Strides Shasun

Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.

Corp. Office: "Strides House", Bilekahalli, Bannerghatta Road, Bangalore-560 076.

PART I

STATEMENT OF STANDALONE UNAUDITED RESULTS
FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

Sl. No.	Particulars	3 Months ended 30.09.2016	3 Months ended 30.06.2016	Corresponding 3 Months ended 30.09.2015 in the previous year (Recast as per Note 2 & 3)	Year to date figures for the current period ended 30.09.2016	Year to date figures for the previous period ended 30.9.2015 (Recast as per Note 2 & 3)
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		(1)	(2)	(3)	(4)	(5)
1	**Income from operations**					
	(a) Net Sales / Income from Operations	48,608	47,829	50,401	96,437	96,006
	(b) Other Operating Income	3,052	3,574	3,648	6,626	6,700
	Total Income from operations (net)	**51,660**	**51,403**	**54,049**	**103,063**	**102,706**
2	**Expenses**					
	(a) Cost of material consumed	20,439	24,705	31,249	45,144	57,435
	(b) Purchases of stock-in-trade	2,398	2,487	1,823	4,885	4,265
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	621	(1,740)	(946)	(1,119)	(1,615)
	(d) Employee benefit expenses	11,095	8,490	6,961	19,585	13,255
	(e) Depreciation and amortisation expense	3,060	2,907	2,591	5,967	5,071
	(f) Other expenses	12,156	10,613	9,975	22,769	18,859
	Total expenses	**49,769**	**47,462**	**51,653**	**97,231**	**97,270**
3	**Profit/(Loss) from Operations before Other Income, finance cost & Exceptional Items (1-2)**	**1,891**	**3,941**	**2,396**	**5,832**	**5,436**
4	Other Income	4,698	3,544	2,723	8,242	6,567
5	**Profit/ (Loss) from ordinary activities before finance cost & Exceptional Items (3+4)**	**6,589**	**7,485**	**5,119**	**14,074**	**12,003**
6	Finance costs	2,919	2,879	2,086	5,798	4,173
7	**Profit/(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)**	**3,670**	**4,606**	**3,033**	**8,276**	**7,830**
8	**Exceptional Items:**					
	- Exchange Fluctuation (loss) / gain (Net)	259	(1,466)	(853)	(1,207)	(1,469)
	- Merger and restructuring costs	(343)	(145)	(83)	(488)	(164)
	- Write off of Intangibles under development	(269)	-	-	(269)	-
	- Impact of aligning accounting policies on merger of Shasun (Refer note 3)	-	-	-		(1,682)
9	**Profit / (Loss) from Ordinary Activities before tax (7+ 8)**	**3,317**	**2,995**	**2,097**	**6,312**	**4,515**
10	Tax Expense / (credit) (net)	245	277	760	522	1,727
11	**Net Profit / (Loss) after tax (9-10) - A**	**3,072**	**2,718**	**1,337**	**5,790**	**2,788**
12	**Other Comprehensive Income (OCI) (net of tax) - B**	(366)	(369)	**(290)**	**(735)**	(485)
13	**Total Comprehensive Income for the period - [A+B]**	**2,706**	**2,349**	**1,047**	**5,055**	**2,303**
12	Paid-up Equity Share Capital (Face value of Rs.10/-each)	8,936.60	8,936.60	8,063.31	8,936.60	8,063
13	**Earnings per share (face value of Rs. 10/- each) - not annualised**					
	(a) Basic EPS (Rs.)	**3.44**	**3.04**	**1.66**	**6.48**	**3.49**
	(b) Diluted EPS (Rs.)	**3.43**	**3.03**	**1.65**	**6.47**	**3.46**

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Strides Shasun

STATEMENT OF ASSETS AND LIABILITIES

Rs in Lakhs

	Particulars	As at 30.09.2016
		UNAUDITED
A	**ASSETS**	
1	**Non-current assets**	
	(a) Property, Plant and Equipment	73,791
	(b) Capital Work in Progress	13,724
	(c) Investment Property	7,181
	(d) Goodwill	7,499
	(e) Other Intangible assets	19,822
	(f) Intangibles assets under development	5,015
	(g) Financial assets	
	(i) Investments	123,392
	(ii) Loans	1,119
	(iii) Other financial assets	1,926
	(h) Other Non-current assets	20,277
	Total Non-current assets	**273,746**
2	**Current assets**	
	(a) Inventories	37,113
	(b) Financial assets	
	(i) Investments	114,467
	(ii) Trade receivables	63,147
	(iii) Cash and cash equivalents	8,298
	(iv) Bank balances other than (iii) above	723
	(v) Loans	1,108
	(vi) Other financials assets	7,488
	(c) Current tax assets (Net)	989
	(d) Other current assets	23,146
	Total Current assets	**256,479**
	Total Assets	**530,225**
B	**EQUITY AND LIABILITIES**	
I	**Equity**	
	(a) Equity Share capital	8,937.00
	(b) Other equity	307,931.00
	Total Equity	**316,868**
II	**Liabilities**	
1	**Non-current liabilities**	
	(a) Financials Liabilities	
	(i) Borrowings	78,541.00
	(ii) Other financial liabilities	1,883.00
	(b) Provisions	1,578.00
	(c) Deferred tax liabilities (Net)	4,038.00
	(d) Other non-current liabilities	2,510.00
	Total Non-current liabilities	**88,550**
2	**Current liabilities**	
	(a) Financials Liabilities	
	(i) Borrowings	57,428
	(ii) Trade payables	44,070
	(iii) Other financial liabilities	18,740
	(b) Other current liabilities	3,601
	(c) Provisions	968
	Total Current liabilities	**124,807**
	EQUITY AND LIABILITIES	**530,225**

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STATEMENT OF STANDALONE UNAUDITED RESULTS
FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

Notes:

1 The above statement of standalone unaudited financial results of the Company has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on October 28, 2016. The statutory auditors of the Company have carried out the limited review of the results for the quarter and six months ended September 30, 2016.

2 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and in terms of the Listing Regulation, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The Company has opted to avail the relaxation provided by Securities and Exchange Board of India ('SEBI') in respect of disclosure requirements for corresponding figures for the earlier periods. The results for the quarter and six months ended September 30, 2015 have been recasted to be Ind AS compliant and have not been subjected to limited review. Revenues and costs are recognised on the basis of accounting policies consistently followed by the Company. Income from Operations includes revenues from sale of products, product development services, royalties, export entitlements etc. Cost of material consumed is net of rebates, discounts, supplier reimbursements against additional purchase costs incurred, etc.

3 During the previous year, pursuant to the court approved Scheme of Amalgamation, Shasun Pharmaceuticals Limited (the 'Shasun') has been amalgamated with the Company w.e.f. the appointed date of April 01, 2015 and the effective date of merger was November 19, 2015. Hence, the results for the quarter and six months ended September 30, 2015 have been recast to reflect the merger of Shasun with the Company.

Ind AS 103 'Business Combination' is not applicable to the above referred merger in view of the scheme sanctioned by the Hon'ble High courts of Judicature under section 391 to 394 of the Companies Act, 1956.

The Company has followed the 'Pooling of Interest method' as per the court approved Scheme of Amalgamation for the accounting of Assets and Liabilities of erstwhile Shasun. The impact of aligning the accounting policies between the two entities on the assets and liabilities taken over on merger amounting to Rs. 1,682 lakhs has been expensed off in the results for the half year ended September 30, 2015 under exceptional items.

The Company has issued 21,017,329 equity shares of Rs. 10/- each to the shareholders of erstwhile Shasun in terms of the Scheme of Amalgamation. These shares have been considered for the purpose of calculation of earnings per share

4 Reconciliation of Net Profit for the quarter and six months ended September 30, 2015 as reported earlier in accordance with previous Indian GAAP and now being reported in accordance with Ind AS, as stated in note 2 above is as follows:

Rs. in Lakhs

Particulars	**6 Months ended 30.09.2015**	**3 Months ended 30.09.2015**
	UNAUDITED	UNAUDITED
Net profit as reported under previous GAAP	5,734	931
Add: Net profit of erstwhile Shasun Pharmaceuticals Limited as per previous GAAP (Refer note 3 above)	1,872	1,173
Less: Merger adjustments for aligning the accounting policies difference as mentioned in note 3 above and elimination of stock margin	(2,396)	(435)
Adjusted Net profit as per Previous GAAP	**5,210**	**1,669**
Add / (Less): Adjustments for GAAP differences :		
Impact of measuring ESOP at fair value through profit or loss	(141)	(69)
Impact of measuring financial Instruments at fair value through profit or loss	(3,386)	(249)
Tax impact on Ind AS adjustments	1,183	97
Other Ind AS adjustments	(78)	(111)
Net profit as per Ind AS	**2,788**	**1,337**

5 During the half year ended , September 30 2016, 20,000 equity shares were allotted by the Company under the Strides Arcolab ESOP 2011 Scheme on exercising equal number of options.

6 The Company had entered into a definitive agreement in February 2016, to acquire a strategic stake in Generic Partners Holdings Co. Pty Ltd. (the "Generic Partners"), an Australian pharmaceutical supply and research company. In the current quarter, Strides Pharma Global Pte Limited, a wholly owned subsidiary of the Company has completed the acquisition of controlling stake in Generic Partners group.

Based on the above, the following entities have become the subsidiaries of the company/ group:-
a) Generic Partners holding co. pty limited
b) Generic Partners (International) Pte limited.
c) Generic Partners Pty Limited, Australia.
d) Generic Partners (Canada) Inc.
e) Generic Partners (NZ) limited.
f) Generic Partners (M) SDN BHd., Malaysia
g) Generic Partners (south africa) (Pty) Limited
h) Generic Partner UK limited

7 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 include a US$ 100 million tax escrow deposit (out of which US$ 8.00 million has been settled in earlier year to be paid to Mylan in relation to certain claims) and a US$ 100 million regulatory escrow deposit. 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 received a consolidated notification of claims from Mylan under the terms of the SPAs.

These claims include third party claims, tax claims, claims against the regulatory escrows and general claims. A significant portion of these are estimates of potential claims / losses that Mylan expects to incur and involve significant uncertainties. The Company has formally responded to Mylan disputing the claims and also sought further details / clarifications on each of the items mentioned in the notifications of claims.

Given the nature of the claims involved and the extent of information made available by Mylan so far, the Company is not able to make a reliable estimate of its obligations, if any, with regard to these claims.

Considering the terms of the SPAs and the amounts in the respective escrows, the Company believes that any further outflow of resources is not probable

8 Exchange fluctuation gain/loss (net) included under Exceptional Items comprises the exchange gain / loss arising on account of restatement and settlement of long term foreign currency loans and intra-group loans.

For and on behalf of the Board

Arun Kumar
Executive Vice Chairman & Managing Director

Bengaluru, October 28, 2016