



STRIDES PHARMA SCIENCE LIMITED

CIN: L24230MH1990PLC057062

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

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

STATEMENT OF CONSOLIDATED UNAUDITED RESULTS

FOR THE QUARTER ENDED JUNE 30, 2022

Rs. in Million

Sl. No.	Particulars	3 Months ended June 30, 2022	Preceding 3 Months ended March 31, 2022	Corresponding 3 Months ended in the previous year June 30, 2021	Previous year ended March 31, 2022
		UNAUDITED	AUDITED (refer note 15)	UNAUDITED	AUDITED
		(1)	(2)	(3)	(4)
	Continuing operations				
I	Revenue from operations	9,400.74	8,660.18	6,883.66	30,702.50
II	Other income	135.48	860.57	135.32	1,319.88
III	Total income (I + II)	9,536.22	9,520.75	7,018.98	32,022.38
IV	Expenses				
	(a) Cost of materials consumed	4,926.95	1,691.82	3,169.28	10,909.32
	(b) Purchases of stock-in-trade	593.14	1,173.97	607.80	3,161.06
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(804.07)	1,409.00	(286.34)	952.79
	(d) Employee benefits expense	1,836.60	1,572.54	1,613.57	6,469.09
	(e) Finance costs	545.41	494.83	414.54	1,767.44
	(f) Depreciation and amortisation expense	604.00	606.76	548.83	2,330.14
	(g) Other expenses	2,336.22	2,397.83	2,332.86	9,313.46
	(h) Foreign exchange (gain) / loss - net	(89.63)	(6.62)	(51.17)	97.84
	Total expenses (IV)	9,948.62	9,340.13	8,349.37	35,001.14
V	Profit/ (loss) before exceptional items and tax (III - IV)	(412.40)	180.62	(1,330.39)	(2,978.76)
VI	Exceptional items - net gain / (loss) (Refer note 9)	(657.73)	(769.46)	(915.44)	(2,438.25)
VII	Profit / (loss) before tax (V + VI)	(1,070.13)	(588.84)	(2,245.83)	(5,417.01)
VIII	Share of loss of joint venture and associates	(563.91)	(436.38)	(195.26)	(1,108.12)
IX	Profit/ (loss) before tax (VII + VIII)	(1,634.04)	(1,025.22)	(2,441.09)	(6,525.13)
X	Tax expense / (benefit)				
	- Current tax (Refer note 8)	41.59	(1,545.18)	40.94	(1,504.40)
	- Deferred tax	(322.33)	230.37	(396.34)	(278.23)
	Total tax expense / (benefit) (X)	(280.74)	(1,314.81)	(355.40)	(1,782.63)
XI	Profit/(loss) after tax from continuing operations (IX - X)	(1,353.30)	289.59	(2,085.69)	(4,742.50)
XII	Discontinued operations				
	- Profit / (loss) from discontinued operations	-	-	-	-
	- Gain on disposal of assets / settlement of liabilities attributable to the discontinued operations (net)	-	-	-	-
	- Tax expense of discontinued operations	-	-	-	-
XIII	Profit/(loss) after tax from discontinued operations	-	-	-	-
XIV	Profit / (loss) for the period (XI + XIII)	(1,353.30)	289.59	(2,085.69)	(4,742.50)



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FOR THE QUARTER ENDED JUNE 30, 2022

Rs. in Million

Sl. No.	Particulars	3 Months ended June 30, 2022	Preceding 3 Months ended March 31, 2022	Corresponding 3 Months ended in the previous year June 30, 2021	Previous year ended March 31, 2022
		UNAUDITED (1)	AUDITED (refer note 15) (2)	UNAUDITED (3)	AUDITED (4)
XV	Other comprehensive income				
A	(i) Items that will not be reclassified to statement of profit and loss	(15.65)	14.27	(27.80)	(86.64)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	1.18	(0.66)	6.91	18.96
B	(i) Items that may be reclassified to statement of profit and loss	266.10	270.74	253.04	560.86
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	(7.68)	2.35	7.13	(3.19)
	Total other comprehensive income for the period (XV)	243.95	286.70	239.28	489.99
XVI	Total comprehensive income for the period (XIV + XV)	(1,109.35)	576.29	(1,846.41)	(4,252.51)
	Profit for the period attributable to:				
	- Owners of the Company	(1,358.92)	292.19	(2,052.00)	(4,602.11)
	- Non-controlling interests	5.62	(2.60)	(33.69)	(140.39)
		(1,353.30)	289.59	(2,085.69)	(4,742.50)
	Other comprehensive income for the period				
	- Owners of the Company	241.71	280.20	243.85	477.04
	- Non-controlling interests	2.24	6.50	(4.57)	12.95
		243.95	286.70	239.28	489.99
	Total comprehensive income for the period				
	- Owners of the Company	(1,117.21)	572.39	(1,808.15)	(4,125.07)
	- Non-controlling interests	7.86	3.90	(38.26)	(127.44)
		(1,109.35)	576.29	(1,846.41)	(4,252.51)
	Earnings per equity share (face value of Rs. 10/- each) (for continuing operations)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(1) Basic (in Rs.)	(15.13)	3.25	(22.88)	(51.28)
	(2) Diluted (in Rs.)	(15.13)	3.25	(22.88)	(51.28)
	Earnings per equity share (face value of Rs. 10/- each) (for discontinued operations)				
	(1) Basic (in Rs.)	-	-	-	-
	(2) Diluted (in Rs.)	-	-	-	-
	Earnings per equity share (face value of Rs. 10/- each) (for total operations)				
	(1) Basic (in Rs.)	(15.13)	3.25	(22.88)	(51.28)
	(2) Diluted (in Rs.)	(15.13)	3.25	(22.88)	(51.28)
	See accompanying notes to the Financial Results				

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STATEMENT OF CONSOLIDATED UNAUDITED RESULTS**FOR THE QUARTER ENDED JUNE 30, 2022****Notes:**

- 1 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.
- 2 The above consolidated results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on July 29, 2022. The statutory auditors have reviewed the results for the quarter ended June 30, 2022 and have issued an unmodified opinion.
- 3 The Group has incurred loss of Rs. 1,353 million and continues to have negative operating cash flows for the quarter ended June 30, 2022 on account of continuing pricing pressure in some of its key geographies consequent to effects of COVID. Management of the Parent Company and of the subsidiaries had obtained relaxations for compliance with financial covenants for year ended March 31, 2022, as these were not met as of the previous year end. Further, as of June 30, 2022, the Parent Company has provided guarantees aggregating to Rs. 9,561 million (out of which Rs. 5,889 million is outstanding as of June 30, 2022) in relation to the borrowings of its Associate company ("the Associate"), for which there is a material uncertainty to continue as a going concern. The Associate has requested for temporary relaxations for compliance with these financial covenants from the lenders as these have not been met as of the date of these financial results, which are yet to be received. Also refer Note 4 of these financial results.

Further, to mitigate the situation, the Group has raised long-term and other financing facilities amounting to Rs. 500 million during the current quarter and has issued equity warrants to the entity which is part of the Promoter group that is expected to provide additional equity of Rs. 884 million by March 31, 2023. The Group has cash and cash equivalents of Rs. 1,353 million as of June 30, 2022 and also undrawn borrowing facilities available from certain lenders. The Group expects to improve operating profits from the newly acquired business in the US and from cost reductions consequent to capacity optimization at some of its manufacturing locations from April 2022 and by monitoring of freight and other expenses. Accordingly, based on the fact that the Group had generated positive operating cash flows in the earlier years and expects to generate positive operating cash flows in future periods, temporary relaxations from lenders for compliance with financial covenants related to borrowings, its ability to raise new financing facilities, full utilisation of existing facilities, expected equity infusion in the year ending March 31, 2023 and the steps undertaken by management as noted above, management believes that the Group will be able to continue to generate sufficient cash in the foreseeable future to meet its obligations as they fall due.

- 4 During the quarter ended June 30, 2022, Stelis Biopharma Limited ('the Associate') has incurred loss of Rs. 1,345 million and has a net negative working capital position amounting to Rs. 4,148 million, which includes the current maturities of non-current borrowings of Rs. 3,936 million as at June 30, 2022. As of June 30, 2022, the Associate has inventories relating to Sputnik V with a carrying value of Rs. 2,804 million, which remains unsold due to geopolitical situation between Russia and Ukraine and sanctions on Russia and Russian Direct Investment Fund (RDIF). The Associate has received the Government of India's No Objection Certificate (NOC) to export the said inventories. However, it continues to face challenges in liquidating these inventories on account of the ongoing situation. All these inventories have remaining shelf life and the management of the Associate is confident of liquidating these inventories within the shelf life in the normal course of business. The Associate's net profitability continues to be impacted by high un-utilized facility costs of the new facility which was commissioned during the previous year and has not yet contributed to revenues. The Associate is expected to grow the business of Contract Development and Manufacturing Operations (CDMO) further during the year and is also anticipating to monetise some of its existing intangible assets under development through potential licensing / strategic partnerships. The Associate has requested for temporary relaxations for compliance with the financial covenants from the lenders as these have not been met as of the date of these financial results. Also, the shareholders of the Associate have committed to extend the necessary financial support against the monies outstanding on the partly paid shares. During the quarter ended June 30, 2022, the shareholders have infused Rs. 995.71 million by subscribing towards call against the partly paid-up shares. The Associate is also exploring various fund raising options and refinancing its debts.

Given the mitigating factors discussed above, while there is a reasonable expectation that the Associate will be able to generate/raise adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements remains appropriate, there exists a material uncertainty in respect of the Associate's going concern. This also required the Group to undertake the Impairment assessment of the Group's investment in the Associate. The Group estimated the recoverable amount based on the value in use of the underlying businesses. The computation used cash flow forecasts based on the most recently approved financial budgets and strategic forecasts. The Group also considered the valuation at which funds were raised by the associate during the previous year and significant increase in its revenues and contracting during the previous year. Accordingly, based on the above assessment, the Group has concluded that no impairment provision is required in the consolidated financial results.



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FOR THE QUARTER ENDED JUNE 30, 2022

- 5 During the previous year, one of the associates of the Group, raised additional equity investments. Consequently, the Group's shareholding has reduced. As per Ind AS 28 'Investment in associates and Joint ventures', the group recorded gain on dilution of shareholding of Rs. 529.26 million during the quarter ended June 2021.
- 6 During the previous year, the Group completed the sale of business of its subsidiary (Pharmapar Inc., Canada) for consideration of CAD 0.63 million. The net loss of Rs. 154.37 million arising from the transaction was recorded as exceptional items in the statement of profit and loss for the year ended March 31, 2022.
- 7 a. On March 31, 2020, US Food and Drug Administration (USFDA or the Agency) issued letters to all manufacturers of Ranitidine across dosage forms requesting withdrawal of all prescription (Rx) and over-the-counter (OTC) ranitidine drugs from the market immediately. This step was based on their ongoing investigation of the N-Nitrosodimethylamine (NDMA) impurity in ranitidine medications. As a result, effective 1 April 2020, the Group has ceased further distribution of the product and is currently in the process of withdrawing the product from the market.
- b. During the previous year, USFDA issued a letter to the Group to test for the presence of Azide impurity(s) in Losartan. The Azide impurities are API process impurity(s), with the API supplier also receiving a similar letter from USFDA. The results confirmed the presence of Azide impurity(s) in the batches tested. As a result, the group proposed to initiate recall of specific batches which had the Azide impurity(s).
- During the previous year, the Group had estimated the impact of the aforesaid recall and recorded a sales return provision for potential refunds on return of the product. The Group has also estimated the costs of such recall and have provided for all inventory of Losartan with the Azide impurity(s) as of 31 March 2022, amounting to Rs. 353.47 million. Subsequently the API process from the API supplier was optimized to address this issue and the product was relaunched.
- During the current quarter, with respect to the above mentioned recalls, the Group is carrying sufficient provision for sales return and has recorded an amount of Rs. 21.88 million towards other expenses related to its product withdrawal. Furthermore, the expenses recorded also includes legal fees incurred by the Group in respect of its ongoing litigations. These amounts, in line with earlier periods, have been recorded as an expense within Exceptional items in the statement of profit and loss during the period.
- 8 The Company during the earlier year had received certain refunds including interest of Rs. 1,790 million from tax authorities on account of certain tax credits for earlier years. The amount of refund pending issuance of order giving effect and other documentation was recorded as a liability during the year ended March 31, 2021. During the year ended March 31, 2022, on receipt of the required documentation from tax authorities, the Company recorded the refund received including other tax provision for such assessment year aggregating to Rs.1,600 million as a tax credit and the interest income amounting to Rs 748 million on the said refund under other income in these financial results.



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FOR THE QUARTER ENDED JUNE 30, 2022

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

Rs. in Million

Particulars	3 Months ended June 30, 2022	Preceding 3 Months ended March 31, 2022	Corresponding 3 Months ended in the previous year June 30, 2021	Previous year ended March 31, 2022
	UNAUDITED	AUDITED (refer note 15)	UNAUDITED	AUDITED
- Exchange gain/ (loss) on long-term foreign currency loans, deferred consideration and intra-group loans	(498.22)	164.53	(47.15)	(109.24)
- Sales returns, write down of inventory and other expenses on account of product withdrawal and recall (Refer note 7)	(21.88)	(391.18)	(99.28)	(552.34)
- Impairment and cost associated with disposal of facility (Refer note 10)	-	(31.20)	-	(1,727.16)
- Impairment/Write down of assets	(31.08)	(46.76)	(1,399.74)	(46.76)
- Gain on dilution of investment in associates (Refer note 5)	-	-	529.26	529.26
- Business combination and restructuring expenses	(0.88)	(82.44)	(0.11)	(211.27)
- Employee Severance and retrenchment expense (Refer note 10)	(83.93)	(207.00)	-	(207.00)
- Unwinding/ cancellation of gross obligations and contingent consideration	(21.74)	(21.00)	73.79	11.27
- Gain on sale of Investment in associate	-	-	27.79	27.79
- Gain on divestment of subsidiaries	-	(0.04)	-	1.57
- Loss on sale of business units (Refer note 6)	-	(154.37)	-	(154.37)
Total	(657.73)	(769.46)	(915.44)	(2,438.25)

10 On Aug 4, 2021, the Group through its wholly owned subsidiaries entered into definitive agreements with subsidiaries of Endo international Plc to acquire a portfolio of generic products along with the US manufacturing site at Chestnut Ridge, New York. Pursuant to such acquisition, the management decided to consolidate its existing operations with the acquired facility at Chestnut Ridge, New York to optimise future operating costs.

During the previous year, the Group has divested the Florida facility. Accordingly the Group recorded an impairment loss (including associated costs) amounting to Rs. 1,727.16 million which has been disclosed under exceptional items.

Additionally, the Group as part of cost improvement measures globally and capacity optimization at various manufacturing locations, resulting in one time severance expense aggregating to Rs. 83.93 million (previous year Rs. 207 million), which has been disclosed under exceptional items.



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FOR THE QUARTER ENDED JUNE 30, 2022

11 Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Group's performance based on an analysis of various performance indicators. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and expenditure in individual segments.

Effective previous year, the Group pursuant to its assessment that the business has now evolved from its incubation stage and to align to the decision to demerge certain parts of its business, implemented operational changes in how its CODM evaluates its businesses, including resource allocation and performance assessment. As a result of the aforesaid change, the Group has two operating segments, representing the individual businesses that are managed separately. The Group's reportable segment are as follows; "Pharmaceutical" & "Bio-pharmaceutical".

Rs. in Million

	Particulars	3 Months ended June 30, 2022	Preceding 3 Months ended March 31, 2022	Corresponding 3 Months ended in the previous year June 30, 2021	Previous year ended March 31, 2022
		UNAUDITED	AUDITED (refer note 15)	UNAUDITED	AUDITED
1	Segment Revenue				
	a) Pharmaceutical business	9,400.74	8,660.18	6,883.66	30,702.50
	b) Bio-pharmaceutical business	-	-	-	-
	Revenue from operations	9,400.74	8,660.18	6,883.66	30,702.50
2	Segment results				
	(i) Profit/ (loss) before exceptional items and tax				
	a) Pharmaceutical business	(412.40)	180.62	(1,330.39)	(2,978.76)
	b) Bio-pharmaceutical business	-	-	-	-
		(412.40)	180.62	(1,330.39)	(2,978.76)
	(ii) Exceptional items - net gain / (loss)				
	a) Pharmaceutical business	(657.73)	(769.46)	(1,444.70)	(2,967.51)
	b) Bio-pharmaceutical business	-	-	529.26	529.26
		(657.73)	(769.46)	(915.44)	(2,438.25)
	(iii) Share of loss of joint ventures and associates				
	a) Pharmaceutical business	(65.05)	(36.10)	(88.04)	(250.62)
	b) Bio-pharmaceutical business	(498.86)	(400.28)	(107.22)	(857.50)
		(563.91)	(436.38)	(195.26)	(1,108.12)
	(iv) Profit/ (loss) before tax				
	a) Pharmaceutical business	(1,135.18)	(624.94)	(2,863.13)	(6,196.89)
	b) Bio-pharmaceutical business	(498.86)	(400.28)	422.04	(328.24)
	Profit/ (loss) before tax [i+ii+iii]	(1,634.04)	(1,025.22)	(2,441.09)	(6,525.13)
	Tax expense	(280.74)	(1,314.81)	(355.40)	(1,782.63)
	(v) Profit/(loss) after tax from continuing operations	(1,353.30)	289.59	(2,085.69)	(4,742.50)



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FOR THE QUARTER ENDED JUNE 30, 2022

Rs. in Million

	Particulars	3 Months ended	Preceding 3 Months	Corresponding 3	Previous year ended
		June 30, 2022	ended	Months ended in	March 31, 2022
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
			(refer note 15)		
1	Segment Assets				
	a) Pharmaceutical business	66,095.42	65,139.56	64,640.61	65,139.56
	b) Bio-pharmaceutical business	4,519.05	4,619.06	5,395.94	4,619.06
	Total Segment Assets	70,614.47	69,758.62	70,036.55	69,758.62
2	Segment Liabilities				
	a) Pharmaceutical business	47,652.20	45,925.46	43,708.70	45,925.46
	b) Bio-pharmaceutical business	-	-	7.44	-
	Total Segment Liabilities	47,652.20	45,925.46	43,716.14	45,925.46

12 The Company's erstwhile Managing Director and Chief Executive Officer tendered resignation on March 29, 2022, which has been accepted by the Board of Directors (Board). As part of the terms of his remuneration, as approved in the Annual General Meeting dated August 20, 2020, he was entitled to a joining bonus of Rs. 141.90 million which had been paid in full by the Company in earlier periods. However, the employment terms contain a provision to claw back the joining bonus in full if he were to leave the Company before completing 36 months from the date of such payment. The Board has decided to recover the joining bonus in accordance with the terms of employment. Accordingly, in line with the requirements of Section 197(9), the Company has shown an amount of Rs. 141.90 million as a recoverable balance which is disclosed under current financial assets.

13 Board of Directors of the Company on March 14, 2022 approved the issuance of upto 2,000,000 Equity Warrants at a price of Rs 442/- per warrant, which is higher than the floor price arrived at as stipulated in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, to Karuna Business Solutions LLP, a promoter group entity, with a right to apply for and get allotted, within a period of 18 (Eighteen) months from the date of allotment of Warrants, 1 (one) Equity Share of face value of Rs 10/- (Rupee Ten Only) each for each Warrant, for cash. The issue was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 7, 2022 and has also received requisite listing approvals.

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STATEMENT OF CONSOLIDATED UNAUDITED RESULTS**FOR THE QUARTER ENDED JUNE 30, 2022****14 Information on Standalone Results :-**

Rs. in Million

Particulars	3 Months ended June 30, 2022	Preceding 3 Months ended March 31, 2022	Corresponding 3 Months ended in the previous year June 30, 2021	Previous year ended March 31, 2022
	UNAUDITED	AUDITED (refer note 15)	UNAUDITED	AUDITED
Total Income from continuing operations	4,306.55	5,404.86	5,175.38	21,024.88
Profit/ (loss) before tax from continuing operations	(1,038.80)	567.07	(277.91)	215.08
Profit/ (loss) after tax from continuing operations	(662.54)	2,005.04	(212.31)	1,801.88
Profit/(loss) before tax from discontinued operations	-	-	-	-
Profit/(loss) after tax from discontinued operations	-	-	-	-

15 The figures for the quarter ended March 31, 2022 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 that financial year, which are subjected to limited review.

For and on behalf of the Board

Arun Kumar

Executive Chairperson and Managing Director

Bengaluru, July 29, 2022