



STRIDES PHARMA SCIENCE LIMITED

CIN: L24230MH1990PLC057062

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, 2023

Rs. in Million

Sl. No.	Particulars	3 Months ended June 30, 2023	Preceeding 3 Months ended March 31, 2023	Corresponding 3 Months ended in the previous year June 30, 2022	Previous year ended March 31, 2023
		UNAUDITED	AUDITED (Refer note 9)	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)
	Income				
I	Revenue from operations	4,753.22	5,635.57	4,231.90	18,544.96
II	Other income	116.47	263.78	74.65	840.66
III	Total income (I + II)	4,869.69	5,899.35	4,306.55	19,385.62
	IV Expenses				
	(a) Cost of materials consumed	2,151.03	2,035.45	2,931.76	10,200.95
	(b) Purchases of stock-in-trade	52.11	51.29	59.68	244.73
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	95.53	467.57	(145.43)	210.37
	(d) Employee benefits expense	767.02	645.33	674.57	2,670.14
	(e) Finance costs	366.25	429.01	260.17	1,386.82
	(f) Depreciation and amortisation expense	214.57	227.12	242.96	936.21
	(g) Other expenses	1,131.89	1,241.58	1,321.64	4,234.00
	Total expenses (IV)	4,778.40	5,097.35	5,345.35	19,883.22
V	Profit / (Loss) before exceptional items and tax (III - IV)	91.29	802.00	(1,038.80)	(497.60)
VI	Exceptional Item	-	(150.00)	-	(150.00)
VII	Profit / (Loss) before tax (V + VI)	91.29	652.00	(1,038.80)	(647.60)
VIII	Tax expense / (benefit)				
	- Current tax	(3.28)	(230.09)	-	(498.43)
	- Deferred tax	14.55	258.12	(376.26)	(195.99)
	Total tax expense / (benefit) (VIII)	11.27	28.03	(376.26)	(694.42)
IX	Profit / (Loss) for the period (VII - VIII)	80.02	623.97	(662.54)	46.82



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		UNAUDITED	AUDITED (Refer note 9)	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)
X	Other comprehensive income				
A	(i) Items that will not be reclassified to statement of profit and loss	-	79.85	-	79.85
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	-	(27.90)	-	(27.90)
B	(i) Items that may be reclassified to statement of profit and loss	101.53	144.86	10.31	(24.29)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	(35.48)	(50.62)	(3.60)	8.49
	Total other comprehensive income for the period (X)	66.05	146.19	6.71	36.15
XI	Total comprehensive income for the period (IX + X)	146.07	770.16	(655.83)	82.97
	Earnings per equity share (face value of Rs. 10/- each)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (Rs.)	0.89	6.91	(7.38)	0.52
	(b) Diluted (Rs.)	0.89	6.91	(7.38)	0.52
	See accompanying notes to the Financial Results				



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**STATEMENT OF STANDALONE UNAUDITED RESULTS
FOR THE QUARTER ENDED JUNE 30, 2023**

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 2, 2023. The statutory auditor has reviewed the results for the quarter ended June 30, 2023 and have issued an unmodified opinion.
- 3 The Company has profit of Rs. 80 million for the quarter ended June 30, 2023. The Company and its subsidiaries had not complied with certain financial covenants related to their respective borrowings for the fiscal year ended March 31, 2023 for which management has obtained temporary relaxations from the respective lenders. Management of the Associate has initiated discussions with its lenders seeking certain temporary relaxations for compliance with financial covenants related to its borrowings, which have not yet been received. Further, as of June 30, 2023, the Company has also provided guarantees aggregating to Rs. 12,044 million (out of which Rs. 5,078 million is outstanding as of June 30, 2023) in relation to the borrowings of its associate company ("the Associate").

Continuing from previous fiscal year, the Company has continued to record positive EBITDA from operations which has improved its liquidity position. The Company has cash and cash equivalents of Rs. 1,396 million as at June 30, 2023 and also undrawn borrowing facilities available from certain lenders.

Further, the Company has outstanding equity warrants issued in the previous periods to the entity which is part of the Promoter group that is expected to provide additional equity of Rs. 513 million by March 31, 2024.

Accordingly, based on the facts that the Company has generated positive cash flows in the previous year and expects to continue to generate positive operating cash flows in future periods, returned to positive EBITDA generation starting previous year, its ability to raise new financing facilities, expected equity infusion in the year ending March 31, 2024, management believes that the Company will be able to continue to generate sufficient cash in the foreseeable future to meet its obligations as they fall due.

- 4 During the quarter ended June 30, 2023, Stelis Biopharma Limited ('the Associate') has continued to incur a loss of Rs. 1,071 million and has a net negative working capital position amounting to Rs. 7,288 million, which includes the current maturities of non-current borrowings of Rs. 2,570 million as of June 30, 2023. The significant loss for the current quarter has been on account of continuing operating losses, provisions recorded for write down of certain inventories and advances.

During the previous year, the Associate had inventories relating to Sputnik V, which remained unsold due to geopolitical situation between Russia and Ukraine and sanctions on Russia and Russian Direct Investment Fund (RDIF) and accordingly had recorded a provision for these inventories towards obsolescence.

The Associate has requested for temporary relaxations for compliance with the financial covenants from the lenders for fiscal 2022 and 2023 as these have not been met. However, during the year ended March 31, 2023, the shareholders / investors have infused Rs. 7,102 million by subscribing towards call against the partly paid-up shares, rights issues and as intercorporate debt. The associate has also raised 1,514 million during the quarter ended June 30, 2023 to continue to meet its operational expense and debt repayments obligations.

The Associate is expected to grow the business of Contract Development and Manufacturing Operations (CDMO) further during the year. During the previous financial year, Associate's facility in Bengaluru successfully completed inspection by several regulators including EMA and USFDA and one of its customer has also recently received approval from USFDA for a product filed from the site.

Subsequent to the quarter end on July 4, 2023, the Associate has also signed a binding term sheet to dispose off its Unit 3 multimodal facility in Bangalore which was setup originally to manufacture vaccines. The consummation of the transaction is pending certain conditions precedent which are expected to be closed no later than December 31, 2023. This sale is expected to provide cash flows to the Associate to enable it to repay some of its debts which were due in the coming year.

The Associate has received letter of support from one of its shareholders who have committed to extend the necessary financial support. The Associate is also exploring various fund raising options including refinancing of debts and currently has received certain term sheets from investors / lenders which are being negotiated. Given the mitigating factors discussed above, the Associate has concluded that it will be able to generate/raise adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements remains appropriate. The Company has also reviewed the developments of the quarter and continues to believe that no impairment trigger exists as of the period end for its investment in the Associate.



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5 Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance based on an analysis of various performance indicators. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and expenditure in individual segments.

The Company pursuant to its assessment that the business has now evolved from its incubation stage and to align to the decision to demerge certain parts of its business, implemented operational changes in how its CODM evaluates its businesses, including resource allocation and performance assessment. As a result of the aforesaid change, the Company has two operating segments, representing the individual businesses that are managed separately. The Company's reportable segment are as follows; "Pharmaceutical" and "Bio-pharmaceutical".

Sl. No.	Particulars	Rs. in Million			
		3 Months ended June 30, 2023	Preceding 3 Months ended March 31, 2023	Corresponding 3 Months ended in the previous year June 30, 2022	Previous year ended March 31, 2023
		UNAUDITED	AUDITED (Refer note 9)	UNAUDITED	AUDITED
1	Segment Revenue				
	a) Pharmaceutical business	4,753.22	5,635.57	4,231.90	18,544.96
	b) Bio-pharmaceutical business	-	-	-	-
	Revenue from operations	4,753.22	5,635.57	4,231.90	18,544.96
2	Segment results				
	a) Pharmaceutical business	91.29	652.00	(1,038.80)	(647.60)
	b) Bio-pharmaceutical business	-	-	-	-
	Profit / (loss) before tax (I)	91.29	652.00	(1,038.80)	(647.60)
	Tax expense / (benefit) (II)	11.27	28.03	(376.26)	(694.42)
	Profit / (loss) for the period (I-II)	80.02	623.97	(662.54)	46.82

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		UNAUDITED	AUDITED (Refer note 9)	UNAUDITED	AUDITED
1	Segment Assets				
	a) Pharmaceutical business	52,053.18	51,033.77	50,597.03	51,033.77
	b) Bio-pharmaceutical business	5,162.47	5,163.65	5,316.99	5,163.65
	Total Segment Assets	57,215.65	56,197.42	55,914.02	56,197.42
2	Segment Liabilities				
	a) Pharmaceutical business	22,506.99	21,646.91	22,277.15	21,646.91
	b) Bio-pharmaceutical business	-	-	-	-
	Total Segment Liabilities	22,506.99	21,646.91	22,277.15	21,646.91

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- 6 The Board of Directors of the Company on August 2, 2023 have approved the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013, between Strides Pharma Science Limited and Vivimed Lifesciences Private Limited with an appointed date of April 1, 2023. The Scheme of Amalgamation is yet to be filed with National Company Law Tribunal(NCLT) for approval. The Scheme was originally approved by the Board of Directors at their meeting held on October 29, 2020 and February 10, 2022. However, the Company did not proceed with the Scheme at that time and the current Scheme supersedes the original Scheme.
- 7 Board of Directors of the Company on March 14, 2022 approved the issuance of upto 2,000,000 Equity Warrants at a price of Rs 442/- per warrant, to Karuna Business Solutions LLP, a promoter group entity, with a right to apply for and get allotted, within a period of 18 (Eighteen) months from the date of allotment of Warrants, 1 (one) Equity Share of face value of Rs 10/- (Rupee Ten Only) each for each Warrant, for cash. The issue was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 7, 2022 and has also received requisite listing approvals. An amount of Rs. 221 million equivalent to 25% of the Warrant Price was paid to the Company at the time of subscription and the balance 75% of the Warrant Price was payable by the Warrant holder against each Warrant at the time of allotment of Equity Shares pursuant to exercise of the options. During the year ended March 31, 2023, on exercise of options by Karuna Business Solutions LLP and on receipt of balance subscription money of Rs.150 million, the Company has fully converted 452,490 convertible warrants into Ordinary Shares. Equity warrants of 1,547,510 are pending to be allotted as on June 30, 2023. The Company has fully utilised the amounts of Rs. 371 million towards capital resources and operations.
- 8 The Company's erstwhile Managing Director and Chief Executive Officer tendered resignation on March 29, 2022, which has been accepted by the Board of Directors (Board). As part of the terms of his remuneration, as approved in the Annual General Meeting dated August 20, 2020, he was entitled to a joining bonus of Rs. 141.90 million which had been paid in full by the Company in earlier periods. However, the employment terms contain a provision to claw back the joining bonus in full if he were to leave the Company before completing 36 months from the date of such payment. The Board has decided to recover the joining bonus in accordance with the terms of employment. Accordingly, in line with the requirements of Section 197(9), the Company has shown an amount of Rs. 141.90 million as a recoverable balance which is disclosed under current financial assets.
- 9 The figures for the quarter ended March 31, 2023 are the balancing figure between audited figures in respect to full financial year and the published unaudited year to date figures upto the end of the third quarter of the relevant financial year, which are subjected to limited review.
- 10 On May 25, 2023, the board of directors have proposed a final dividend of Rs 1.5 per share, which is subject to approval by the shareholders in the Annual General Meeting.

For and on behalf of the Board

Arun Kumar
Executive Chairperson and Managing Director

Bangalore, August 2, 2023