

May 18, 2018

The Manager Listing
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip code: 532531

The Manager Listing
The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051
Scrip code: STAR

Dear Sirs,

Sub: Outcome of Board Meeting – Audited Financial Results (Standalone & Consolidated) for the quarter/ year ended March 31, 2018

Please find enclosed herewith Press Release titled:

“Strides Shasun announces Q4 FY18 and FY18 results
Q4 FY18 Revenues at INR 6,775 Mn, EBITDA at INR 1,005 Mn
FY18 Revenues at INR 28,576 Mn, EBITDA at INR 4,369 Mn
Board recommended a dividend of Rs 2/- per share (20%)”

This is for your information and record.

Thanks & Regards,
For Strides Shasun Limited



Manjula Ramamurthy
Company Secretary



Press Release

Strides Shasun announces Q4 FY18 and FY18 results
Q4 FY18 Revenues at INR 6,775 Mn, EBITDA at INR 1,005 Mn
FY18 Revenues at INR 28,576 Mn, EBITDA at INR 4,369 Mn
Board recommended a dividend of Rs 2/- per share (20%)

Bengaluru, May 18, 2018: Strides Shasun Limited (BSE: 532531, NSE: STAR) today announced its Q4 FY18 and FY 18 results

Performance Highlights – Q4 FY18 and FY 18

INR Mn

Particulars	Q1 FY18	Q2 FY18	Q3 FY 18	Q4 FY 18	FY18	FY17	YoY
Revenues	6,547	7,721	7,534	6,775	28,576	27,581	4%
EBITDA	834	1,129	1,401	1,005	4,369	6,027	(28%)
EBITDA %	13%	15%	19%	15%	15%	22%	(650 Bps)
Adj PAT				52**	1,304*		
Adj EPS				0.6**	14.6*		

*For FY18 - Adj for Stelis share of loss INR 144Mn, restructuring expense & others of INR 210Mn, CHC loss 446Mn

**For Q4FY18 - Adj for Stelis share of loss INR 43Mn, restructuring expense & others INR 36Mn, CHC loss 106 Mn

Arun Kumar, Group CEO and Managing Director, remarked, *“The financial year 2017-18 was a difficult year for Strides. While we continue to build momentum with our strategy, our execution was far from satisfactory. We completed several of our corporate actions including exiting non-core operations and markets that did not add value to our overall goal of being a diversified B2C player globally”*

“We are particularly happy with the strategic progression at Arrow in Australia to become a leading and a profitable player. We are geared for a combination with Apotex to create an industry-leading position in Australia both by value and volume. We expect the transaction to achieve closure in the next two-quarters subject to regulatory approvals.”

“In 2018-19 our clear focus will be on the improving the quality of growth which will deliver a strong bounce back in the second half of FY 19”

A detailed investor communication is attached on the performance of the company



About Strides Shasun

Strides Shasun, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is a vertically integrated global pharmaceutical Company headquartered in Bangalore. The Company has two business verticals, viz., Regulated Markets and Emerging Markets.

The Company has global manufacturing footprint with 7 manufacturing facilities spread across three continents including 5 US FDA approved facilities and 2 facilities for the emerging markets. The Company has strong R&D infrastructure in India with global filing capabilities and a strong commercial footprint across 100 countries. Additional information is available at the Company's website at www.stridesarco.com

For further information, please contact:

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Building the

Future

Q4 and FY18 Business update to the shareholders | May 18th, 2018



Safe Harbour

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FY18 OVERVIEW



MARKET WISE PERSPECTIVE



FINANCIAL PERFORMANCE



FY18 Overview



FY18- a difficult year for Strides



Lowlights

Overall a subdued financial performance for Strides

US partnered business severely affected, witnessed intense pricing pressure and loss of market share

Compressed institutional opportunity with low anti-malarial offtake & increased raw material prices

Aggressive investment in CHC led to a loss of ₹446M

Low primary sales in Africa branded business

Highlights

Australia business grew quarter on quarter with improved EBITDA to reach target of ~20% in exit quarter(Q4FY18)

Exit of Indian branded generics business for cash consideration of ₹5,000M of which ₹ 4,000M were used to pare debt

Completed demerger of API business to focus on our B2C business

Acquired controlling stake in Trinity to foray into high entry barrier market of South Africa

Course correcting to counter transformational changes



Amidst macro headwinds, US still the largest growth market with a recalibrated strategy

- » Exit partnership led businesses as our front end gains momentum with the narrow niche products and improved market share
- » Rationalise product portfolio built up with market opportunity



Bolster our Australian leadership positioning with margin improvements

- » Continued focus on portfolio and market expansion to bridge portfolio gaps and day 1 launches
- » Continue momentum of site transfers to India and build supply chain efficiencies to improve margins
- » Announced merger¹ with Apotex will make us the undisputed market leader by value and volume



Grow other regulated markets with front end bias to de-risk US

- » Continued growth momentum with market and portfolio expansion
- » Consolidate market positioning in recently acquired inorganic platform



Institutionalise efficiencies for a profitable African and EM branded generics play

- » Lay a strong foundation for a branded generics business in Africa with presence in high growth markets
- » Focus on primary sales hygiene with continued growth of secondary sales ahead of the market



Revisit Institutional business to stay amongst the first wave in new regimen

- » Retain profitable parts of the institutional business as they continue to recover significant operating costs at the manufacturing facilities
- » Stay amongst the first wave of players in the new treatment regimen as the market forms

1. Transaction closure subject to regulatory approvals

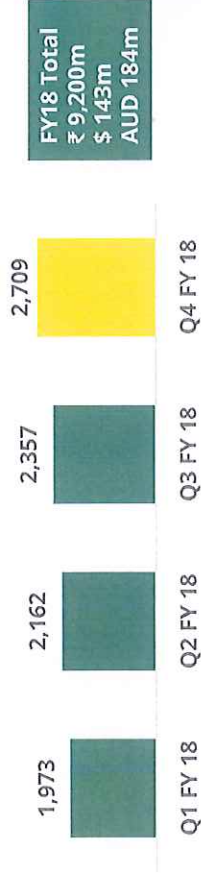


Market wise perspective



Quarter on Quarter Revenues

(Figures in ₹ million)



Market Performance

- Steady business with sequential ramp up in FY 18
- Growth driven by -
 - Addition to pharmacy footprint, now at 1400+
 - 29 new product launches
 - Strong performance in Chemist's own OTC portfolio
- Integration of the Amneal acquisition completed.
- Sequential margin expansion of ~300 basis point (Q1-Q4) through operating leverage and efficient supply chain including site transfer to in-house manufacturing

Australia in FY 19

Expect to grow at early double digits, ahead of the markets with sustained Q4FY18 exit margins

Outlook for the year

- Topline growth continues to be driven by :
 - Expansion of product portfolio – RX and OTC
 - Enhancing pharmacy footprint
 - Better compliance for Arrow products at store level to improve throughput
- Key margin levers for the business:
 - Backward integration momentum to continue and supplies from India to contribute to further COGS savings
 - Stable cost structure to drive operating leverage

Strides & Apotex agree to merge their Australian businesses



Merger with Apotex

Strategic rationale

- The combination will enable Strides, through the merged business, to become the number 1 Australian generic pharmaceutical company by both volume and revenue
- The merged business to have the largest portfolio of owned product IP for the Australian market
- The proposed merger to be EPS accretive from Year 1 through synergies

Management team

- Dennis Bastas, Arrow, will lead the merged business as Executive Chairman, Roger Millichamp, Apotex, as CEO and Andrew Burgess, Arrow, as CFO, bringing together Australia's most experienced management team with in-depth knowledge of the Australian generics market

Transaction structure

- The proposed structure will be arrived through a share swap
- Strides to have controlling interest in the merged entity
- The detailed corporate structure will be announced on closing
- The transaction is subject to customary closing conditions and statutory approvals, including approval of ACCC in the next two quarters



+



APOTEX
ADVANCING GENERICS

=

LEADERSHIP

Key Takeaways

- Arrow and Apotex will continue to enjoy preferred partner relationship with Sigma and Symbion respectively
- The merged entity will service ~3200 first line pharmacy accounts taken together. Arrow currently has 1400 + front line pharmacy accounts including Amcal, Guardian, Pharmacy Alliance, DDS & PharmaSave Stores. Apotex presently has 1800+ front line pharmacy accounts including Terry White, Chemmart, Blooms & Pharmacy Choice stores.
- Potential synergies will accrue through higher volumes and improved COGS
- Cross-pollination of the portfolio will help fill gaps in Arrow and Apotex portfolio's immediately
- Merged business will mainly benefit from Strides' and Apotex's manufacturing facilities

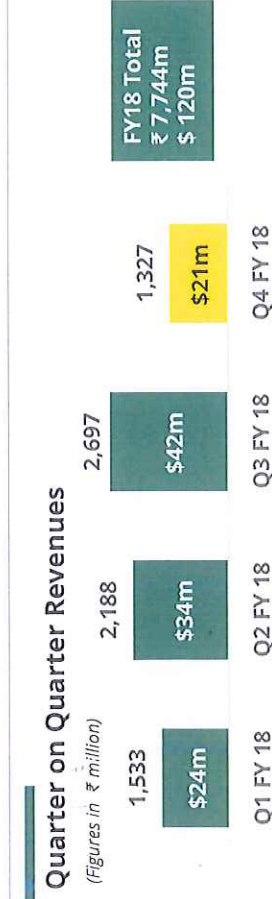


United States



Performance Overview FY 18

FY 19 Perspective



Market Performance

Partnership business (~65% of FY 18 revenues)

- Expected ~25% market share for 2 products not achieved:
 - Launch market opportunity for Potassium Citrate and Omega3 has now shrunk by ~50% due to aggressive price competition
 - Current market share of Potassium Citrate at ~12% and Omega3 at ~13%

Frontend business (~35% of FY 18 revenues)

- Strides own frontend products continue to track healthy market share - Ranitidine 35%, Dutasteride 33%, Ergocalciferol 38%, Methoxsalen 40%, Benzonatate 16% and PEG Rx 25%.
- This portfolio witnessed a single digit price erosion
- The company expected Osetamivir (IMS US\$ 735M) approval in Q4 FY 18 (Original TAD Sep' 17). Subsequently, the product received a CR and now expects the product approval in Jul 18

Weak performance in partnership portfolio and delay in approval for Osetamivir in one of the worst flu seasons additionally impacted Q4 FY 18 and led to missing management's outlook for US given in Q3 FY 18

US market for Strides in FY 19

Recalibrated strategy with a front-end bias towards a sustainable growth

Outlook for the year

- Growth led by the expansion of own front-end
 - 15 new product launches planned
 - 50% of the partnered business value to return to our front-end by the end of this fiscal
- Exit partnership business, no new partnership contracts being entered into
- Course corrected US strategy to gain momentum in H2 FY 19

R&D

- R&D investment in FY 18 at ₹1,176M, 12 new product (ANDA) filings were made in FY 18. Filings momentum to continue with 15-20 ANDA filings per year, 5 filings have been made in April and May 2018
- Received 14 product approvals in FY 18, 3 additional approvals received in April and May 2018
- Right sized R&D for better productivity

Other Regulated Markets

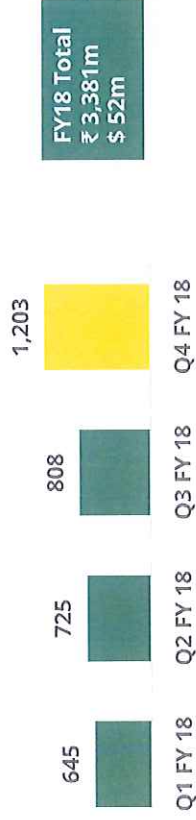


Performance Overview FY 18

FY 19 Perspective

Quarter on Quarter Revenues

(Figures in ₹ million)



Market Performance

- Continued traction in UK front-end
- New product introduction and improved market share for key molecules in rest of Europe aided growth in the region
- Recent foray into high entry barrier market of South Africa through acquisition of controlling stake in Trinity Pharma

Other Regulated Markets in FY 19

Leveraging strong regulated market portfolio through portfolio maximization

Outlook for the year

- Continue to build on the Q4 FY 18 topline momentum
- Expansion of UK front end through
 - Expansion of product portfolio – Rx and OTC
 - More listing at wholesalers
- Expansion of product offering through strategic tie ups in the rest of Europe including entry into new geographies
- Leverage Trinity's established distribution channel in South Africa for faster commercialization of existing Strides products including ARV portfolio in non-tender market



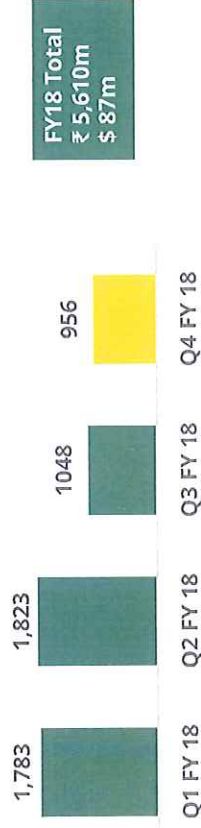
Institutional Business

Performance Overview FY 18

FY 19 Perspective

Quarter on Quarter Revenues

(Figures in ₹ million)



Market Performance

- A difficult year for ARV business, margin compression for supplies under long-term contracts
- Certain businesses became unviable at current pricing levels
- Sequential decline in anti-malaria business due to skewed tendering activity in H1 FY 18 and negligible contribution during H2 FY 18
- Full year Anti-malaria revenues declined from US\$ 35.7M in FY 17 M to US\$ 15.6M in FY 18
- Retained our market share in the new malaria tender that concluded in H2 FY 18, overall tender size has shrunk by ~50 %, however we expect to maintain our FY 18 topline

Institutional Business in FY 19

Muted growth in a challenging business environment

Outlook for the year

- Anti-malaria business to decline sharply due to significant downsizing in dollar pool value of donor funding, local country tenders in Africa to help offset this decline partially
- Renegotiating pricing for ARV contracts with a focus on improving business margins
- Leg up in ARV growth through the introduction of next-generation combinations drugs inline with evolving treatment regimens, product already in R&D pipeline for development
- Will stay invested in institutional business as it helps recover manufacturing cost

Africa

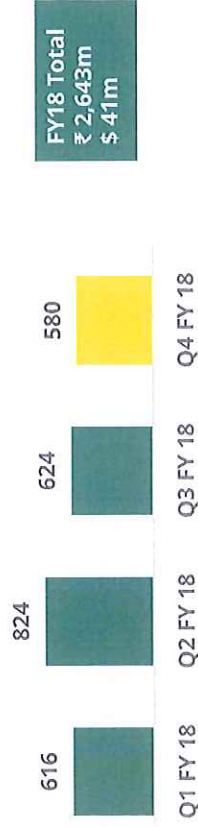


Performance Overview FY 18

FY 19 Perspective

Quarter on Quarter Revenues

(Figures in ₹ million)



Market Performance

- Branded business in French Africa delivers healthy secondary sales growth of 22% as per IMS, 2x of market growth
- Weak primary sales in Q4 FY 18, key brands continue to maintain healthy market share
- Witnessed widening of gap between primary and secondary sales

Africa in FY 19

Focused on building a portfolio of power brands



Outlook for the year

- Brands business in Africa to maintain market leading secondary sales growth trend
- Focus on better alignment of primary and secondary sales to maintain business hygiene, Expect soft H1 FY 19 to optimize this gap
- Top line growth to be driven by
 - Introduction of new products
 - Better penetration of high growth markets
- Superior product portfolio and improved MR productivity to drive margin expansion
- Expanding footprint in East Africa to strengthen the branded generic platform in Africa



Financial Performance



Financial performance



Figures in ₹ million

Particulars	Q1FY18	Q2FY18	Q3FY18	Q4FY18	FY18	FY17	YoY
Revenues	6,547	7,721	7,534	6,775	28,576	27,581	4%
EBITDA	834	1,129	1,401	1,005	4,369	6,027	(28%)
EBITDA %	13%	15%	19%	15%	15%	22%	(650 Bps)
Adj PAT ²				52	1,304		
Adj EPS ²				0.6	14.6		

Balance sheet

Net worth

₹ 26,092

Adjusted Debt¹

₹ 17,063

1. Adjusted debt includes cash receivable of ₹1,310M on account of divestment of SCPL and ₹662M for loans advanced to partners

2. Adjusted PAT- For FY18 - Adj for Stelis share of loss ₹1,441M., restructuring expense and others ₹ 210M, CHC loss 446M. For Q4FY18 - Adj for Stelis share of loss ₹43M., restructuring expense and others ₹36M, CHC loss ₹106M



Board meeting outcome

Dividend

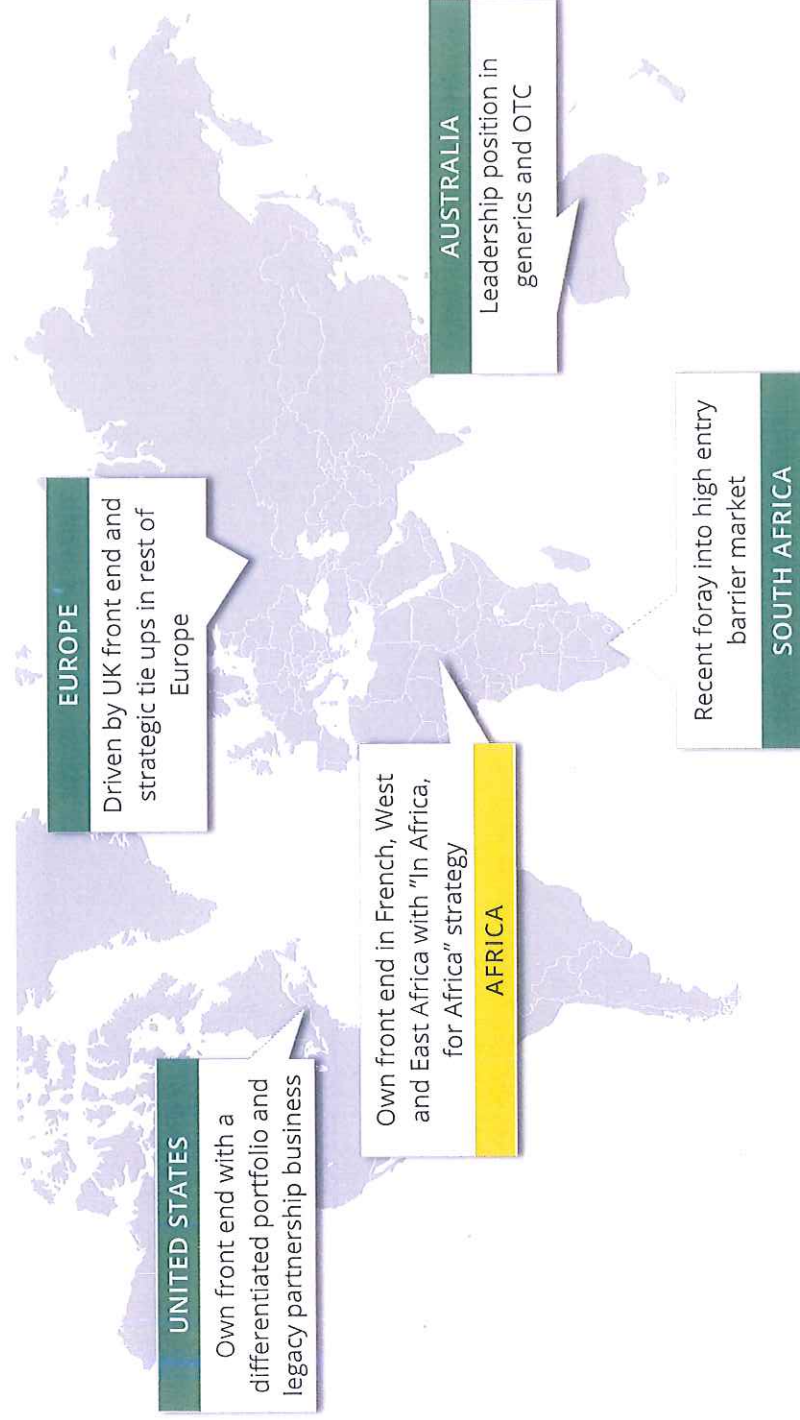
- Board recommended a dividend of ₹ 2 per share (20%)

Key Board and Management Changes:

- Mr. Deepak Vaidya to be the Chairman of the Board
- Mr. Arun Kumar to be the Group CEO and MD of the Company
- Mr. Shashank Sinha will continue to lead the global operations of Strides as Chairman of the Board of Strides Pharma Global, Singapore. Consequently, he steps down from the board of Strides.



Strides- A diversified market play



- Presence across major regulated markets and Africa continent
- Highly compliant manufacturing base with key global regulatory approvals
- Efficient R&D infrastructure with global filing capabilities
- Continued focus on quality, compliance & governance
- Experienced leadership team

Thank you

