

UNAUDITED COMBINED PROFORMA BALANCE SHEET OF STRIDES SHASUN LIMITED
(FORMERLY KNOWN AS STRIDES ARCOLAB LIMITED)
AS AT SEPTEMBER 30, 2015

Sl. No.	Particulars	Rs in Million						
		Strides Arcolab Limited (A)	Shasun Pharmaceuticals Limited (B)	Proforma adjustments for GAAP (C)	Proforma adjustments for Acquisition (D)	Offering (E)	Total adjustments (F = C + D + E)	Consolidated Proforma (A + B + C + F)
A	EQUITY AND LIABILITIES							
1	Shareholder's funds							
	a. Share capital	596.26	134.45	-	75.63	-	-	806.34
	b. Reserves and surplus	11,287.23	4,376.01	(232.06)	(80.33)	-	(312.39)	15,350.85
	Sub-total of Shareholder's fund	11,883.49	4,510.46	(232.06)	(4.70)	-	(236.76)	16,157.19
2	Share application money pending allotment	-	2.70	-	-	-	-	2.70
3	Minority Interest	175.44	-	-	-	-	-	175.44
4	Non-current liabilities							
	a. Long-term borrowings	18,454.16	1,536.10	-	-	-	-	19,990.26
	b. Deferred tax liabilities (net)	-	44.45	-	-	-	-	44.45
	c. Other long-term liabilities	201.04	45.90	-	-	-	-	246.94
	d. Long-term provisions	236.16	39.57	-	-	-	-	275.73
	Sub-total - Non-current liabilities	18,891.36	1,666.02	-	-	-	-	20,557.38
5	Current liabilities							
	a. Short-term borrowings	3,357.09	4,330.93	-	-	-	-	7,688.02
	b. Trade payables	2,823.08	2,804.11	-	(43.07)	-	(43.07)	5,584.12
	c. Other current liabilities	4,269.63	1,629.47	-	-	-	-	5,899.10
	d. Short-term provisions	634.30	12.78	-	-	-	-	647.08
	Sub-total - Current liabilities	11,084.10	8,777.29	-	(43.07)	-	(43.07)	19,818.32
	TOTAL - EQUITY AND LIABILITIES	42,034.39	14,956.47	(232.06)	(47.77)	-	(279.83)	56,711.03
B	ASSETS							
1	Non-current assets							
	a. Fixed assets	23,221.90	6,375.90	(232.06)	-	-	(232.06)	29,365.74
	b. Deferred tax assets (net)	52.83	157.27	-	-	-	-	210.10
	c. Long-term loans and advances	1,712.88	697.15	-	-	-	-	2,410.03
	d. Other non-current assets	15.97	-	-	-	-	-	15.97
	Sub-total - Non-current assets	25,003.58	7,230.32	(232.06)	-	-	(232.06)	32,001.84
2	Goodwill On Consolidation	1,416.31	-	-	-	-	-	1,416.31
3	Non-current investments	720.68	264.46	-	-	-	-	985.14
4	Current assets							
	a. Current investments	4,083.91	-	-	-	-	-	4,083.91
	b. Inventories	2,888.27	2,438.28	-	1.44	-	1.44	5,327.99
	c. Trade receivables	4,417.07	3,370.37	-	(49.21)	-	(49.21)	7,738.23
	d. Cash and cash equivalents	2,058.45	39.59	-	-	-	-	2,098.04
	e. Short-term loans and advances	1,411.24	1,166.40	-	-	-	-	2,577.64
	f. Other current assets	34.88	447.05	-	-	-	-	481.93
	Sub-total - Current assets	14,893.82	7,461.69	-	(47.77)	-	(47.77)	22,307.74
	TOTAL - ASSETS	42,034.39	14,956.47	(232.06)	(47.77)	-	(279.83)	56,711.03

UNAUDITED COMBINED PROFORMA STATEMENT OF PROFIT AND LOSS OF STRIDES SHASUN LIMITED
(FORMERLY KNOWN AS STRIDES ARCOLAB LIMITED)
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2015

Sl. No.	Particulars	Strides Arcolab Limited (A)	Shasun Pharmaceuticals Limited (B)	Arrow business (C)	Proforma adjustments for		Total adjustments (G = D + E + F)	Combined Proforma (A + B + C + G)
					GAAP (D)	Acquisition (E)		
1	Income from operations							
	(a) Net Sales / Income from Operations (Net of excise duty)	6,065.99	6,424.89	2,373.54	-	(57.12)	(57.12)	14,807.30
	(b) Other Operating Income	331.94	303.83	-	-	-	-	635.77
	Total Income from operations (net)	6,397.93	6,728.72	2,373.54	-	(57.12)	(57.12)	15,443.07
2	Expenses							
	(a) Cost of material consumed	2,611.36	3,425.93	1,725.69	-	(53.88)	(53.88)	7,709.10
	(b) Purchases of stock-in-trade	644.88	20.65	-	-	-	-	665.53
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(241.83)	(132.40)	-	-	-	-	(374.23)
	(d) Employee benefit expenses	1,028.85	1,223.51	-	-	22.50	22.50	2,274.86
	(e) Depreciation and amortisation expense	393.37	297.45	96.48	-	-	-	787.30
	(f) Other expenses	1,332.61	1,445.45	-	-	(22.50)	(22.50)	2,755.56
	Total expenses	5,769.24	6,280.59	1,822.17	-	(53.88)	(53.88)	13,818.12
3	Profit/(Loss) from Operations before Other Income, finance cost & Exceptional Items (1-2)	628.69	448.13	551.37	-	(3.24)	(3.24)	1,624.95
4	Other Income	798.40	51.66	-	-	-	-	850.06
5	Profit/ (Loss) from ordinary activities before finance cost & Exceptional Items (3+4)	1,427.09	499.79	551.37	-	(3.24)	(3.24)	2,475.01
6	Finance costs	310.31	302.45	-	-	-	-	612.76
7	Profit/(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)	1,116.78	197.34	551.37	-	(3.24)	(3.24)	1,862.25
8	Exceptional Items:							
	- Exchange Fluctuation (loss) / gain (Net)	(84.93)	-	-	(67.50)	-	(67.50)	(152.43)
	- Merger and restructuring costs	(76.75)	-	-	-	-	-	(76.75)
	- Write-off/provision of assets	-	(0.10)	-	-	-	-	(0.10)
	- Recovery of loans & advances written off in earlier years	13.05	-	-	-	-	-	13.05
9	Profit / (Loss) from Ordinary Activities before tax (7+8)	968.15	197.24	551.37	(67.50)	(3.24)	(70.74)	1,646.02
10	Tax Expense / (credit)							
	- Tax expenses	365.25	28.14	165.41	-	-	-	558.80
11	Net Profit / (Loss) after tax (9-10)	602.90	169.10	385.96	(67.50)	(3.24)	(70.74)	1,087.22
12	Share of Minority Interest / Associates	(5.47)	0.18	-	-	-	-	(5.29)
13	Net Profit / (Loss) for the period / year (11-12)	608.37	168.92	385.96	(67.50)	(3.24)	(70.74)	1,092.51

UNAUDITED COMBINED PROFORMA STATEMENT OF PROFIT AND LOSS OF STRIDES SHASUN LIMITED
(FORMERLY KNOWN AS STRIDES ARCOLAB LIMITED)
FOR THE YEAR ENDED MARCH 31, 2015

Sl. No.	Particulars	Strides Arcolab Limited (A)	Shasun Pharmaceuticals Limited (B)	Arrow business (C)	Proforma adjustments for		Total adjustments (G = D + E + F)	Rs in Million Combined Proforma (A + B + C + G)
					GAAP (D)	Acquisition (E)		
A.	Continuing operations:							
1	Income from operations							
	(a) Net Sales / Income from Operations (Net of excise duty)	11,320.21	12,493.03	5,921.73	-	(39.32)	(39.32)	29,695.65
	(b) Other Operating Income	638.28	673.23	-	-	-	-	1,311.51
	Total Income from operations (net)	11,958.49	13,166.26	5,921.73	-	(39.32)	(39.32)	31,007.16
2	Expenses							
	(a) Cost of material consumed	4,953.85	6,720.20	4,100.30	-	(37.86)	(37.86)	15,736.49
	(b) Purchases of stock-in-trade	792.52	63.13	-	-	-	-	855.65
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(141.55)	22.91	-	-	-	-	(118.64)
	(d) Employee benefit expenses	1,720.61	2,363.62	-	-	-	-	4,084.23
	(e) Depreciation and amortisation expense	640.32	469.63	244.46	-	-	-	1,354.41
	(f) Other expenses	2,344.52	2,797.66	-	-	-	-	5,142.18
	Total expenses	10,310.27	12,437.15	4,344.76	-	(37.86)	(37.86)	27,054.32
3	Profit/(Loss) from Operations before Other Income, finance cost & Exceptional Items (1-2)	1,648.22	729.11	1,576.97	-	(1.46)	(1.46)	3,952.84
4	Other Income	385.67	122.32	-	-	-	-	507.99
5	Profit/ (Loss) from ordinary activities before finance cost & Exceptional Items (3+4)	2,033.89	851.43	1,576.97	-	(1.46)	(1.46)	4,460.83
6	Finance costs	474.35	628.19	-	-	-	-	1,102.54
7	Profit/(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)	1,559.54	223.24	1,576.97	-	(1.46)	(1.46)	3,558.29
8	Exceptional Items:							
	- Exchange Fluctuation (loss) / gain (Net)	(132.09)	-	-	(28.12)	-	(28.12)	(160.21)
	- Profit/(loss) on sale / disposal of investments (net)	-	120.00	-	-	-	-	120.00
	- Merger and restructuring costs	(109.40)	-	-	-	-	-	(109.40)
	- Write-off/provision of assets	(9.00)	(41.55)	-	-	-	-	(50.55)
	- Claims on discontinued products	(39.08)	-	-	-	-	-	(39.08)
	- Recovery of loans & advances written off in earlier years	16.00	-	-	-	-	-	16.00
	- Reversal of option cost	199.81	-	-	-	-	-	199.81
9	Profit / (Loss) from Ordinary Activities before tax (7+8)	1,485.78	301.69	1,576.97	(28.12)	(1.46)	(29.58)	3,334.86
10	Tax Expense / (credit)							
	- Tax expenses on continuing operations	532.30	63.33	473.09	-	-	-	1,068.72
	- Tax on dividend received from subsidiaries	943.68	-	-	-	-	-	943.68
11	Net Profit / (Loss) after tax (9-10)	9.80	238.36	1,103.88	(28.12)	(1.46)	(29.58)	1,322.46
12	Share of Minority Interest	(5.86)	0.81	-	-	-	-	(5.05)
13	Net Profit / (Loss) for the period / year from the continuing operations (11-12)	15.66	237.55	1,103.88	(28.12)	(1.46)	(29.58)	1,327.51
B.	Discontinued operations:							
14	Net gain / (loss) on discontinued businesses	8,434.33	-	-	-	-	-	8,434.33
	Net Profit / (Loss) for the period / year from discontinued operations	8,434.33	-	-	-	-	-	8,434.33
C)	Net Profit / (Loss) for the period / year from total operations (13+14)	8,449.99	237.55	1,103.88	(28.12)	(1.46)	(29.58)	9,761.84

UNAUDITED COMBINED PROFORMA FINANCIAL INFORMATION

The Unaudited Combined Proforma Financial Information set forth hereinafter aggregates the financial information of (i) Strides Shasun Limited (formerly known as Strides Arcolab Limited) (our “Company”) together with its subsidiary companies and jointly controlled entities (collectively referred to as the “Strides Group”) as at and for the six month period ended September 30, 2015 and for the year ended March 31, 2015 (ii) Shasun Pharmaceuticals Limited, together with its subsidiary companies and jointly controlled entities (iii) and the Arrow business (as defined below) in order to give a proforma effect to the Scheme of Amalgamation between our Company and Shasun Pharmaceuticals Limited (the “Shasun”) approved by the High Court of Bombay on August 28, 2015 and the acquisition of generic pharmaceutical business and related assets in Australia (the “Arrow business”) from Aspen Pharmacare Holdings Limited (the “Aspen”) and is referred to hereinafter as the “Unaudited Combined Proforma Financial Information” and has been adjusted as specifically stated herein (the “Proforma adjustments”).

1. Transaction description

(a) Scheme of Amalgamation with Shasun

The Board of Directors of our Company in their meeting held on September 29, 2014 had approved a Scheme of Amalgamation between our Company and Shasun (the “Scheme of Amalgamation”). Pursuant to the Scheme of Amalgamation, each equity shareholder of Shasun is entitled to receive 5 equity shares of our Company in lieu of 16 equity shares of Shasun.

The Scheme of Amalgamation is considered as an “amalgamation in nature of merger” as defined by paragraph 29 of the Accounting Standard on “Accounting for Amalgamations” (‘AS-14’) and is accounted for under the pooling of interests method. Accordingly all the assets and liabilities of Shasun are recorded at their respective book values in the books of our Company.

The approval for the Scheme of Amalgamation has been received from the relevant stock exchanges, the shareholders of our Company and Shasun, the Competition Commission of India and the Hon’ble High Courts of Judicature at Mumbai and Chennai and from the Foreign Investments Promotion Board.

The appointed date for the Scheme of Amalgamation is April 1, 2015 and the Scheme of Amalgamation is effective from November 19, 2015.

(b) Acquisition of Arrow

On May 21, 2015, our Company’s wholly owned subsidiaries, Strides Pharma Global Pte. Limited, Singapore and Strides (Australia) Pharma Pty Limited, Australia, had entered into definitive agreements with certain wholly owned subsidiaries of Aspen to acquire their generic pharmaceutical business in Australia and related assets. This acquisition was completed on September 1, 2015.

The Acquisition of the Arrow business is considered as a business acquisition. Accordingly, the acquired assets are recorded in the books of our Company at the fair value on the date of acquisition and the excess of purchase consideration over the fair value of assets is accounted for as goodwill.

The Scheme of Amalgamation and acquisition of Arrow business are collectively referred to as the “Transactions”.

(c) Other Transactions

Strides Group has entered into several agreements (the “Other Transactions”) which are summarised as follows:

- The investment by GMS Holdings of USD 21.90 Million for a 25.1% equity interest in Stelis Biopharma Private Limited ("Stelis"), the biotech subsidiary of our Company, to fund a greenfield project.
- The acquisition of marketing divisions ‘Solus’ and ‘Solus Care’ along with their employees from Sun Pharmaceutical Industries Limited for a consideration of Rs. 1,650 Million. The divisions operate in the central nervous system therapeutic area in India.
- The acquisition of five brands from Johnson and Johnson, USA and 2 brands from NR Jet Enterprises Limited (a subsidiary of Johnson and Johnson Private Limited, India), having products across dermatology, antiemetic and pain management segments, for a consideration of Rs. 610 Million.

These Other Transactions are at different stages of completion and are subject to satisfaction of conditions precedent, including receipt of regulatory approvals and are not completed as of December 17, 2015. Such Other Transactions are not included in the Unaudited Combined Proforma Financial Information.

Our Company had also acquired Indian branded generic business from Bafna Pharmaceuticals Limited, for a total consideration of Rs 655.00 Million. The same business was integrated with effect from October 1, 2014. This acquisition has not been considered to be a material acquisition and accordingly financial information relating to this business for the period from April 1, 2014 to September 30, 2015 has not been separately aggregated in preparing these Unaudited Combined Proforma Financial Information.

Further, our Company has completed the structured business transfer agreement with Medispan, via business transfer agreement dated October 21, 2015 to transfer the entire business, including intellectual properties and manpower to Strides Biologix Private Limited, a subsidiary in which our Company is would have a 51% equity interest, for a consideration of Rs 110 Million.

2. Background

The Unaudited Combined Proforma Financial Information contains the Unaudited Combined Proforma Balance Sheet as at September 30, 2015 and the Unaudited Combined Proforma Statement of Profit and Loss for the six month period ended September 30, 2015 and for the year ended March 31, 2015 of the Strides Group and select explanatory notes to the Proforma adjustments (referred to as “Basis of preparation of the Unaudited Combined Proforma Financial Information”).

The Unaudited Combined Proforma Financial Information has been prepared to present retroactively, the main effect of the Transactions mentioned in the paragraph 1 above (referred to as “Transactions”) on the Strides Group’s balance sheet and on the statement of profit and loss.

The Unaudited Combined Proforma Financial Information has been prepared to show retroactively, according to the same accounting policies as the historical information, the main effects of the Transactions on the balance sheet as if the Transactions had taken place on September 30, 2015 and the effect on the statement of profit and loss as if the Transactions had taken place on April 1, 2015 with respect to the Unaudited Proforma Combined Statement of Profit and Loss for the six month period ended September 30, 2015 and on April 1, 2014 with respect to the Unaudited Proforma Combined Statement of Profit and Loss for the year ended March 31, 2015.

The Unaudited Combined Proforma Financial Information is not necessarily indicative of the financial position or the results of operations that would have been achieved had the Transactions actually taken place at the dates indicated and does not purport to be indicative of future financial position or operating results. The Unaudited Combined Proforma Financial Information by its nature may not give an accurate picture of the Company's actual or future financial position or results.

The assumptions and estimates underlying the Proforma adjustments are described in the accompanying notes, which should be read together with the Unaudited Combined Proforma Financial Information.

3. Basis of Preparation of the Unaudited Combined Proforma financial information.

The Unaudited Combined Proforma Financial Information as at and for the six month period ended September 30, 2015 have been prepared adjusting the Strides Group's historical information extracted from the statement of unaudited consolidated results as at and for the period then ended and the unaudited consolidated results of Shasun as at and for the six month period ended September 30, 2015 and the unaudited management information in respect of the Arrow business for the five month period ended August 31, 2015 in order to present retroactively, the main economic and financial effects derived from the Transactions.

The Unaudited Proforma Combined Statement of Profit and Loss for the year ended March 31, 2015 has been prepared adjusting the Strides Group historical information extracted from the audited consolidated statement of Profit and Loss for the year then ended and the audited consolidated statement of Profit and Loss of Shasun for the year ended March 31, 2015 and the unaudited management information in respect of the Arrow business for the year ended March 31, 2015 in order to present retroactively, the main economic and financial effects derived from the Transactions.

Accounting principles and policies adopted for the preparation of the Unaudited Combined Proforma Financial Information are the same used for the preparation of consolidated audited financial statements of Strides Group for the year ended March 31, 2015.

Description of Proforma adjustments for the preparation of the Unaudited Combined Proforma Financial Information:

The following are the proforma adjustments made for the preparation of Unaudited Combined Proforma Financial Information

a) Accounting policies adjustments ("GAAP")

Shasun has exercised the irrevocable option under Para 46A of the Accounting Standard 11 on the Effect of Changes in Foreign Exchange Rates wherein the exchange fluctuations on all long term monetary items so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of such assets. In cases of other exchange fluctuations on all long term monetary items, the exchange fluctuations are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), grouped under Reserves and Surplus, and amortized over the balance period of long-term monetary asset/liability but not beyond March 31, 2020.

Our Company has opted to recognise all exchange fluctuations to the statement of profit and loss.

To align the accounting policies between the two entities, the following impact has been given in the Unaudited Combined Proforma Financial Information;

As at and for the six month period ended September 30, 2015:

1. The incremental exchange fluctuations capitalised in the cost of depreciable capital assets amounting to Rs. 68.16 Million in Shasun's financial statements during the six months ended September 30, 2015 has been reduced from cost of depreciable assets with the corresponding

effect in 'Exchange fluctuation (loss) / gain (Net)' grouped under 'Exceptional items' in the Unaudited Combined Proforma Financial Information.

2. The exchange gain (net) recorded as FCMITDA as at September 30, 2015 amounting to Rs. 0.66 Million has been charged off as 'Exchange fluctuation (loss) / gain (Net)' grouped under 'Exceptional items' in the Unaudited Combined Proforma Financial Information.

For the year ended March 31, 2015:

1. The cumulative exchange capitalised in the cost of depreciable capital assets amounting to Rs. 163.90 Million in Shasun's financial statement for the year ended March 31, 2015 have been reduced from cost of depreciable assets with the corresponding effects (i) in the opening retained earnings amounting to Rs. 140 Million (capitalised upto March 31, 2014); and (ii) 'Exchange fluctuation (loss) / gain (Net)' grouped under 'Exceptional items' in the Unaudited Combined Proforma Financial Information, amounting to Rs. 23.90 million (capitalised during 2014-15).
2. The balance of exchange loss (net) accumulated as FCMITDA of Rs. 4.22 Million has been charged off as 'Exchange fluctuation (loss) / gain (Net)' grouped under 'Exceptional items' in the Unaudited Combined Proforma Financial Information.

b) Adjustments for Share Capital of Shasun

Based on the Scheme of Amalgamation between our Company and Shasun, our Company has issued 5 equity shares of face value of Rs 10 each for every 16 equity shares of Rs 2 each of Shasun. Accordingly, with the issue of new shares, the share capital of our Company has increased by Rs. 210.08 Million and reduced by the old shares of Shasun amounting to Rs. 134.45 Million, which stand cancelled. As per the Scheme approved by the Honourable High Courts of Judicature, the difference between the new and the old share capital amounting to Rs. 75.63 Million has been adjusted in Capital Reserve as at September 30, 2015.

c) Inter-company transactions

Inter-company transactions and balances between our Company and Shasun have been eliminated on a line by line basis. Accordingly;

1. Inter-company purchases and sales amounting to Rs. 57.12 Million for the six month period ended September 30, 2015 have been eliminated. The margin on unsold inventories as at September 30, 2015 amounting to Rs. 3.24 Million has been eliminated.
2. Inter-company purchases and sales amounting to Rs 39.32 Million for the year ended March 31, 2015 have been eliminated. The margin on unsold inventories as at March 31, 2015 amounting to Rs 1.46 Million has been eliminated.
3. Inventories of Rs. 5.12 Million (at cost price to Shasun) supplied from Shasun to our Company which was in transit at September 30, 2015 has been considered as received by our Company at the said date.
4. All Inter-company balances outstanding as at September 30, 2015 have been reconciled and eliminated.

d) Accounting for Arrow

The Strides Group has acquired generic pharmaceutical business and related assets in Australia from Aspen. As per the acquisition agreement, revenue and expenses related to generic pharmaceuticals business from September 1, 2015 and related specified assets on that date are acquired by Strides Group.

As a result, total revenues of Rs. 2,373.54 Million, total expenses amounting to Rs. 1,822.17 Million including depreciation and amortisation expense amounting to Rs. 96.48 Million and tax expense of Rs. 165.41 Million have been included in the Unaudited Combined Proforma Financial Information for the five month period ended September 30, 2015. The difference between the total expenses and depreciation and amortisation expenses during the said period amounting to Rs. 1,725.69 Million, has been considered as Cost of material consumed.

Similarly, total revenues of Rs. 5,921.73 Million, total expenses amounting to Rs. 4,344.76 Million including depreciation and amortisation expense amounting to Rs. 244.46 Million and tax expense of Rs. 473.09 Million have been included in the Unaudited Combined Proforma Financial Information for the year ended March 31, 2015. The difference between the total expenses and depreciation and amortisation expenses for the said period amounting to Rs. 4100.30 Million, has been considered as Cost of material consumed.

e) Tax adjustments

Provision for tax relating to the Arrow business amounting to Rs. 165.41 Million and Rs. 473.09 Million for the six months ended September 30, 2015 and for the year ended March 31, 2015 respectively has been made based on estimated tax rates of 30% of Profits before tax.