escrow deposit. Further, the Company and Mylan have agreed on full and final settlement of warranty and indemnity claims forming part of 'General Claims Escrow'

Considering the terms of the SPAs and the amounts in the respective escrows, the Company believes that any further outflow of resources is not probable

7 The Company has entered into definitive agreement with Perrigo Group for acquisition of Perrigo API India Private Limited. As at December 31, 2016, pending completion of certain conditions precedent and other customary closing condition, this acquisition has not been completed.

8 During the quarter, names of the following entities were changed:

a) Strides pharma (UK) Limited was renamed as Strides Pharma Global (UK) limited w.e.f 28.Nov 2016

b) Strides shasun (UK) Limited was renamed as Strides Pharma UK limited w.e.f 28.Nov 2016

9 As part of ongoing restructuring in the group, the following changes have been made during the period within the Strides group:

a) Investments held in Aponia Laboratories Inc was transferred from Strides Shasun Limited to Strides Arcolab International Limited, UK

10 Exchange fluctuation gain/loss (net) included under Exceptional Items comprises the exchange gain / loss arising on account of restatement and settlement of long term foreign currency loans and intra-group loans.

For and on behalf of the Board

Arun Kumar
Executive Vice Chairman & Managing Director

Bengaluru, February 3, 2017