STRIDES PHARMA SCIENCE LIMITED (FORMERLY STRIDES SHASUN LIMITED)

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

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

STATEMENT OF STANDALONE UNAUDITED RESULTS

FOR THE QUARTER ENDED JUNE 30, 2018

Rs. in Lakhs

Sl. No.	Particulars	3 Months ended June 30, 2018	Preceeding 3 Months ended March 31, 2018	Corresponding 3 Months ended in the previous year June 30, 2017	Previous year ended March 31, 2018
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)
	Continuing operations				
I	Revenue from operations	34,977	38,902	36,603	146,961
II	Other income	1,577	4,946	6,309	15,620
III	**Total income (I + II)**	**36,554**	**43,848**	**42,912**	**162,581**
IV	**Expenses**				
	(a) Cost of materials consumed	23,662	19,605	21,527	75,915
	(b) Purchases of stock-in-trade	902	574	1,099	3,989
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,210)	(4,770)	804	(1,779)
	(d) Employee benefits expense	5,235	5,475	5,426	22,453
	(e) Finance costs	1,147	1,147	2,555	8,197
	(f) Depreciation and amortisation expense	2,003	2,069	1,806	7,781
	(g) Other expenses	5,618	7,535	6,483	26,673
	Total expenses (IV)	**35,357**	**31,635**	**39,700**	**143,229**
V	**Profit/(loss) before exceptional items and tax (III - IV)**	**1,197**	**12,213**	**3,212**	**19,352**
VI	Exceptional Item gain/ (loss) (net) (Refer note 10)	**(5)**	(3,143)	(180)	**(2,938)**
VII	**Profit/(loss) before tax (V + VI)**	**1,192**	**9,070**	**3,032**	**16,414**
VIII	**Tax expense**				
	- Current tax	-	1,664	17	3,732
	- Deferred tax Expense / (benefit)	137	566	686	(2,964)
	Total tax expense (VIII)	**137**	**2,230**	**703**	**768**
IX	**Profit/(loss) after tax from continuing operations (VII -VIII)**	**1,055**	**6,840**	**2,329**	**15,646**
X	**Discontinued operations**				
	- Profit/(loss) from discontinued operations	-	(721)	(2,193)	(9,218)
	-Gain/ (loss) on disposal of assets / settlement of liabilities attributable to the discontinued operations (net)	(1)	69,310	-	84,384
XI	**Profit/(loss) before tax from discontinued operations**	**(1)**	**68,589**	**(2,193)**	**75,166**
	- Tax expense/ (benefit) of discontinued operations	-	(625)	(759)	1,652
XII	**Profit/(loss) after tax from discontinued operations**	**(1)**	**69,214**	**(1,434)**	**73,514**
XIII	**Profit/(loss) for the period (IX + XII)**	**1,054**	**76,054**	**895**	**89,160**

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STATEMENT OF STANDALONE UNAUDITED RESULTS

FOR THE QUARTER ENDED JUNE 30, 2018

Sl. No.	Particulars	3 Months ended June 30, 2018	Preceeding 3 Months ended March 31, 2018	Corresponding 3 Months ended in the previous year June 30, 2017	Previous year ended March 31, 2018
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)
XIV	**Other comprehensive income**				
A	(i) Items that will not be reclassified to statement of profit and loss	-	118	-	(13)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	5	(40)	-	5
B	(i) Items that may be reclassified to statement of profit and loss	(2,275)	(1,067)	(320)	(3,007)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	794	370	111	1,041
	Total other comprehensive income for the period (XIV)	**(1,476)**	**(619)**	**(209)**	**(1,974)**
XV	**Total comprehensive income for the period (XIII + XIV)**	**(422)**	**75,435**	**686**	**87,186**
	Earnings per equity share (face value of Rs. 10/- each) (for continuing operations)				
	(a) Basic (Rs.)	1.18	7.64	2.60	17.49
	(b) Diluted (Rs.)	1.18	7.64	2.60	17.48
	Earnings per equity share (face value of Rs. 10/- each) (for discontinued operations)				
	(a) Basic (Rs.)	(0.00)	77.33	(1.60)	82.16
	(b) Diluted (Rs.)	(0.00)	77.31	(1.60)	82.13
	Earnings per equity share (face value of Rs. 10/- each) (for total operations)				
	(a) Basic (Rs.)	1.18	84.97	1.00	99.65
	(b) Diluted (Rs.)	1.18	84.95	1.00	99.61
	See accompanying notes to the Financial Results				

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STATEMENT OF STANDALONE UNAUDITED RESULTS

FOR THE QUARTER ENDED JUNE 30, 2018

Notes:

1 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

2 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 8, 2018. The statutory auditors have carried out limited review of the above results for the quarter ended June 30, 2018 and have issued unmodified opinion.

3 On July 2, 2018, the Company received shareholders' approval for change of name to Strides Pharma Science Limited. Subsequently, the Company received the approval for change of name from Registrar of Companies on July 18, 2018. The Company is still in the process of changing the name in the stock exchanges.

4 On July 2, 2018, the Company obtained approval from the shareholders for sale of its wholly owned subsidiary "Strides Chemicals Private Limited" to Solara Active Pharma Sciences Limited for a consideration not less than Rs. 13,100 Lakhs.

5 On April 20, 2018, the Company entered into business purchase agreement with Solara Active Pharma Sciences Limited ('Solara") to sell the assets (consisting of Plant & machinery, equipment, computer software and other related capital work in progress) and business conducted by the Company at Strides API Research Centre (SRC) along with the employees for a consideration of Rs. 3,573 lakhs and working capital subject to adjustment and finalisation for INR 83 lakhs. The same was approved by the board of directors on March 31, 2018.
Accordingly, the results of the SRC unit are included in the discontinued operations for the respective period set out in Note 6 below.

6 Results of discontinued operations (including discontinued operations of earlier periods)

Rs. in Lakhs

Sl. No.	Particulars	3 Months ended June 30, 2018	Preceeding 3 Months ended March 31, 2018	Corresponding 3 Months ended in the previous year June 30, 2017	Previous year ended March 31, 2018
I	Total Revenue	-	21	20,645	48,830
II	Total Expenses	-	742	22,903	57,922
III	**Profit/(loss) before exceptional items and tax (I - II)**	**-**	**(721)**	**(2,258)**	**(9,092)**
IV	Exceptional Items:	-	-	65	(126)
V	**Profit/(loss) before tax (III + IV)**	**-**	**(721)**	**(2,193)**	**(9,218)**
VI	Gain/ (loss) on disposals (net)	(1)	69,310	-	84,384
VII	Tax expense	-	(625)	(759)	1,652
VIII	**Gain/ (loss) from discontinued operations (V+VI-VII)**	**(1)**	**69,214**	**(1,434)**	**73,514**

STATEMENT OF STANDALONE UNAUDITED RESULTS
FOR THE QUARTER ENDED JUNE 30, 2018

7 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 included a US$ 100 million 'General Claims Escrow' account and a US$ 100 million 'Regulatory Escrow' account. 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. In the previous years, a significant portion of these claims were settled out of the Regulatory Escrow deposit. Further, the Company and Mylan also agreed on full and final settlement of warranty and indemnity claims to be adjusted against the 'General Claims Escrow'.

In view of the nature of the pending third party claims some of which are in arbitration currently, it is often difficult to predict with accuracy the outcome of such matters. The Company believes that the third party claims have been effectively defended by the Company.

Considering the terms of the SPAs, the nature of the pending claims some of which are in arbitration currently and the balance available in the General Claims Escrow account, the Company believes that any further outflow of resources is not probable.

8 During the quarter ended June 30, 2018, 40,000 equity shares under the Strides Arcolab ESOP 2011 Scheme and 8,878 equity shares under Strides Shasun ESOP 2015 Scheme were allotted by the Company, on exercising equal number of options.

9 The Company has adopted Ind AS 115, Revenue from Contracts with Customers with effect from April 1, 2018. The core principle of this standard is that the Company shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Under Ind AS 115, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer which is different from transfer of risk and rewards under the old revenue standard.

Further, pursuant to the requirements of the new standard, the Company also evaluated its open arrangements on out-licensing arrangements with reference to upfront license fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent continuing obligations. Accordingly, the Company has recognised an incremental deferred revenue relating to such open contracts.

Adoption of this standard resulted in an increase in Revenue from Operations by Rs.3,225 lakhs with a corresponding increase in expenses by Rs. 2,762 lakhs (primarily on account of increased material costs) resulting in a net increase in profit for the period by Rs.412 lakhs for the quarter ended June 30, 2018 and an increase in EPS by Rs. 0.46. Comparative periods were not restated given the Company adopted the standard using the cumulative effect approach.

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10 **Exceptional Item gain/ (loss) (net):**

Rs. in Lakhs

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a	Exchange gain/(loss) on restatement and settlement of long term foreign currency loans and intra-group loans	-	(283)	169	194
b	Business combination and restructuring expenses	(5)	(37)	(122)	(381)
c	Write down of inventory and other assets	-	(1,023)	-	(1,119)
d	Impairment of investment	-	(1,800)	-	(1,800)
e	Fair valuation of derivative instruments	-	-	(227)	168
	Total	**(5)**	**(3,143)**	**(180)**	**(2,938)**

11 The unaudited financial results for the quarter ended June 30, 2017 were reviewed by the then statutory auditors, who issued an unmodified opinion on the same.

12 The figures for the quarter ended March 31, 2018 are a balancing figures between the audited figures of the full financial year and the unaudited year to date figure as revised pursuant to the scheme of demerger upto the third quarter of the financial year.

13 The Company's operations for the current and previous year relate only to the “Pharmaceutical business" and accordingly no separate disclosure for business segments is being provided.

14 Previous period figures have been regrouped to conform with the classification adopted in these financial results.

For and on behalf of the Board

Arun Kumar
Group CEO and Managing Director

Bengaluru, August 8, 2018