



CREATING MULTIPLE BRANCHES OF GROWTH OPPORTUNITIES

**Results Presentation
Q4 FY 16 and FY 2016
May 16, 2016**

FY 2016 – Key Strategic and Operational Highlights

Solid Financial Results

Pharma revenues for FY 2016 at INR 31,776 Mn up 25% YoY

Pharma EBITDA for FY 2016 at INR 5,814 Mn up 45 % YoY

Focused approach on profitability helped deliver healthy EBITDA margin expansion of 260 bps to 18%

Net D/E at comfortable level of 0.74x, **Equity raise** of INR 11,027 Mn received participations from key long term investors

Strong Operating Performance*

Regulated market growth driven by strong performance in North America and Australia

***Challenging operating environment in emerging markets**, Focus on **quality of growth** and **disciplined approach** to credit risk

Institutional business delivers best ever yearly performance

API focus shifts towards margin improvement and captive consumption

R&D Gains Momentum

Strong R&D infrastructure with 3 facilities including new state of the Art research centre in Bangalore

Strong team of 400+ formulation development and process chemistry scientists with domain expertise

Integrated R&D function for API and formulations with a focus on backward integration

Differentiated R&D structure leads to strong filing momentum in H2 with 10 ANDA and 5 DMF filings of which 3 are for captive consumption

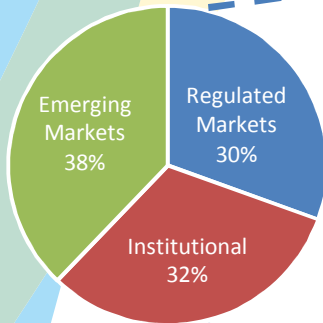
Business Performance under version 2.0 tracking ahead of plan

Achieves Size and Scope in FY16

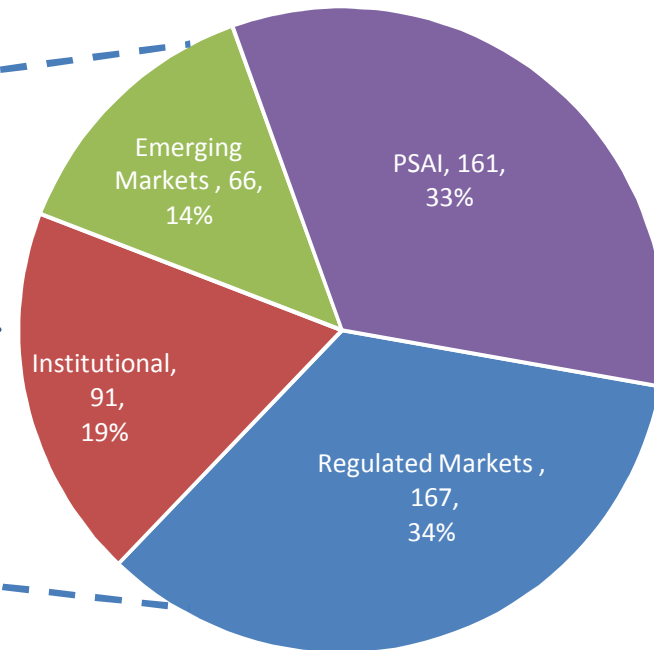
USD Mn

FY 2015

FY 2016



Revenue Base Expands 2.4x (annualized 3x) in last 12 Months



FY 2015

Strategic M&A activity

FY 2016

STRIDES
Revenue US\$ 200 Mn

STRIDES
EBITDA Margin 21.0 %

Strong formulations business

Merger with Shasun	Acquisition of Arrow and Generic Partners	Acquisition of OTC portfolio from Moberg	Acquisitions in Africa and India
Supply chain security	Re-entry into Australia in leadership position	Building a global OTC portfolio	Strengthens portfolio and local reach

COMBINED ENTITY
Revenue ~ US\$ 485 Mn
Annualized ~ US\$ 600

COMBINED ENTITY
EBITDA Margin 18 %

Diversified Global Pharmaceutical company

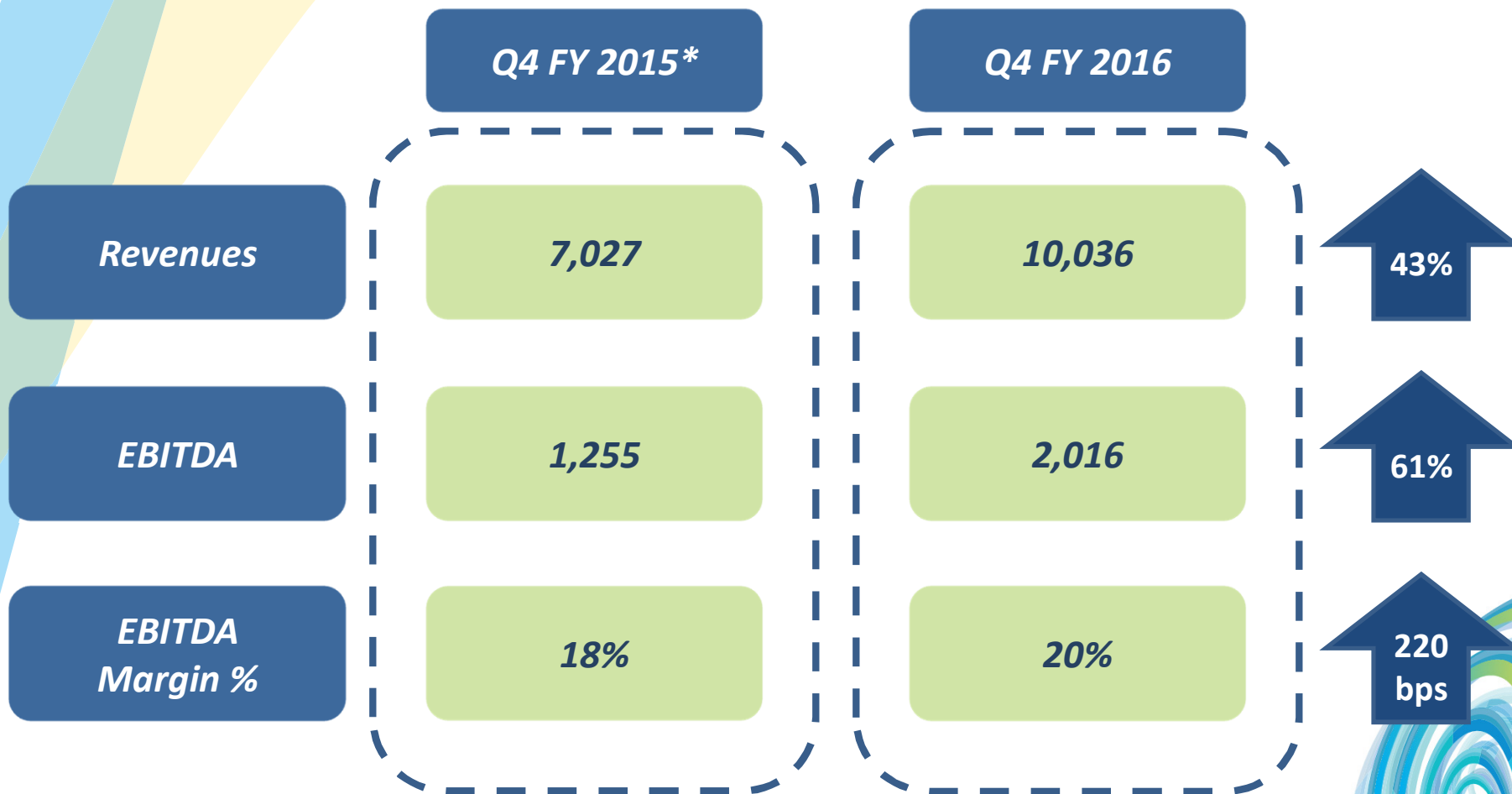


PHARMA FINANCIALS Q4 FY 2016 AND FY 2016

Strong Performance Driven by Healthy Margin Expansion



INR Mn

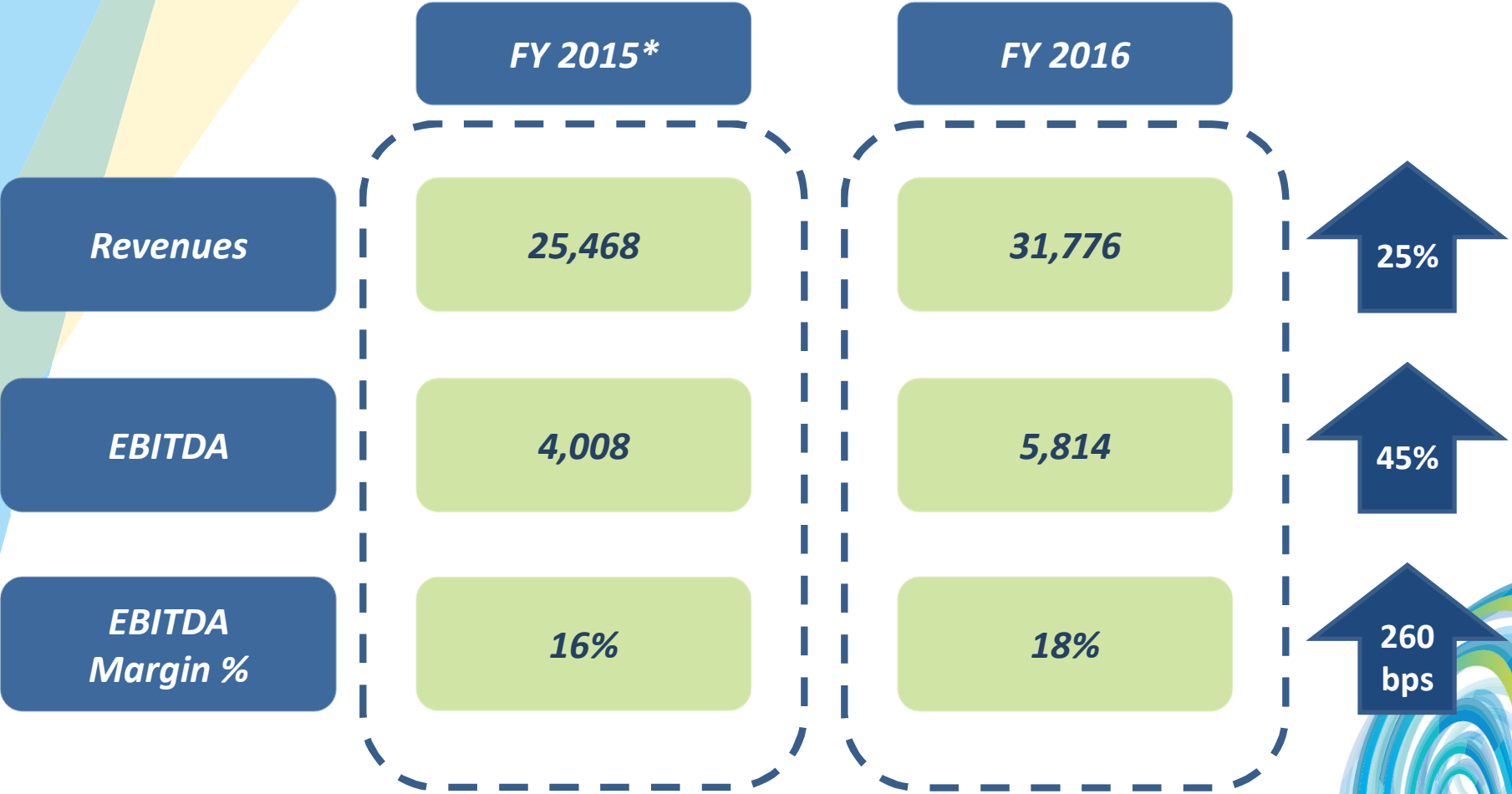


* Q4 FY15 and FY15 numbers have been taken from the press releases and re-aligned to the current year reporting structure for comparative purposes

Strong Business Momentum Drives FY16 Financials



INR Mn



* Q4 FY15 and FY15 numbers have been taken from the press releases and re-aligned to the current year reporting structure for comparative purposes

Pharma Meets H2 FY 2016 Guidance, Margins Track Ahead



INR Mn

	<i>Actual H2 FY 2016</i>	<i>Guidance H2 FY 2016</i>
<i>Revenues</i>	18,583	18,500 - 20,000
<i>EBITDA</i>	3,644	3,500 - 3,800
<i>EBITDA Margin %</i>	20%	19%
<i>ANDA Fillings</i>	10	10-12





GLOBAL PHARMA DIVISION Q4 FY 16 AND FY 16

Regulated Markets Business

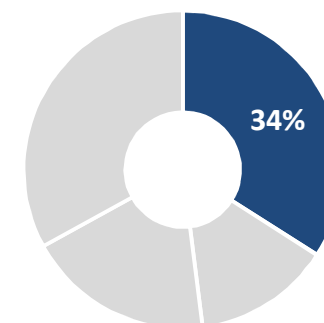
Robust Performance Driven by North America and Australia

- **Revenues** at INR 3,740 Mn in Q4 FY16, representing 37% of total revenues
- **Revenues** at INR 10,934 Mn in FY16, representing 34 % of total revenues
- The company has **3 formulations facilities** catering to regulated markets and has key regulatory approvals including US FDA, UK MHRA, TGA
- **North America** frontend delivered robust performance in FY16. **Base portfolio** delivered a strong performance with healthy market share for key products – Vancomycin Hardgel (50%) , Ergocalciferol Softgel (52%), Methoxsalen Softgel (37%), Calcitriol Softgel (14%). **5 product approvals** received from US FDA in FY16. **New product launches** garner important market share – Benzonatate Softgel (20%), Dutasteride Softgel (14%), Lamivudine/Zidovudine (10%) and Carisoprodol (Launched recently, only generic player)
- Arrow Pharmaceuticals business in **Australia** consolidated for 7 months, continued to deliver steady performance

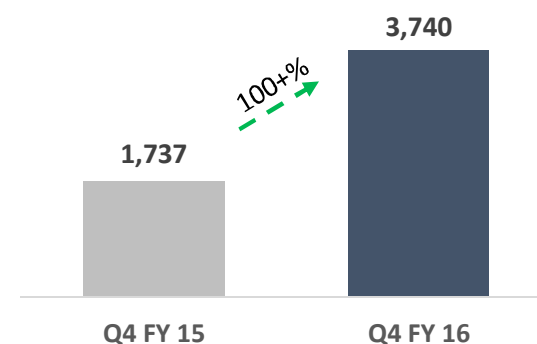
R&D Gaining Momentum with strong pipeline progress

- **R&D spend** of INR 172 Mn in Q4 FY 2016 versus INR 171 Mn in Q4 FY 2015
- **R&D spend** of INR 757 Mn in FY 2016 versus INR 592 Mn in FY 2015
- Strong **R&D infrastructure with** global filling capabilities- 3 state of the art R&D centres in India including new R&D centre in Bengaluru, 400 + research scientists
- **New product filing** gains momentum with 10 ANDA filings for H2 FY 2016, in line with management guidance
- **52 cumulative ANDA filings** (non-PEPFAR) with USFDA including 11 products filed during the year
- **29 ANDA filings pending approval** from USFDA, 5 product approvals during the year
- **18 cumulative PEPFAR filings** with 17 tentative approvals

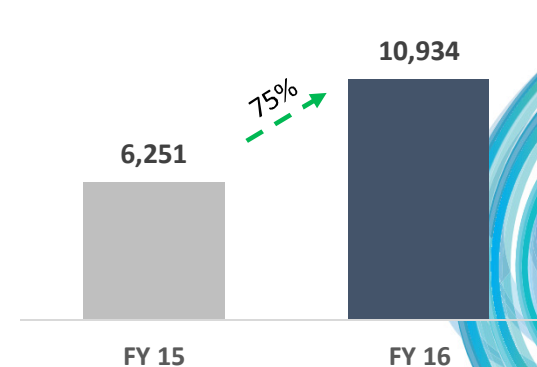
INR Mn
Regulated Market Revenues – FY 16



Revenues – Q4 FY 16



Revenues – FY 16



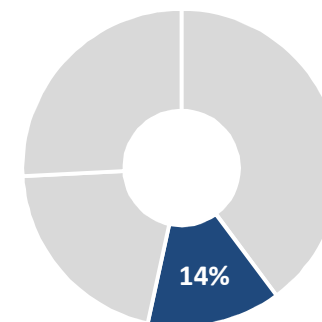
Emerging Markets Business

Steady performance despite headwinds

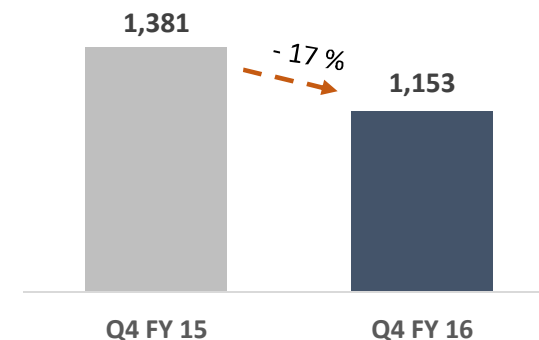
- **Revenues** at INR 1,153 Mn in Q4 FY16, representing 11% of total revenues
- **Revenues** at INR 4,301 Mn in FY16, representing 14% of total revenues
- **Field force of ~1,000+ medical representative** across emerging markets with a focus of building a strong branded generics platform
- **Significant corporate actions** announced during the year in emerging markets with a focus on improving the quality of business. **H1 FY17 performance to start reflecting contributions from recent corporate actions**
- **Challenging operating environment** in emerging markets. Continue to be invested in business as it has the **right pivots to deliver sustainable growth** in the long run
- Complete **Overhaul of leadership** to drive execution. Sinhue Noronha , earlier Africa CEO to assume overall charge for Emerging Markets. Strengthened leadership team for India, Russia CIS and South East Asia business
- FY 16 saw Improved business mix in **Africa** with **focus on brands** versus generics. **Disciplined approach to credit risk** helps tide over a volatile operating environment. **Branded business continues to track healthy growth** at secondary level. Initiated actions in H1 to **match primary and secondary sales** for efficient channel management. Volatile currency environment during the year impacts demand for **generic products** by few countries in **Africa**.
- **Successfully integrated the acquired businesses of CNS from erstwhile Ranbaxy, brand portfolio from J&J and probiotics business from Medispan in India.** Business now has a strong product portfolio and a well integrated field force to leverage pan India foot print.
- **Investment in new markets of Russia CIS and South East Asia** on track with a focus of building a strong branded generics platform in the fastest growing pharmaceuticals markets globally.

INR Mn

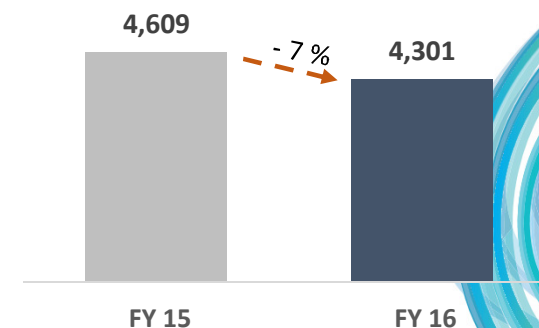
Emerging Market Revenues – FY 16



Revenues – Q4 FY 16



Revenues – FY 16



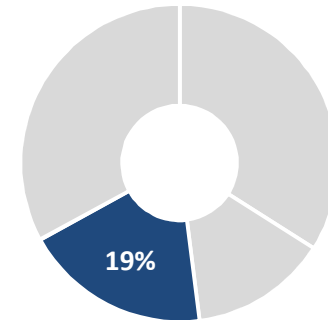
Institutional Business

Business delivers best yearly performance

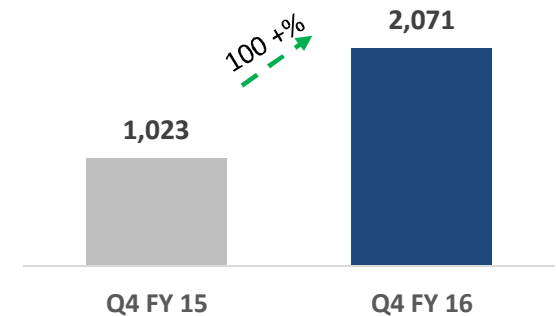
- **Revenues** at INR 2,071 Mn in Q4 FY16, representing 21% of total revenues
- **Revenues** at INR 5,951 Mn in FY16, representing 19 % of total revenues
- **Approved supplier** to institutionally-funded aid projects and global procurement agencies like **UNITAID, Global Fund to fight AIDS, tuberculosis and malaria, PEPFAR and CHAI**
- **Multiple Pre-qualified WHO and USFDA sites** for manufacturing ARV and anti-malarial drugs
- Working in **collaboration** with **Gilead Sciences** for development and distribution of generic Sofosbovir and Tenofovir Alafenamide (TAF) in developing economies
- Working in **collaboration** with **Medicines for Malaria Venture (MMV)** for the development of rectal artesunate for pre-referral treatment of children with severe malaria
- Signed a **sub-licensing agreement with the Medicines Patent Pool (MPP)** to develop Dolutegravir (DTG) for treatment of HIV in developing countries
- Received approval from Drug Controller General of India (DGCI) for manufacturing generic version of Sofosbuvir (Gilead's Sovaldi) used for treatment of Hepatitis C. Currently marketing the product under the brand name "**Virso**". **Registrations and sales for "Virso" gaining momentum in key emerging markets**
- **Increased off take in ARV segment** and **strong supply chain execution for higher volumes in Anti - Malarial's** helped deliver **best yearly performance** in FY 16

INR Mn

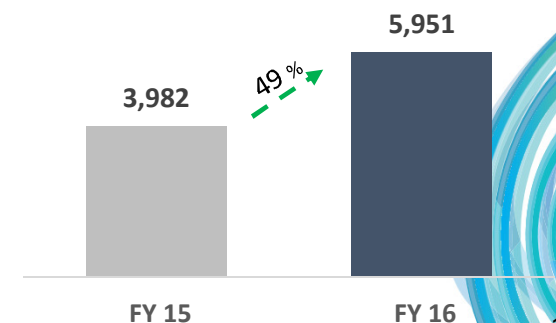
Institutional Market Revenues – FY 16



Revenues – Q4 FY 16



Revenues – FY 16



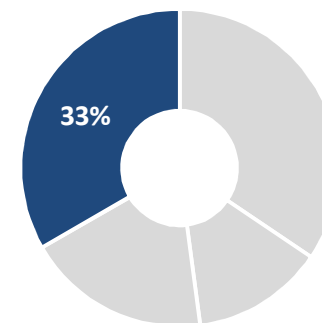
Pharmaceutical Services and Active Ingredients Business

PSAI segment – API focus shifting to Captive Consumption

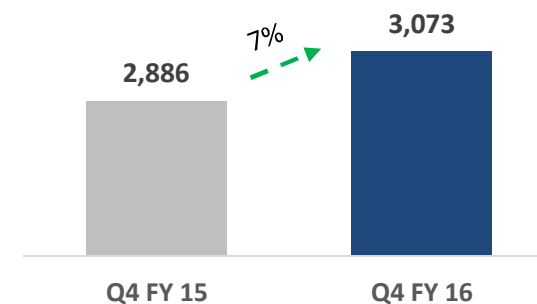
- **Revenues** at INR 3,073 Mn in Q4 FY16, representing 31% of total revenues
- **Revenues** at INR 10,591 Mn in FY16, representing 33% of total revenues
- **PSAI Segment to be rebranded as API** post CRAMS exit
- Amongst the key global suppliers of **Ibuprofen** along with **Ranitidine and Gabapentin**
- Strong **API manufacturing capability** with **3 USFDA manufacturing facilities** in India and UK
- **API delivered a steady performance in FY 16**, focus shifts towards backward integration
- API revenues during the year impacted due to incessant rains in state of Tamil Nadu
- New DMF filing plan aligned to formulations strategy. **Filed 5 new DMF's** during the year including **3 filed for captive use**
- **R&D function for API and formulations aligned**, to ensure seamless execution of backward integration plan for key products across markets
- **Rationalized API portfolio** for commodity products with focus on delivering superior margins, retained business to be attractive with increased captive consumption
- **Expect API growth to be flat** with improved margins, focus shifting towards captive consumption for formulations

INR Mn

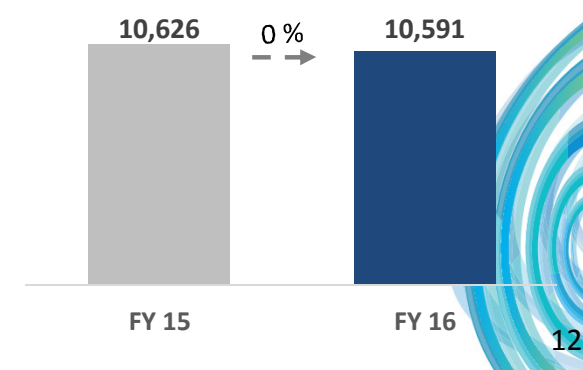
PSAI Revenues – FY 16



Revenues – Q4 FY 16



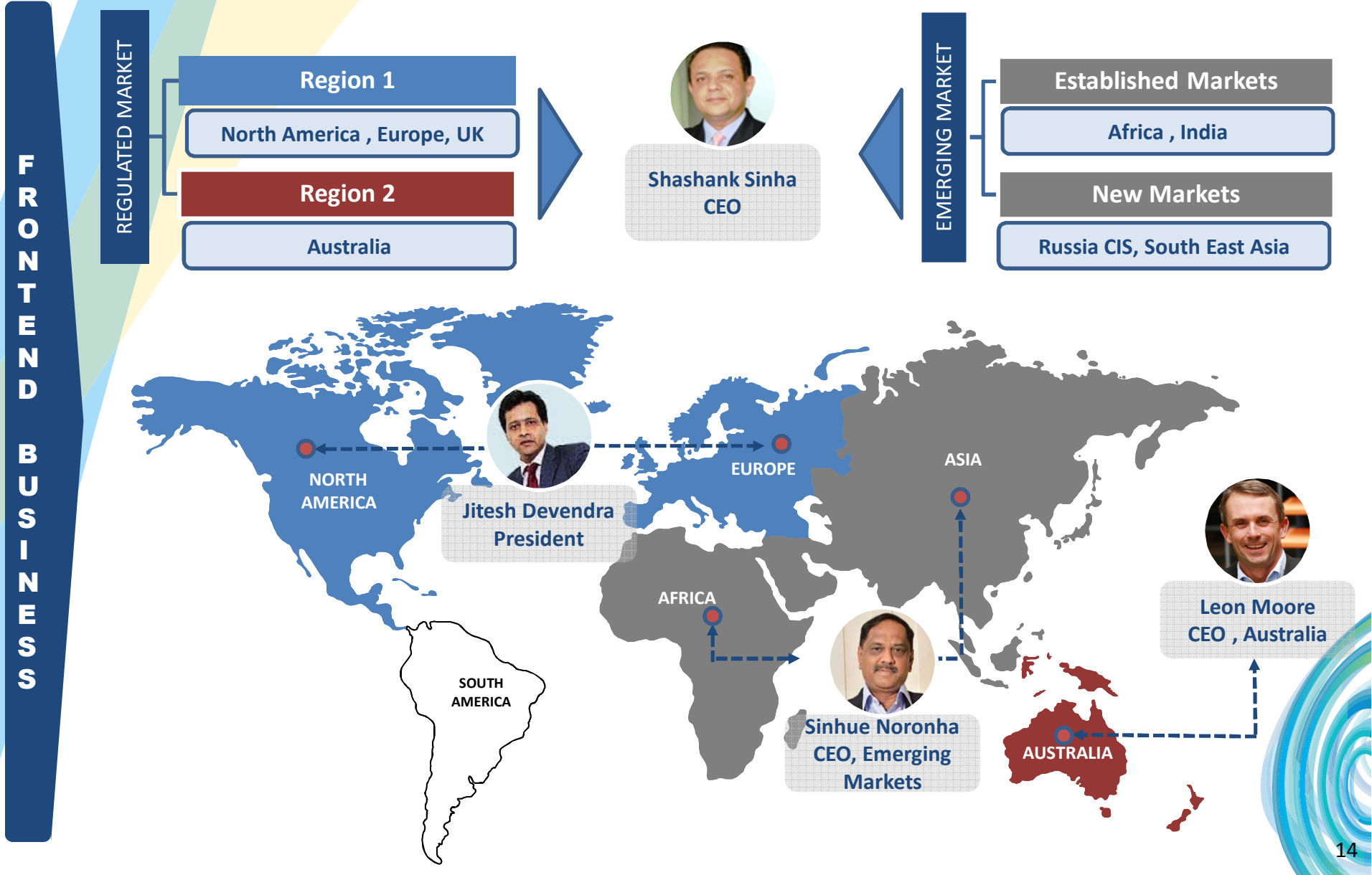
Revenues – FY 16





FOCUSED LEADERSHIP FOR FRONTEND MARKETS

Strengthening the Leadership Team for Sharper Focus





STRATEGIC M&A ACTIVITY

Strategic Rationale for Recent M&A Activity

Corporate action	Strategic Rationale	Transaction Status
Merger with Shasun Pharmaceuticals	<ul style="list-style-type: none"> • Supply chain security • Diversified manufacturing base • Capability in modified release domain • Strong R&D team 	Transaction achieved closure, business integrated successfully
Acquisition of Aspen's generic portfolio under Arrow Pharmaceuticals and R&D outfit Generic Partner (GP) in Australia	<ul style="list-style-type: none"> • Re- entry into Australia in leadership position, Strong base portfolio with backward integration opportunity • GP strengthen new product pipeline 	<ul style="list-style-type: none"> • Arrow acquisition achieved closure, business integrated successfully • GP transaction pending regulatory approvals, expected closure in Q1
Acquisitions of OTC portfolio from Moberg	<ul style="list-style-type: none"> • Strengthens strategy to build a global OTC franchise in regulated and emerging markets 	Transaction achieved closure
Acquisition in Africa - Majority stake in Universal corporation	<ul style="list-style-type: none"> • Strengthen presence in the East African markets • Access to WHO approved manufacturing plant in Africa 	Received approval from Competition commission of Kenya , expected closure in Q1
Acquisitions in India – CNS portfolio from Sun Pharma, Brands portfolio from J&J and Probiotic player Medispan	<ul style="list-style-type: none"> • Strengthens portfolio for Emerging markets in CNS , probiotics and Pain management domains • Leveraging strong MR footprint 	Transactions achieved closure, business integrated successfully

Strategic Building Blocks in Place



BIOTECH DIVISION

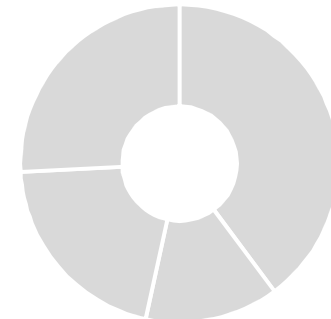
Biotech

Momentum in R&D Pipeline – Business reaches a critical point

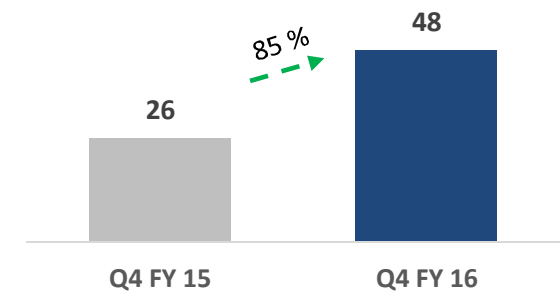
- **R&D spend** during the quarter at INR 48 Mn, against INR 26 Mn in Q4 FY15
- **R&D spend** for FY 16 at INR 197 Mn, against INR 80 Mn in FY15
- **Lead asset reaches an inflection Point** - Successfully completed pilot clinical study in limited subjects for our **first biosimilar**, focus to scale up the asset for pivotal clinical study
- Successful scale up of **second biosimilar**, product ready for bio-compatibility testing
- Commenced construction activities of **bio-pharmaceutical facility** at Doddaballapur, Bangalore
- Received **FIPB approval** for GMS Pharma (Singapore) Private Limited’s proposal to acquire 25.1% of the share capital of Stelis Biopharma Private Limited for a consideration of US\$ 21.9mn
- Board approval in place to **spin off the Biotech Business** into a separate entity,

INR Mn

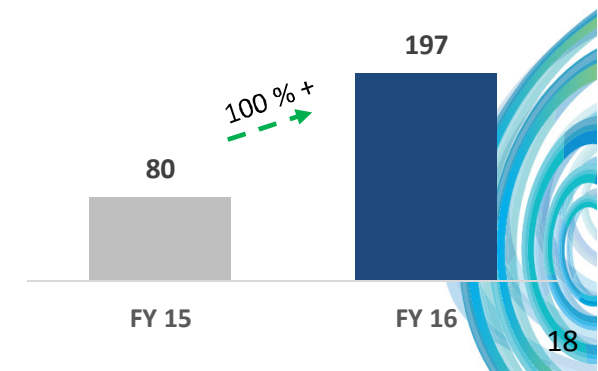
Biotech Revenues – FY 16



R&D – Q4 FY 16



R&D – FY 16



Treasury Investment Update - Oncobiologics

Value Unlocking by Oncobiologics

- Strides Shasun owns ~6 million units in Oncobiologics at an average cost of US\$ 1.83 per unit, invested in July 2014
- Oncobiologics got listed on Nasdaq on 13th May 2016 (Ticker : ONSIU) and closed at US\$ 4.8 post debut in a weak biotech market
- Oncobiologics in pre IPO and IPO rounds saw participations by marquee biotech investors
- Oncobiologics is currently developing generic versions for – Humira , Avastin, Herceptin, Prolia/ Xgeva amongst other products



Oncobiologics™
Targeting Healthy Outcomes



**CONSOLIDATED FINANCIALS
(PHARMA & BIOTECH)
Q4 FY 16 AND FY 16**

Profit and Loss Highlights (Pharma & Biotech)

INR Mn

Particulars	Q4 FY15	Q4 FY16	YoY Growth %	FY15	FY16	YoY Growth %
Revenues	7,027	10,036	43%	25,468	31,776	25%
EBITDA	1,229	1,968	60%	3,928	5,617	43%
EBITDA %	18%	20%	210bps	15%	18%	230bps
Adjusted PAT*		1,139			2,468	
Adjusted EPS*		12.75			29.88	

*Excluding Merger & due diligence costs of INR 87 Mn, one time write off INR 65 Mn in Q4 FY16

*Excluding Merger & due diligence costs of INR 221 Mn, one time write off INR 65 Mn in FY16

*Exchange impact of prior year 168 Mn on account of Shasun merger

*Q4 FY15 and FY15 numbers have been re-aligned to the current year reporting structure for comparative purposes

Key Balance Sheet Items (Pharma & Biotech)

Balance Sheet Size	INR 76,591 Mn
Equity Base	INR 29,064 Mn
Net Debt	INR 21,414 Mn
Working capital Loans	INR 7,015 Mn
Net Debt to Equity	0.74x



THANK YOU