



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 AND NINE MONTHS ENDED DECEMBER 31, 2017**

Sl. No.	Particulars	Rs. in Lakhs					
		3 Months ended December 31, 2017	Preceeding 3 Months ended September 30, 2017	Corresponding 3 Months ended in the previous year December 31, 2016	Year to date figures for the current period ended December 31, 2017	Year to date figures for the previous period ended December 31, 2016	Previous year ended March 31, 2017
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)	(5)	(6)
	Continuing operations						
I	Revenue from operations	29,786	36,238	36,986	102,638	107,080	138,290
II	Other income	5,833	3,829	3,850	13,936	12,210	16,902
III	Total income (I + II)	35,619	40,067	40,836	116,574	119,290	155,192
IV	Expenses						
	(a) Cost of materials consumed	15,032	19,948	23,278	56,695	59,145	63,625
	(b) Purchases of stock-in-trade	21	2,295	857	3,415	3,805	11,238
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,385	(210)	(2,458)	2,941	(3,637)	(1,290)
	(d) Employee benefits expense	5,905	6,589	6,272	18,359	18,247	24,565
	(e) Finance costs	2,220	2,278	1,822	7,053	5,381	7,199
	(f) Depreciation and amortisation expense	2,136	1,992	1,730	6,044	5,186	7,382
	(g) Other expenses	6,687	6,726	6,242	20,164	19,558	26,164
	Total expenses (IV)	34,386	39,618	37,743	114,671	107,685	138,883
V	Profit/(loss) before exceptional items and tax (III - IV)	1,233	449	3,093	1,903	11,605	16,309
VI	Exceptional Item gain/ (loss) (net) (Refer note 11)	797	(411)	(491)	2,243	(2,353)	(1,516)
VII	Profit/(loss) before tax (V + VI)	2,030	38	2,602	4,146	9,252	14,793
VIII	Tax expense						
	- Current tax	2,068	(17)	2,835	2,068	2,735	1,184
	- Deferred tax Expense / (benefit)	(3,816)	(1,035)	(824)	(4,494)	(87)	686
	Total tax expense (VIII)	(1,748)	(1,052)	2,011	(2,426)	2,648	1,870
IX	Profit/(loss) after tax from continuing operations (VII - VIII)	3,778	1,090	591	6,572	6,604	12,923
X	Discontinued operations						
	- Profit/(loss) from discontinued operations	(4,904)	260	(4,609)	(5,886)	(4,947)	(1,292)
	-Gain/ (loss) on disposal of assets / settlement of liabilities attributable to the discontinued operations (net)	15,074	-	-	15,074	-	(1,112)
XI	Profit/(loss) before tax from discontinued operations	10,170	260	(4,609)	9,188	(4,947)	(2,404)
	- Tax expense of discontinued operations	3,525	91	(1,567)	3,186	(1,682)	(334)
XII	Profit/(loss) after tax from discontinued operations	6,645	169	(3,042)	6,002	(3,265)	(2,070)
XIII	Profit/(loss) for the period (IX + XII)	10,423	1,259	(2,451)	12,574	3,339	10,853



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		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)	(5)	(6)
XIV	Other comprehensive income						
A	(i) Items that will not be reclassified to statement of profit and loss	(131)	-	(1,563)	(131)	(1,563)	(1,440)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	45	-	541	45	541	498
B	(i) Items that may be reclassified to statement of profit and loss	368	(1,988)	761	(1,940)	441	2,002
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	(128)	688	(265)	671	(154)	(693)
	Total other comprehensive income for the period (XIV)	154	(1,300)	(526)	(1,355)	(735)	367
XV	Total comprehensive income for the period (XIII + XIV)	10,577	(41)	(2,977)	11,219	2,604	11,220
	Earnings per equity share (face value of Rs. 10/- each) (for continuing operations)						
	(a) Basic (Rs.)	4.22	1.22	0.66	7.35	7.39	14.46
	(b) Diluted (Rs.)	4.22	1.22	0.66	7.34	7.38	14.43
	Earnings per equity share (face value of Rs. 10/- each) (for discontinued operations)						
	(a) Basic (Rs.)	7.42	0.19	(3.40)	6.71	(3.65)	(2.32)
	(b) Diluted (Rs.)	7.42	0.19	(3.40)	6.70	(3.65)	(2.32)
	Earnings per equity share (face value of Rs. 10/- each) (for total operations)						
	(a) Basic (Rs.)	11.65	1.41	(2.74)	14.05	3.74	12.14
	(b) Diluted (Rs.)	11.63	1.41	(2.74)	14.04	3.73	12.12
	See accompanying notes to the Financial Results						



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FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017

Notes:

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 9, 2018. The statutory auditors have carried out limited review of the above results for the quarter and nine months ended December 31, 2017 and have issued unmodified opinion.
- 2 During the nine months ended December 31, 2017, Strides Lifesciences Limited, Nigeria and Arrow Life Sciences (Malaysia) Sdn Bhd, Malaysia, were incorporated as wholly owned subsidiaries of the Company's subsidiaries.
- 3 The Company had entered into definitive agreement with Perrigo Group for acquisition of Perrigo API India Private Limited in the previous year. On April 6, 2017, the Company has completed the acquisition of 100% equity interest in Perrigo API India Private Limited. Subsequently, Perrigo API (India) Private Limited has been renamed to Strides Chemicals Private Limited.
- 4 Strides Pharma Global Pte Limited, Singapore, a subsidiary of the Group, entered into an agreement with Vivimed Labs Limited, India to invest in Vivimed Global Generics Pte Limited, Singapore. Pursuant to the investment by Strides Pharma Global Pte Limited, Singapore on May 18, 2017, Vivimed Global Generics Pte Limited, Singapore became a subsidiary of the Group. Further, the Company also entered into a joint venture agreement with Vivimed Labs Limited, India pursuant to which the Company made investment in Vivimed Life Sciences Private Limited, India on May 18, 2017.
- 5 Arrow pharmaceuticals Pty Limited, Australia, a subsidiary of the Group entered into a definitive agreement effective on August 31, 2017 to acquire Amneal Pharmaceutical Pty limited, Australia. The Company has completed the acquisition of 100% stake in Amneal Pharmaceutical Pty limited, Australia. Consequent to the same, Amneal Pharmaceuticals Pty Limited and Amneal Pharma Australia Pty Limited became part of the Group.
- 6 During the current quarter, Strides Pharma Asia Pte Limited, a wholly owned subsidiary of the Company, has entered into definitive agreements with Trinity Pharma Proprietary Limited, South Africa ('Trinity') for acquisition of controlling stake in Trinity. The transaction has been closed subsequent to December 31, 2017.
- 7 During the current quarter, Strides Shasun Limited entered into a Share Purchase Agreement ('SPA') with Bafna Pharmaceuticals Limited ('Bafna') and Bafna Promoters to acquire the remaining 26% equity interest in Strides Healthcare Private Limited, India, thereby making it a wholly owned subsidiary of the Company.
- 8 **Discontinued operations:**
 - (a) During the current quarter, the Company entered into a Business Transfer Agreement ('BTA') and Share Purchase Agreement ('SPA') with Eris Lifesciences Limited ('Eris') for sale of India brands division and for sale of 100% equity interest in Strides Healthcare Private Limited ('SHPL'), collectively referred to as 'India branded generics business', for an aggregate consideration of Rs. 41,000 Lakhs and Rs. 9,000 Lakhs respectively, exclusive of working capital adjustment. The resulting gain on disposal of the above business and the results of the business of India branded generics business are included in the details of discontinued operations for the respective periods as set out in Note 8 (c) below.



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(b) On March 20, 2017, the Board of Directors of the Company approved a Composite Scheme of Arrangement to be entered into between the Company, Sequent Scientific Limited (Sequent), and Solara Active Pharma Sciences Limited, India (Solara) and their respective shareholders' and creditors (the Scheme) under sections 230-232 of the Companies Act, 2013 for demerger of the Company's Commodity API business and Human API Business of Sequent into Solara with effect from the appointed date of October 1, 2017.

During the current quarter, the equity shareholders of the Company at the National Company Law Tribunal (NCLT) convened meeting of the equity shareholders held on December 27, 2017 approved the Scheme. The Company has filed a petition with NCLT for their approval of the Scheme on January 19, 2018. The petition was admitted by NCLT on February 2, 2018 and has fixed March 9, 2018 as the date of hearing of the petition.

Post shareholders approval, the Company has classified the Commodity API business as discontinued operations. Accordingly, the results of the said business are included in the discontinued operations for the respective period as set out in Note 8(c) below.

(c) Results of discontinued operations

		Rs. in Lakhs					
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I	Total Revenue	21,049	26,468	23,743	68,148	61,835	85,913
II	Total Expenses	25,989	26,048	21,551	73,975	59,879	80,875
III	Profit/(loss) before exceptional items and tax (I - II)	(4,940)	420	2,192	(5,827)	1,956	5,038
IV	Exceptional Items:	36	(160)	(6,801)	(59)	(6,903)	(6,330)
V	Profit/(loss) before tax (III + IV)	(4,904)	260	(4,609)	(5,886)	(4,947)	(1,292)
VI	Gain/ (loss) on disposals (net)	15,074			15,074		(1,112)
VII	Tax expense	3,525	91	(1,567)	3,186	(1,682)	(334)
VIII	Gain/ (loss) from discontinued operations (V+VI-VII)	6,645	169	(3,042)	6,002	(3,265)	(2,070)



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- 9 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'.

Considering the terms of the SPAs, the nature of the pending claims that 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.

- 10 During the nine months period ended December 31, 2017, 50,000 equity shares under the Strides Arcolab ESOP 2011 Scheme, 20,000 equity shares under the Strides Shasun ESOP 2016 Scheme and 5,654 equity shares under Strides Shasun ESOP 2015 Scheme were allotted by the Company, on exercising equal number of options.



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11 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	654	(345)	121	477	(1,616)	118
b	Business combination and restructuring expenses	(157)	(65)	(343)	(344)	(592)	(897)
c	Write down of inventory and other assets	-	(96)	(269)	(96)	(269)	29
d	Impairment of investment	-	-	-	-	-	(187)
e	Dividend income from subsidiaries	-	-	-	2,038	-	-
f	Fair valuation of derivative instruments	300	95	-	168	-	(422)
g	Gain/ (loss) on sale of long term investment	-	-	-	-	124	(164)
h	Others	-	-	-	-	-	7
	Total	797	(411)	(491)	2,243	(2,353)	(1,516)

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

For and on behalf of the Board

Bengaluru, February 09, 2018

Shashank Sinha
Managing Director