



August 2, 2023

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**The National Stock Exchange of India Limited**  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E) Mumbai - 400 051

Scrip code: 532531

Scrip code: STAR

Dear Madam/ Sir,

**Sub: Press Release**

Please find enclosed herewith Press Release (along with Earnings presentation) issued by the Company titled:

**“Strides reports highest ever EBITDA, INR 1,686m in Q1FY24”**

This is for your information and records.

Thanks & Regards,  
For **Strides Pharma Science Limited**,

**Manjula Ramamurthy**  
Company Secretary  
ICSI Membership No.: A30515



*Encl. As above*

**Strides Pharma Science Limited**

CIN: L24230MH1990PLC057062

Corp Off: Strides House, Bilekahalli, Bannerghatta Road, Bengaluru - 560 076, India | Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

Regd Off: 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India | Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942

corpcomm@strides.com, www.strides.com

## Strides reports highest ever EBITDA, INR 1,686m in Q1FY24

- Reports quarterly sales of INR 9,320 million
- Q1FY24 gross margins at 58.7%, absolute gross margin increase of INR 729 million YoY
- Consolidated EBITDA at ₹1,686m up 100%+ YoY with healthy EBITDA margin expansion
- Significant optimization of operating costs resulted in improved operating leverage
- Key businesses deliver steady performance, cost control measures yielding results
- Levers in place to deliver a strong performance in FY24 with improved profitability and a stronger balance sheet

**Bangalore, India, Aug 02, 2023** - Strides Pharma Science Ltd (BSE: 532531, NSE: STAR) today announced its consolidated financial results for the quarter (Q1FY24)

### Financial Highlights (In ₹ m)

Particulars	Q1FY24	Q1FY23	YoY
Revenues	9,320	9,457	-1%
Gross Margin	5,470	4,741	15%
<b>Gross Margin %</b>	<b>58.7%</b>	<b>50.1%</b>	<b>856bps</b>
EBITDA	1,686	657	100%+
<b>EBITDA %</b>	<b>18.1%</b>	<b>7.0%</b>	<b>1113bps</b>

**Arun Kumar, Founder, Managing Director, and Executive Chairperson**, commented on the performance and said, “We are pleased to report a strong start to FY24, with Q1FY24 EBITDA reaching historical highs. Our focus on profitability and efficiency is clearly witnessed in the results as we expanded EBITDA margins by 200 bps QoQ and generated strong operating cash flows. We are on track to achieve the targets we set out for FY24 at the beginning of this year on all financial parameters.

The Regulated markets grew by 25% YoY with US growing by 32% YoY and Other Regulated markets growing by 15% YoY. The growth is driven by disciplined approach on product launches and sustainable market share on existing products. The emerging markets performance had a slow start and expected to gain traction during the year.

We are confident of sustaining the momentum in performance driven by continuous improvement in the quality of business and delivering a strong cash generation going forward.”

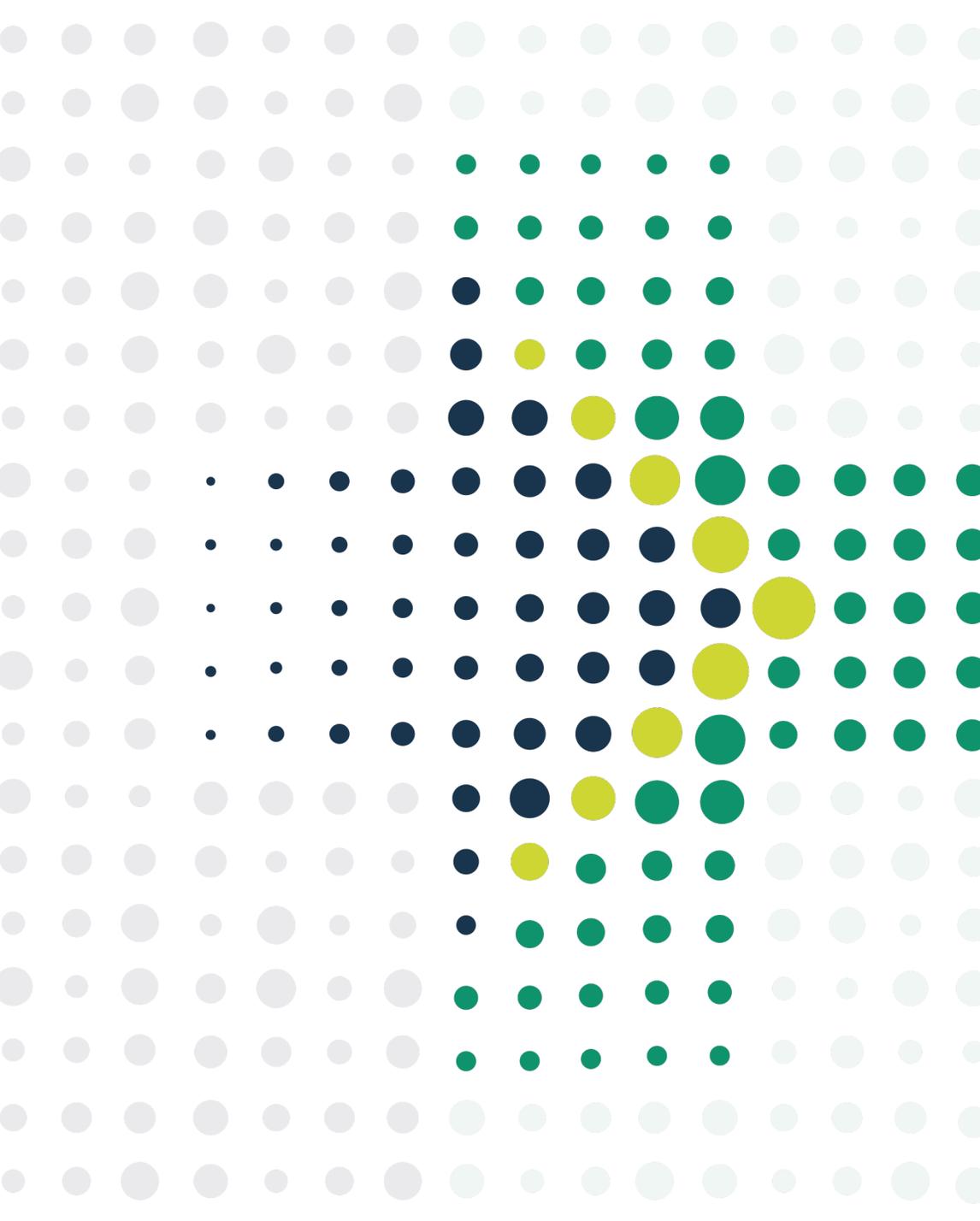
Detailed investor communication on the performance of the Company is attached.

## About Strides

Strides, listed on the BSE Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bengaluru, India. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy along with an institutional business to service donor-funded markets. The Company’s global manufacturing sites are located in India (Chennai, Puducherry, and two locations in Bengaluru), Singapore, Italy (Milan), Kenya (Nairobi), and the United States (New York). The Company focuses on “difficult to manufacture” products sold in over 100 countries. Additional information is available at the Company’s website at [www.strides.com](http://www.strides.com).

## For further information, please contact:

<p><b><u>Strides</u></b> <b>Badree Komandur</b> Executive Director – Finance &amp; Group CFO +91 80 6784 0747</p> <p><b>Ankit Gupta</b> Vice President- Corporate Strategy and Development +91 80 6784 0145 Email: <a href="mailto:ankit.gupta@strides.com">ankit.gupta@strides.com</a></p> <p><b><u>Strides Pharma Science Limited</u></b> CIN: L24230MH1990PLC057062</p> <p>Regd. Office: 201, ‘Devavrata’, Sector - 17, Vashi, Navi Mumbai - 400 703</p> <p>Corp. Office: Strides House, Bannerghatta Road, Bengaluru – 560076</p>	<p><b><u>Corporate Communication</u></b> <b>Pallavi Panchmatia:</b> +91 80 6784 0193 Email: <a href="mailto:pallavi.panchmatia@strides.com">pallavi.panchmatia@strides.com</a></p> <p><b><u>PR Consultancy</u></b> Fortuna PR K Srinivas Reddy: +91 90005 27213 <a href="mailto:srinivas@fortunapr.com">srinivas@fortunapr.com</a> Boni Mukherjee: +91 96186 82208 <a href="mailto:boni@fortunapr.com">boni@fortunapr.com</a></p>
---	---



# Striding Ahead

Q1'24 Earnings Presentation | August 2, 2023

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

	Q1FY24	Q1FY23 <sup>1</sup>	YoY
<b>Revenues</b>	<b>₹9,320m</b>	<b>₹8,386m</b>	<b>11% ↑</b>
<b>Gross Margins</b>	<b>₹5,470m</b> 58.7%	<b>₹4,445m</b> 53.0%	<b>23% ↑</b> 570 bps
<b>EBITDA</b>	<b>₹1,686m</b> 18.1%	<b>₹488m</b> 5.8%	<b>3.4x ↑</b> 1230 bps
<b>Adj. PAT<sup>2</sup></b>	<b>₹295m</b>	<b>-ve</b>	<b>100+% ↑</b>



We are pleased to report a strong start to FY24, with Q1FY24 EBITDA reaching historical highs. Our focus on profitability and efficiency is clearly witnessed in the results as we expanded EBITDA margins by 200 bps QoQ and generated strong operating cash flows. We are on track to achieve the targets we set out for FY24 at the beginning of this year on all financial parameters.

The Regulated markets grew by 25% YoY, with the US growing by 32% YoY and Other Regulated markets growing by 15% YoY. A disciplined approach to product launches and sustainable market share on existing products is driving the growth. The emerging markets' performance had a slow start and is expected to gain traction during the year.

We are confident of sustaining the momentum in performance driven by continuous improvement in the quality of business and delivering a strong cash generation in the future.

**Arun Kumar**

Founder, Executive Chairperson & Managing Director

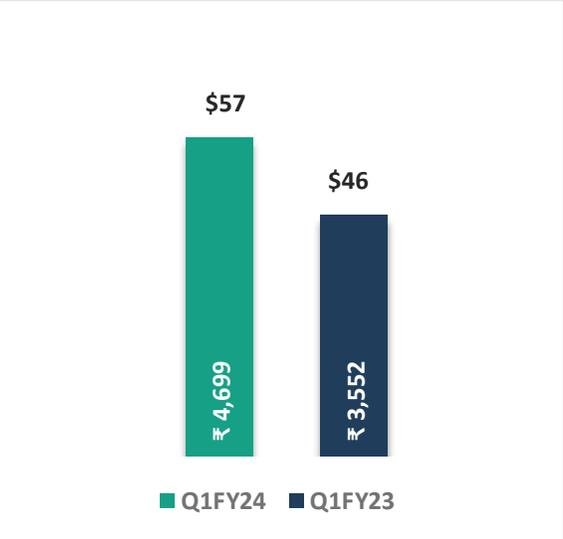


1 - Q1FY23 numbers adjusted for UCL, Kenya operations which got deconsolidated effective Sep 30<sup>th</sup> 2022

2 – Adjusted PAT = Reported PAT without JV share and exceptional items

# Regulated Markets Performance

Financial Performance(₹/\$M)



32%  
YoY

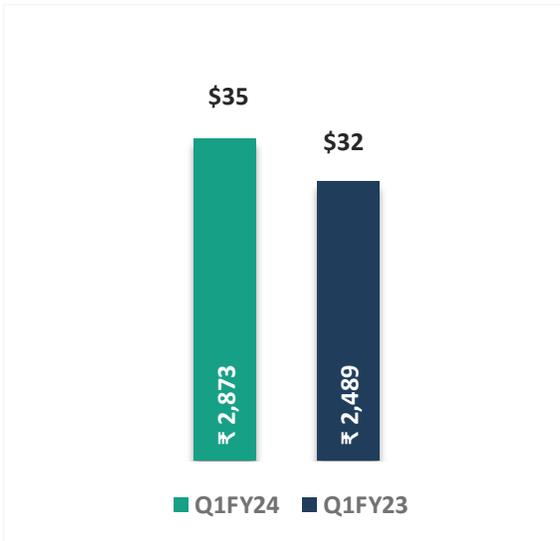
Quarterly Updates

- ▶ Q1FY24 Revenues of INR 4,699m (\$57m)
- ▶ 2 Product launches in the quarter and sustained market share across the product portfolio enabled strong YoY growth.
- ▶ The portfolio mix historically had a skew towards H2 on account of seasonal and acute therapy products. Q1FY24 performance vs Q4FY23 is in line with this trend
- ▶ Q1FY24 Revenues of INR 4,699m, lower by 8% vs Q4FY23 Revenues of INR 5,097m
- ▶ Of ~60 commercial products, Strides is ranked in the Top 3 in 34 products which contribute ~75% of the total U.S. revenues.

Business Outlook

- ▶ The focus remains on the fast-tracked launches from our approved basket of ANDAs (280+ ANDAs with 260+ approvals)
- ▶ Calibrated portfolio expansion to drive growth with ~15 new launches annually

## Financial Performance(₹/\$M)



**15%**  
YoY

## Quarterly Updates

- ▶ Other Regulated markets comprise of front-end business in UK & Nordic and partnership business in Europe, Australia, and Canada
- ▶ Q1FY24 Revenues of INR 2,873m (\$35m)
- ▶ Q1FY24 Performance is inline with the historical trend and expected to scale up in H2
- ▶ Q1FY24 Revenues of INR 2,873m, lower by 14% vs Q4FY23 Revenues of INR 3,356m
- ▶ Strong funnel for the European B2B partnerships under synergICE to drive growth

## Business Outlook

- ▶ Expansion of product portfolio, entry into new markets, and new customer acquisitions to drive sustainable growth
- ▶ Scaling up partnership business with strategic alliances and enhancing frontend presence through new channel addition and portfolio expansion will drive growth.

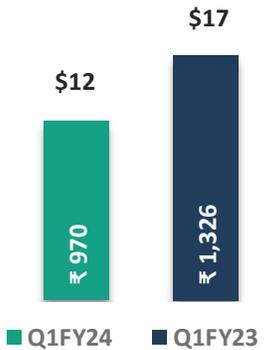
# Emerging Markets Performance

Growth markets



-24% YoY

Access Markets



-27% YoY

Quarterly Updates

- ▶ Growth Markets comprise of Brands Africa, South Africa, and new geographies of LATAM, MENA, CIS, APAC
- ▶ Q1FY24 Revenues of INR 778m (\$9m). This business was reorganized in Q1FY23 with a focus on profitability, discontinuing unprofitable product lines, and seeding new markets.
- ▶ Adjusted for the reorganization, markets delivered a steady performance
- ▶ Q1FY24 Revenues of INR 778m, lower by 12% vs Q4FY23 Revenues of INR 881m

Business Outlook

- ▶ African businesses growth will be fueled by increased market share with a focus on the efficiency and effectiveness of the field force.
- ▶ Expansion of product offerings to new geographies via portfolio enhancement will be an essential growth strategy

Quarterly Updates

- ▶ Q1FY24 Revenues of INR 970m (\$12m)
- ▶ Access markets business continues to be lumpy, YoY lower by 27%
- ▶ Q1FY24 Revenues of INR 970m, growth by 70% vs Q4FY23 Revenues of INR 570m
- ▶ As the new tender off-take for antiretrovirals has begun, the access markets returned to growth. We have a strong order book for Q2FY23.

Business Outlook

- ▶ Continued focus on CIPs with vendors to reduce COGS and enhance competitiveness

# Financial Performance

## Income statement (₹m)

Particulars	Q1 FY24	Q1 FY23	Q4 FY23	YoY	QoQ
Revenues	9,320	9,457	9,904	-1%	-6%
EBITDA	1,686	657	1,596	100+%	6%
EBITDA %	18.1%	7.0%	16.1%		

## Reconciliation of EBITDA (₹m)

As per SEBI results	Q1 FY24	Q1 FY23	Q4 FY23
Profit before exceptional items & tax	392	-412	412
<i>Less: Interest, Dividend income</i>	67	80	231
<i>Add : Depreciation and Amortization</i>	596	604	609
<i>Add : Finance costs</i>	764	545	805
<b>Consolidated EBITDA as per press note</b>	<b>1,686</b>	<b>657</b>	<b>1,596</b>

Particulars	Jun'23	Mar'23
Working Capital Loans	15,025	14,472
Long Term Loans	7,482	7,617
Add: US Long Term Revolver Facility*	4,174	4,507
<b>Gross Debt</b>	<b>26,861</b>	<b>26,596</b>
Less: Cash and Cash Equivalents**	-4,058	-3,115
<b>Net Debt</b>	<b>22,803</b>	<b>23,481</b>

\* Long-term revolver is asset-based financing backed purely by local assets, mainly US receivables with no recourse to Indian operations

\*\* Cash and cash equivalents INR 4,058m includes INR 571m of deferred consideration

Strides had guided for a less than 3x Debt/EBITDA (Exit run-rate) ratio

Asset-based revolver line in the US, backed primarily by US receivables, without recourse to India was renewed in FY23 for five years

Continued focus on debt reduction with free cash generation and network optimization in FY24

Particulars		3 months ended Jun 30, 2023	Corresponding three months ended Jun 30, 2022	Preceding three months ended Mar 31, 2023	Previous year ended March 31,2023
Revenue from Operations		9,300	9,401	9,864	36,884
Other Income		20	56	40	158
<b>Revenue</b>	₹m	<b>9,320</b>	<b>9,457</b>	<b>9,904</b>	<b>37,042</b>
Material Costs	₹m	-3,849	-4,716	-4,007	-16,269
<b>Gross Margins</b>	₹m	<b>5,470</b>	<b>4,741</b>	<b>5,897</b>	<b>20,773</b>
	%	58.8%	50.4%	59.8%	56.3%
Personnel Cost	₹m	-1,675	-1,837	-1,757	-7,320
Other Opex	₹m	-2,109	-2,247	-2,545	-8,993
<b>TOTAL OPEX</b>	₹m	<b>-3,785</b>	<b>-4,083</b>	<b>-4,301</b>	<b>-16,313</b>
<b>EBITDA</b>	₹m	<b>1,686</b>	<b>657</b>	<b>1,596</b>	<b>4,460</b>
<b>EBITDA %</b>	%	18%	7%	16%	12%
<b>Depreciation</b>	₹m	<b>-596</b>	<b>-604</b>	<b>-609</b>	<b>-2,433</b>
Finance Cost	₹m	-764	-545	-805	-2,611
Finance Income	₹m	67	80	231	745
<b>Net Finance Cost</b>	₹m	<b>-697</b>	<b>-466</b>	<b>-574</b>	<b>-1,866</b>
Exceptional Items	₹m	-60	-658	-73	-170
JV share of loss	₹m	-329	-564	-406	-2,853
<b>Profit Before Tax</b>	₹m	<b>3</b>	<b>-1,634</b>	<b>-67</b>	<b>-2,862</b>
Tax	₹m	-97	281	-71	553
<b>Profit After tax</b>	₹m	<b>-94</b>	<b>-1,353</b>	<b>-138</b>	<b>-2,309</b>
	%	-1%	-14%	-1%	-6%
<b>Adjusted PAT*</b>	₹m	295	-132	341	714
	%	3%	-1%	3%	2%

\*Adjusted PAT = Reported PAT without JV share and exceptional items

# Update on Stelis Biopharma



## Business Updates

- ▶ Stelis's CDMO business continues to grow as the company propelled its geographical marketing efforts and attracted new partners.
- ▶ The Company's contracting of new manufacturing services agreements (MSAs) has intensified. From FY20 to Q1FY24, the company secured \$58 million in MSAs, of which \$25.1 million were secured in Q1FY24 alone.
- ▶ In Q1FY24, four new partners have been added to our total unique clientele of 15.
- ▶ Stelis secured its first significant DS contract with a top 10 global pharmaceutical company for an important product. In addition, the company won several new contracts from its existing partners, demonstrating its execution capabilities for their existing projects with a strong focus on client satisfaction and on-time delivery.
- ▶ The Company also made its first commercial shipment, indicating the beginning of commercial supplies for its partnered products. Most Commercial Supply Agreements (CSAs) commence in H2, ensuring the company breaks even on EBITDA in the second half of FY24. In FY25, Stelis will have a positive PAT.
- ▶ As the transaction with Syngene approaches closing, Stelis would use the proceeds to reduce its debt and restore its balance sheet strength. Stelis anticipates its External debt will decrease from ~INR 7,400 million in March 2023 to about INR 3,000 million by the end of FY24.

## Syngene Deal Update

- ▶ On July 4, 2023, Stelis entered into a binding term sheet with Syngene International Limited (Syngene) to divest its multi-modal manufacturing facility at Bommasandra Industrial Area, Bengaluru, India (Unit 3 facility).
- ▶ Syngene shall acquire Unit 3 on a slump sale basis for a gross value of INR 7,020 million. Subject to closing adjustments, the consideration for the transaction will be settled in cash by Syngene.
- ▶ Stelis will continue to expand its client base through global partnerships and the induction of new drug substance (DS) and drug product (DP) programs at its integrated drug substance and drug product flagship facility (Unit 2) in Bengaluru.
- ▶ Stelis will also have the Unit 1 facility, equipped for process and analytical development for small-scale early and late-stage development studies of drug substances and drug products and initial technology transfer activities across various modalities.
- ▶ The Unit 2 flagship site is approved by the USFDA, EU-GMP, TGA, and Australia, amongst several other regulators.
- ▶ Stelis remains a strong biologics and sterile injectable CDMO player, given its comprehensive capabilities, high-quality systems, drug substance scale across modalities, and significant fill-finish capacity.
- ▶ The transaction is expected to close in Q3FY24.

**Intent to combine CDMO interests  
of the group under Strides to  
become one of India's top specialty  
pharmaceutical CDMOs.**

## Background

- ▶ The promoters of Strides had passed the baton to the company's professional management and assumed non-executive positions. The promoters have been operating pharmaceutical specialty businesses through their family office. These businesses were held privately because they were capital-intensive, had long gestation periods, and did not contribute efficiently to the earnings of the listed entity (Strides).
- ▶ However, after Covid-19, when the Company had a difficult year, promoters returned to the company and placed it on the path to recovery, which has since been accomplished to a large extent.
- ▶ As the business environment continues to evolve, the promoters intend to continue investing their primary capital and time in Strides' continued growth and value creation.

## Intent to build a one-of-a-kind specialty pharmaceutical CDMO powerhouse

- ▶ Strides and the Promoter group have established niche businesses that, when combined, could build Strides into a formidable specialty pharmaceutical CDMO with unmatched capabilities.
- ▶ The new platform will be able to offer development and manufacturing services covering platform technologies, specialty injectables, complex generics, biosimilars, and biologics. While this will be strategically valuable, it will also be the first platform of its kind from India, spanning capabilities and services that only two or three global companies have to offer.
- ▶ Under the proposed plan, Stelis will house additional group businesses, with Strides retaining a controlling stake in the platform.
- ▶ The Boards of Directors of the two companies have agreed in principle to evaluate the proposal and have appointed international bankers, due-diligence partners, and valuers to conduct the assessment.
- ▶ We anticipate that the scheme's details will be announced within the next 12 weeks, and we believe that this combination will generate substantial value for all stakeholders.
- ▶ The transaction is contingent on approvals from all stakeholders, statutory authorities, and lenders.



*invites you to interact with the senior management on Q1FY24 Performance*



**August 02, 2023**  
4:00pm IST / 11:30am BST / 6:30am EDT / 6:30pm HKT



**Arun Kumar**

*Founder, Executive Chairperson & Managing Director*

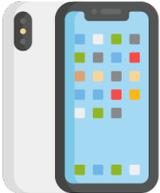


**Badree Komandur**

*Executive Director - Finance & Group CFO*



[Click here to pre-register and join without the operator](#)



*Join through an operator using dial in numbers*

<b>India Primary</b>	+91 22 6280 1434 / +91 22 7115 8838		
<b>USA</b>	18667462133	Singapore	8001012045
<b>UK</b>	08081011573	Hongkong	800964448

# Thank you

## Strides Pharma Science Limited

CIN: L24230MH1990PLC057062

### Registered Office

201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703, India, Tel.: +91 22 2789 2924/2789 3199

Email: [corpcomm@strides.com](mailto:corpcomm@strides.com) Website: [www.strides.com](http://www.strides.com)

### Corporate Office

Strides House, Bannerghatta Road, Bengaluru - 560 076, India

Tel.: +91 80 6784 0000/ 6784 0290