



STRIDES PHARMA SCIENCE LIMITED (FORMERLY 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 AUDITED RESULTS
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019**

Rs. in Lakhs

Sl. No.	Particulars	3 Months ended March 31, 2019	Preceding 3 Months ended December 31, 2018	Corresponding 3 Months ended in the previous year March 31, 2018	Current year ended March 31, 2019	Previous year ended March 31, 2018
		AUDITED (Refer Note 17)	UNAUDITED	AUDITED (Refer Note 17)	AUDITED	AUDITED
		(1)	(2)	(3)	(4)	(5)
	Continuing operations					
I	Revenue from operations	43,456	41,468	38,902	153,744	146,961
II	Other income	5,641	2,207	4,946	11,461	15,620
III	Total income (I + II)	49,097	43,675	43,848	165,205	162,581
IV	Expenses					
	(a) Cost of materials consumed	22,889	22,953	19,605	90,377	75,915
	(b) Purchases of stock-in-trade	413	488	574	2,058	3,989
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,089)	576	(4,770)	(4,552)	(1,779)
	(d) Employee benefits expense	4,889	5,294	5,475	22,321	22,453
	(e) Finance costs	1,631	1,494	1,147	5,409	8,197
	(f) Depreciation and amortisation expense	2,151	2,023	2,069	8,300	7,781
	(g) Other expenses	8,355	8,015	7,308	27,985	26,478
	(h) Foreign exchange (gain)/ loss- net	217	857	227	1,652	195
	Total expenses (IV)	39,456	41,700	31,635	153,550	143,229
V	Profit/(loss) before exceptional items and tax (III - IV)	9,641	1,975	12,213	11,655	19,352
VI	Exceptional Item gain/ (loss) (net) (Refer note 14)	(151)	(195)	(3,143)	(352)	(2,938)
VII	Profit/(loss) before tax (V + VI)	9,490	1,780	9,070	11,303	16,414
VIII	Tax expense					
	- Current tax	1,592	871	1,664	2,463	3,732
	- Deferred tax expense / (benefit)	(1,984)	(622)	566	(2,601)	(2,964)
	Total tax expense (VIII)	(392)	249	2,230	(138)	768
IX	Profit/(loss) after tax from continuing operations (VII - VIII)	9,882	1,531	6,840	11,441	15,646
X	Discontinued operations					
	- Profit/(loss) from discontinued operations	-	-	(721)	-	(9,218)
	-Gain/ (loss) on disposal of assets / settlement of liabilities attributable to the discontinued operations (net)	-	-	69,310	(470)	84,384
XI	Profit/(loss) before tax from discontinued operations	-	-	68,589	(470)	75,166
	- Tax expense/ (benefit) of discontinued operations	-	-	(625)	(66)	1,652
XII	Profit/(loss) after tax from discontinued operations	-	-	69,214	(404)	73,514
XIII	Profit/(loss) for the period (IX + XII)	9,882	1,531	76,054	11,037	89,160



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Sl. No.	Particulars	3 Months ended March 31, 2019	Preceding 3 Months ended December 31, 2018	Corresponding 3 Months ended in the previous year March 31, 2018	Current year ended March 31, 2019	Previous year ended March 31, 2018
		AUDITED (Refer Note 17)	UNAUDITED	AUDITED (Refer Note 17)	AUDITED	AUDITED
		(1)	(2)	(3)	(4)	(5)
XIV	Other comprehensive income					
A	(i) Items that will not be reclassified to statement of profit and loss	(77)	-	118	(77)	(13)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	27	-	(40)	32	5
B	(i) Items that may be reclassified to statement of profit and loss	1,589	4,094	(1,067)	1,502	(3,007)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	(555)	(1,431)	370	(526)	1,041
	Total other comprehensive income for the period (XIV)	984	2,663	(619)	931	(1,974)
XV	Total comprehensive income for the period (XIII + XIV)	10,866	4,194	75,435	11,968	87,186
	Earnings per equity share (face value of Rs. 10/- each) (for continuing operations)					
	(a) Basic (Rs.)	11.04	1.71	7.64	12.78	17.49
	(b) Diluted (Rs.)	11.03	1.71	7.64	12.77	17.48
	Earnings per equity share (face value of Rs. 10/- each) (for discontinued operations)					
	(a) Basic (Rs.)	-	-	77.33	(0.45)	82.16
	(b) Diluted (Rs.)	-	-	77.31	(0.45)	82.13
	Earnings per equity share (face value of Rs. 10/- each) (for total operations)					
	(a) Basic (Rs.)	11.04	1.71	84.97	12.33	99.65
	(b) Diluted (Rs.)	11.03	1.71	84.95	12.32	99.61
	See accompanying notes to the Financial Results					

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STATEMENT OF STANDALONE AUDITED RESULTS
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

BALANCE SHEET AS AT MARCH 31, 2019 AND MARCH 31, 2018

	Particulars	As at March 31, 2019	As at March 31, 2018
		AUDITED	AUDITED
A	ASSETS		
I	Non-current assets		
	(a) Property, plant and equipment	44,459	43,251
	(b) Capital work in progress	7,257	8,689
	(c) Investment property	7,688	6,600
	(d) Other intangible assets	5,214	6,545
	(e) Intangibles assets under development	4,990	5,696
	(f) Financial assets		
	(i) Investments	199,459	146,519
	(ii) Loans receivable	9,161	3,749
	(iii) Other financial assets	-	39,893
	(g) Deferred tax assets (net)	8,012	5,351
	(h) Income tax assets (net)	11,613	11,065
	(i) Other non-current assets	2,069	1,203
	Total non-current assets	299,922	278,561
II	Current assets		
	(a) Inventories	47,334	26,963
	(b) Financial assets		
	(i) Investments	15,429	31,148
	(ii) Trade receivables	58,256	44,938
	(iii) Cash and cash equivalents	6,947	7,230
	(iv) Other balances with banks	11,134	749
	(v) Loans receivable	2,760	2,623
	(vi) Other financial assets	11,275	13,279
	(c) Other current assets	13,224	19,319
	Total current assets	166,359	146,249
	Assets classified as held for sale	-	3,706
	Total assets	466,281	428,516

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**STATEMENT OF STANDALONE AUDITED RESULTS
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019**

	Particulars	As at March 31, 2019	As at March 31, 2018
		AUDITED	AUDITED
B	EQUITY AND LIABILITIES		
I	Equity		
	(a) Equity Share capital	8,955	8,950
	(b) Other equity	316,725	307,252
	Total Equity	325,680	316,202
II	Liabilities		
1	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	15	245
	(ii) Other financial liabilities	334	258
	(b) Provisions	1,288	1,332
	(c) Other non-current liabilities	64	75
	Total Non-current liabilities	1,701	1,910
2	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	80,880	60,159
	(ii) Trade payables		
	(a) total outstanding dues of micro enterprises and small enterprises	574	447
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises	50,367	38,624
	(iii) Other financial liabilities	2,593	2,102
	(b) Provisions	2,131	2,684
	(c) Current tax liabilities	13	1,138
	(d) Other current liabilities	2,342	4,936
	Total current liabilities	138,900	110,090
	Liabilities directly associated with assets classified as held for sale	-	314
	Total equity and liabilities	466,281	428,516



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**STATEMENT OF STANDALONE AUDITED RESULTS
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019**

Notes:

- 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
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 10, 2019. The statutory auditors have audited the results for the quarter and year ended March 31, 2019 and have issued an unmodified opinion.
- On July 2, 2018 and July 18, 2018, the Company received shareholders' approval and approval from Registrar of Companies, respectively, for change of name to Strides Pharma Science Limited.
- On July 2, 2018, the Company obtained approval from the shareholders for sale of its wholly owned subsidiary 'Strides Chemicals Private Limited' to Solara Active Pharma Sciences Limited for a consideration of not less than Rs. 13,100 lakhs. Consequently, the subsidiary has been sold on August 31, 2018 for a consideration of Rs.13,100 lakhs. The balance consideration receivable as at March 31, 2019 is Rs. 5,510 lakhs.
- On April 20, 2018, the Company entered into business purchase agreement with Solara Active Pharma Sciences Limited ("Solara") to sell the assets (consisting of Plant & machinery, equipment, computer software and other related capital work in progress) and business conducted by the company at Strides API Research Centre (SRC) along with the employees for a consideration of Rs. 3,573 lakhs and working capital adjustment of Rs. 97 Lakhs. The same was approved by the board of directors on March 31, 2018.

Accordingly, the results of the SRC unit are included in the discontinued operations for the respective period set out in Note 6 below.

- Results of discontinued operations (including discontinued operations of earlier periods)

Sl. No.	Particulars	Rs. in Lakhs				
		3 Months ended March 31, 2019	Preceding 3 Months ended December 31, 2018	Corresponding 3 Months ended in the previous year March 31, 2018	Current year ended March 31, 2019	Previous year ended March 31, 2018
I	Total Revenue	-	-	21	-	48,830
II	Total Expenses	-	-	742	-	57,922
III	Profit/(loss) before exceptional items and tax (I - II)	-	-	(721)	-	(9,092)
IV	Exceptional Items:	-	-	-	-	(126)
V	Profit/(loss) before tax (III + IV)	-	-	(721)	-	(9,218)
VI	Gain/ (loss) on disposals (net)	-	-	69,310	(470)	84,384
VII	Tax expense/ (benefit)	-	-	(625)	(66)	1,652
VIII	Gain/ (loss) from discontinued operations (V+VI-VII)	-	-	69,214	(404)	73,514

- During the current year, the Company acquired the remaining 50% equity stake in Vivimed Life Sciences Private Limited, India("VLSPL", an associate) and in Strides Vivimed Pte Ltd, Singapore (subsidiary) through its wholly owned subsidiary Strides Pharma Global Pte Limited, thereby, making both the entities wholly-owned subsidiaries of the group.
- During the current year, the group through its subsidiary Strides Pharma Inc. USA, acquired 100% equity stake in Vensun Pharmaceuticals Inc. USA for a consideration of USD 160.61 Lakhs including deferred contingent consideration. The Group has accounted for this acquisition as a purchase of business in accordance with Ind AS 103 "Business Combinations" in the consolidated financial statements.
- During the current year, the group through its subsidiary Strides Pharma Canada Inc. Canada, proposed to acquire 80% equity stake in Pharmapar Inc. Canada, for a consideration of CAD 38 Lakhs. The Group has accounted for this acquisition as a purchase of business in accordance with Ind AS 103 "Business Combinations" in the consolidated financial statements.



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FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

- 10 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 and the remaining balance of the Escrow account was recognised as income on full and final settlement of related claims. 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'. During the previous period, the Company was in arbitration proceedings for certain third party claims.

During the quarter December 31, 2018, the arbitration proceedings with respect to the third party claims were settled in favour of the Company and Mylan. The Singapore subsidiary and Mylan have entered into an agreement whereby Mylan has released the pending balance in Escrow account. The Singapore subsidiary has recorded a net gain of INR 27,387 Lakhs (net off related expenses and outstanding tax claims) under discontinued operations.

- 11 Pursuant to the approvals of the board of directors of the Company, the Group entered into definitive agreements with India Lifescience Fund III, LLC (ILF) for investment in Consumer Healthcare (CHC) business. During the quarter ended December 31, 2018, ILF invested in Strides Global Consumer Healthcare Ltd, UK and Strides Consumer Private Limited, India consequent to which the Group ceded its control over the entities carrying out CHC business. However, the Company continues to exercise significant influence and has classified its investments in CHC business as "Investment in Associates".

- 12 During the current year, 40,000 equity shares under the Strides Arcolab ESOP 2011 Scheme and 9,441 equity shares under Strides Shasun ESOP 2015 Scheme were allotted by the Company, on exercising equal number of options.

During the current year, 338,000 equity shares under the Strides Shasun ESOP 2016 Scheme were granted to the eligible employees.

- 13 The Company has adopted Ind AS 115, Revenue from Contracts with Customers with effect from April 1, 2018. The core principle of this standard is that the Company shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Under Ind AS 115, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer which is different from transfer of risk and rewards under the old revenue standard.

Further, pursuant to the requirements of the new standard, the Company also evaluated its open arrangements on out-licensing arrangements with reference to upfront license fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent continuing obligations. Accordingly, the Company has recognised an incremental deferred revenue relating to such open contracts on the transition date.

Adoption of this standard resulted in decrease in retained earnings by Rs. 930 lakhs (net of tax) as at March 31, 2018 and increase in Revenue from Operations by Rs. 1,994 lakhs with a corresponding increase in expenses by Rs. 2,133 lakhs (primarily on account of increased material costs) resulting in a net decrease in profit after tax for the year ended by Rs. 91 Lacs and an decrease in diluted EPS by Rs. 0.10 for year ended March 31, 2019. Comparative periods were not restated given the Company adopted the standard using the cumulative effect approach.



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14 Exceptional Item gain/ (loss) (net):

Particulars	Rs. in Lakhs				
	3 Months ended March 31, 2019	Preceding 3 Months ended December 31, 2018	Corresponding 3 Months ended in the previous year March 31, 2018	Current year ended March 31, 2019	Previous year ended March 31, 2018
Exchange gain/(loss) on restatement and settlement of long term foreign currency loans and intra-group loans	-	-	(283)	-	194
Business combination and restructuring expenses	(151)	(195)	(37)	(352)	(381)
Write down of inventory and other assets	-	-	(1,023)	-	(1,119)
Impairment of investment	-	-	(1,800)	-	(1,800)
Fair valuation of derivative instruments	-	-	-	-	168
Total	(151)	(195)	(3,143)	(352)	(2,938)

15 In May 2018, the Group and Apotex Inc (Apotex) announced the intention to merge their respective Australia business into a new Company. On September 30, 2018, The Australian Competition and Consumer Commission (ACCC) announced not to object to the proposed merger.

Based on additional due diligence and further deliberations, the Board of Directors proposed to divest its entire interest in the Australia business to Dennis Bastas- Executive Chairman of Arrow Pharmaceuticals Pty Limited, Australia (Arrow).

The Company has obtained the approval from the Company's shareholders' in the EGM held on March 27, 2019. The transaction is subject to the completion of the merger of Arrow and Apotex, execution of definitive sale agreements and completion of certain other conditions and accordingly has not been accounted for as "held for sale" in the financial results.

16 The Company's operations for the current and previous year relate only to the "Pharmaceutical business" and accordingly no separate disclosure for business segments is being provided.

17 The figures for the quarters ended March 31, 2019 and March 31, 2018 are the balancing figures between audited figures in respect to full financial years 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.

18 The Board of Directors have proposed a final dividend of Rs. 3 Per share, which is subject to approval by the shareholders' in the annual general meeting.

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

For and on behalf of the Board

Arun Kumar
Group CEO and Managing Director

Bengaluru, May 10, 2019