Press Release

Strides Shasun announces Q1 FY17 results
Q1 FY17 Pharma Revenues* at INR 8,699 Mn, Growth of 43% YoY,
Pharma EBITDA at INR 1,451 Mn, Growth of 57% YoY

Bengaluru, August 17, 2016: Strides Shasun (BSE: 532531, NSE: STAR) today announced its Q1 FY17 results under Indian Accounting Standards (Ind-AS)

Consolidated Financial & Performance Highlights (Pharma & Biotech) **INR Mn**

Particulars	Q1 FY16	Q1 FY17	YoY
Revenues*	6,094	**8,699**	**43%**
EBITDA	883	**1,437**	**63%**
EBITDA %	*15%*	***17%***	***200bps***
Adj PAT*		**417**	
Adj EPS*		**4.67**	

* Including MTM gain on Mutual funds INR 61 Mn, excluding Merger & restructuring costs of INR 46 Mn and Fair valuation of derivative Instruments and others INR 49 Mn

- Starting this quarter, results prepared under Indian Accounting Standards (Ind-AS)
- Total revenues* at INR 8,699 Mn against INR 6,094 Mn in Q1 FY16 , up 43% YoY
- Gross Margin at 51% versus 49% in Q1 FY16, expansion of 140 bps
- Research and development spend for the quarter at INR 228 Mn up 75% YoY.
- Total EBITDA at INR 1,437 Mn against INR 883 Mn up 63% YoY
- Net Interest cost for the quarter at INR 390 Mn
- Depreciation and amortization for the quarter at INR 484 Mn. Increase in depreciation and amortization on account of full quarter impact of acquisitions from previous quarter and closure of Moberg portfolio and Universal Corporation acquisitions during the quarter
- Adjusted PAT for Q1 FY 17 at INR 417 Mn, Adjusted EPS at INR 4.67

Arun Kumar, Executive Vice Chairman and Managing Director, stated “Our regulated markets business and institutional business continue to track well and have delivered another strong quarterly performance. Integration of inorganics in emerging markets has taken longer than we anticipated. All the acquired businesses are now integrated and we believe emerging markets will return to normal growth in the near future. The commodity API business continues to put pressure on margins with cost of compliance going up. We are focussed on improving the quality of our businesses and have taken various initiatives that will start bearing results in the second half of the fiscal year”

***Due to changes under IND AS SEBI results publish gross revenues versus Net Revenues in the past, however for comparison to historical performance in press release we have taken Revenues as Gross revenues – Excise**

Pharma Performance Highlights – Q1 FY17

Global Pharma Business

INR Mn

Particulars	Q1 FY16	Q1 FY17	YoY Growth %
Revenues	6,094	**8,699**	43%
EBITDA	923	**1,451**	57%
EBITDA %	*15%*	***17%***	*150bps*
Adj Pharma EPS*		**4.97**	

* Including MTM gain on Mutual funds INR 61 Mn, excluding Merger & restructuring costs of INR 46 Mn, Biotech INR 27 Mn and Fair valuation of derivative Instruments and others at INR 49 Mn

Revenue Composition by Business - Global Pharma

INR Mn

Particulars	Q1 FY16	Q1 FY17	YoY Growth %
Regulated Markets	1,784	**3,706**	100% +
Emerging Markets	877	**1,447**	65%
Institutional Business	985	**1,378**	40%
PSAI	2,448	**2,168**	-11%
Total Revenues	6,094	**8,699**	**43%**

Regulated Markets Business

- Revenues at INR 3,706 Mn in Q1 FY17, representing 43% of total revenues
- Revenues grew more than 100% to INR 3,706 Mn against INR 1,784 Mn in Q1 FY16
- All front end markets tracking well with healthy EBITDA margins in spite of higher investments in R&D to build the future pipeline
- In North America, base portfolio delivered a steady performance while the growth in revenues was driven by improved market share for recently commercialised products and successful re-launch of acquired Moberg OTC portfolio under Strides label.
- Witnessing improved product approval rate under GDUFA goal date regime. Received three product approvals during the quarter from USFDA including first FTF approval – Roflumilast (Market Value US$ 174 Mn), Metronidazole Tablets (Market Value US$ 50 Mn) and Efavirenz Tablet (Market Value US$ 150 Mn).
- Arrow pharmaceutical in Australia delivered a steady quarterly performance benefiting from a strong performance by branded portfolio and launch of two first to market opportunities in the generic portfolio. Strengthening product portfolio for generics and consumer businesses, improving compliance for Arrow portfolio at pharmacy level and building supply chain efficiencies through backward integration to be the key priorities for the year.

Emerging Markets Business

- Revenues at INR 1,447 Mn in Q1 FY17, representing 17 % of total revenues
- Revenues grew by 65% to INR 1,447 Mn against INR 877 Mn in Q1 FY16

- Africa business delivered steady performance during the quarter despite macro headwinds including forex shortage in few countries. Universal Corporation's acquisition in east Africa successfully integrated during the quarter. Exercise to match primary and secondary inventory has taken longer than expected, business to see strong rebound in H2 FY 17. Focus on strengthening presence across sub Saharan Africa by leveraging a strong portfolio, better penetration through local field force and scaling up of local manufacturing set up including new plants going on stream.
- First full quarter contribution of India acquisitions, integration of inorganics taking longer than anticipated including re - calibration of supply chain.
- Entry into new market of South East Asia and Russia CIS gaining momentum, focus on product registrations and scaling up local sales and marketing footprint

Institutional Business

- Revenues at INR 1,378 Mn in Q1 FY17, representing 16 % of total revenues
- Revenues grew by 40% to INR 1378 Mn against INR 985 Mn in Q1 FY16
- Strong quarterly performance driven by Anti Malaria portfolio, lumpiness in ARV portfolio
- HCV franchise including "Virso" and "Virpas" gaining strength in key emerging markets
- Focus on improving market share for donor funding programs through local manufacturing of institutional products in Africa and backward integration to API

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues at INR 2,168 Mn in Q1 FY17, representing 25 % of total revenues
- Revenues decline 11% to INR 2,168 Mn against INR 2,448 Mn in Q1 FY16
- Weakness in API business on account of lower customer off take, portfolio rationalization with a focus on improving product mix and ongoing realignment of infrastructure for captive consumption. Lower revenue base and higher compliance cost impacts margins for the business during the quarter. Restructuring efforts have been stepped up, expect quality of business to start improving towards the end of the fiscal year.
- CRAMS business divestment to be completed in Q2 FY17

Pharma R&D – Building robust product pipeline

- R&D spend for Q1 FY17 at INR 228 Mn, against INR 130 Mn in Q1 FY16
- 53 cumulative ANDA filings (non-PEPFAR) with USFDA including 1 product filed during the quarter
- 27 ANDA filings pending approval from USFDA
- 18 cumulative PEPFAR filings with 17 tentative approvals

Corporate Updates

Carving out API commodity division

While retaining the key strategic rationale for the merger with Shasun for integrated product development and supply chain security, we find the large commodity API manufacturing business (Ibuprofen, Gabapentin, Ranitidine) requires a different level of focus. With the new set of regulatory and statutory compliance the commodity API business will need its own leadership team and strategy. To achieve its strategic objectives the business will be carved out as a 100% subsidiary.

Other corporate updates

- Successful USFDA audit at Bangalore facility in February 2016 , Establishment Inspection report received
- Completed USFDA audit of the new topical's block at the Bangalore facility, Zero 483 observations
- Successful closure of Universal corporation acquisition in East Africa during the quarter
- Generic Partners acquisition achieved closure, to accelerate R&D efforts for Australian Market
- Shareholder's approval in place for divestment of CRAMS API business, transaction closure subject to other customary closing conditions

Biotech

- R&D spend during the quarter at INR 14 Mn, against INR 40 Mn in Q1 FY16
- Successfully scaled up our first biosimilar bioprocess for the pivotal clinical study
- Published the pilot phase 1 study report for our first biosimilar
- Initiated production of biocompatibility batches for our second biosimilar
- Civil construction is on schedule for our bio-pharmaceutical facility at Doddaballapur, Bangalore
- 100% Export Oriented Unit (EOU) license received for the upcoming bio-pharmaceutical facility at Doddaballapur, Bangalore

Annexure:

EBITDA Computation:

	Q1 FY17
SEBI Results	**Column 1**
Profit from ordinary activities before finance cost & Exceptional Items as per SEBI reporting	**1,168**
Less: Interest, Dividend income, Gain on sale of securities	**215**
Add : Depreciation and Amortization	***484***
Consolidated EBITDA as per press release	**1,437**
Add: Biotech R&D Spend	**14**
Global Pharma EBITDA as per press release	**1,451**

About Strides Shasun

Strides Shasun, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is a vertically integrated global pharmaceutical Company headquartered in Bangalore. The Company has four business verticals, viz., Regulated Markets, Emerging Markets, Institutional Business and Pharmaceutical Services & Active Ingredients.

The Company has global manufacturing foot print with 14 manufacturing facilities spread across three continents including 6 US FDA approved facilities and 8 facilities for the emerging markets. The Company has three dedicated R&D facilities in India with global filing capabilities and a strong commercial footprint across 85 countries Additional information is available at the Company's website at www.stridesarco.com

For further information, please contact:

Strides	PR Consultancy
Badree Komandur, CFO +91 80 6784 0747 Investors: Kannan. N: +91 98450 54745 Vikesh Kumar: +91 80 6784 0827 Sandeep Baid : +91 80 6784 0791	**Fortuna PR** K Srinivas Reddy: +91 9000527213 srinivas@fortunapr.in K Priya: +91 9535425418 priya@fortunapr.in