

**PART I**  
**STATEMENT OF STANDALONE UNAUDITED RESULTS**  
**FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2014**

Sl. No.	Particulars	3 Months ended 30.09.2014	Preceding 3 months ended 30.04.2014	Corresponding 3 Months ended 30.09.2013 in the previous period	Year to date figures for the current period ended 30.09.2014	Year to date figures for the previous period ended 30.09.2013	Previous period ended 31.03.2014
		UNAUDITED (1)	UNAUDITED (2)	UNAUDITED (3)	UNAUDITED (4)	UNAUDITED (5)	ADMITTED (6)
1	<b>Income from operations</b>						
	(a) Net Sales / Income from Operations (Net of excise duty)	20,135.02	18,795.30	19,918.13	38,930.32	51,135.40	59,395.35
	(b) Other Operating Income	1,544.31	1,284.77	976.07	2,829.08	4,238.47	6,989.21
	<b>Total Income from operations (net)</b>	<b>21,679.33</b>	<b>20,080.07</b>	<b>20,894.20</b>	<b>41,759.40</b>	<b>55,373.87</b>	<b>66,384.56</b>
2	<b>Expenses</b>						
	(a) Cost of material consumed	11,364.88	10,587.71	8,358.06	21,952.59	22,012.37	51,183.04
	(b) Purchases of stock-in-trade	735.02	829.54	4,588.50	1,544.56	9,316.61	11,820.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(205.44)	(846.10)	(703.59)	(1,051.54)	(63.94)	(821.75)
	(d) Employee benefit expenses	2,930.64	2,772.98	1,961.47	5,703.62	5,629.82	11,137.54
	(e) Depreciation and amortisation expense	1,255.40	1,080.00	929.93	2,345.40	2,735.16	4,725.05
	(f) Other expenses	3,660.82	3,301.47	3,172.19	7,162.59	9,542.91	18,220.20
	<b>Total expenses</b>	<b>19,751.32</b>	<b>17,925.40</b>	<b>18,204.56</b>	<b>37,677.22</b>	<b>49,172.93</b>	<b>96,244.87</b>
3	<b>Profit/(Loss) from Operations before Other Income, Finance cost &amp; Exceptional Items (1-2)</b>	<b>1,928.01</b>	<b>2,154.67</b>	<b>2,689.64</b>	<b>4,082.18</b>	<b>6,200.94</b>	<b>10,139.69</b>
4	<b>Other Income</b>	2,724.93	2,547.78	1,852.78	5,272.71	5,081.99	12,079.36
5	<b>Profit/(Loss) from ordinary activities before Finance cost &amp; Exceptional Items (3+4)</b>	<b>4,652.94</b>	<b>4,702.25</b>	<b>4,542.42</b>	<b>9,354.89</b>	<b>11,282.93</b>	<b>22,219.05</b>
6	<b>Finance costs</b>	965.83	860.86	2,512.26	1,826.79	5,351.92	10,903.15
7	<b>Profit/(Loss) from ordinary activities after Finance cost but before Exceptional Items (5-6)</b>	<b>3,687.11</b>	<b>3,841.39</b>	<b>1,728.16</b>	<b>7,528.10</b>	<b>5,931.01</b>	<b>11,315.90</b>
8	<b>Exceptional Items:</b>						
	- Exchange Fluctuation (loss) / gain (Net)	(797.21)	(55.87)	(1,184.46)	(853.08)	(2,344.48)	634.09
	- Net (loss) / gain on sale of long term investments	-	-	-	-	-	316,079.24
	- Dividend Income from non-current investment in wholly-owned subsidiaries	39,747.70	-	-	39,747.70	-	135,340.82
	- Merger and restructuring costs (Refer note 4)	(506.44)	-	-	(506.44)	-	-
	- Write off of inventory	-	-	-	-	-	(1,771.82)
	- Write off of intangible assets under development	-	-	-	-	-	(798.52)
9	<b>Profit / (Loss) from Ordinary Activities before tax (7+8)</b>	<b>42,131.16</b>	<b>3,785.52</b>	<b>541.50</b>	<b>45,916.28</b>	<b>3,586.53</b>	<b>461,194.10</b>
10	<b>Tax Expense / (credit)</b>	8,284.07	1,105.95	320.00	9,390.02	(9.59)	109,902.09
11	<b>Net Profit / (Loss) after tax (9-10)</b>	<b>33,847.09</b>	<b>2,679.57</b>	<b>221.50</b>	<b>36,526.26</b>	<b>3,596.12</b>	<b>351,292.01</b>

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**STATEMENT OF STANDALONE UNAUDITED RESULTS**  
**PART I**  
**FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2014**

Particulars	3 Months ended 30.09.2014	Preceding 3 months ended 30.06.2014	Corresponding 3 Months ended 30.09.2013 in the previous period	Year to date figures for the current period ended 30.09.2014	Year to date figures for the previous period ended 30.09.2013	Previous period ended 31.03.2014
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
12 Paid-up Equity Share Capital (Face value of Rs. 10/- each)	(1)	(2)	(3)	(4)	(5)	(6)
13 Reserve excluding liquidation reserve	5,956.56	5,956.56	5,916.14	5,956.56	5,916.14	5,956.56
14 Earnings per share (Face value of Rs. 10/- each) - not audited						157.134/2
(a) Basic EPS (Rs.)	56.82	4.50	0.38	61.32	6.09	593.45
(b) Diluted EPS (Rs.)	56.65	4.49	0.37	61.13	6.05	591.14

**PART II**

**SELECT INFORMATION FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2014**

	3 Months ended 30.09.2014	Preceding 3 months ended 30.06.2014	Corresponding 3 Months ended 30.09.2013 in the previous period	Year to date figures for the current period ended 30.09.2014	Year to date figures for the previous period ended 30.09.2013	Previous period ended 31.03.2014
<b>A PARTICULARS OF SHAREHOLDING</b>						
<b>1 Public shareholding:</b>						
(a) Number of shares	43,081,419	43,081,419	42,977,169	43,081,419	42,977,169	43,081,419
(b) Percentage of shareholding	72.33%	72.33%	72.64%	72.33%	72.64%	72.33%
<b>2 Promoters and Promoter group shareholding:</b>						
(a) Pledged / Encumbered						
- Number of shares	1,876,667	1,876,667	7,280,152	1,876,667	7,280,152	1,876,667
- Percentage of shareholding (as a % of the total share holding of promoter and promoter group)	11.38%	11.38%	44.98%	11.38%	44.98%	11.38%
- Percentage of shareholding (as a % of the total share capital of the Company)	3.15%	3.15%	12.31%	3.15%	12.31%	3.15%
(b) Non Pledged / Non Encumbered						
- Number of shares	14,607,535	14,607,535	8,904,050	14,607,535	8,904,050	14,607,535
- Percentage of shareholding (as a % of the total share holding of promoter and promoter group)	88.62%	88.62%	55.02%	88.62%	55.02%	88.62%
- Percentage of shareholding (as a % of the total share capital of the Company)	24.57%	24.57%	15.05%	24.57%	15.05%	24.57%

Particulars	3 Months ended 30.09.2014
<b>B INVESTOR COMPLAINTS</b>	
Pending at the beginning of the quarter	0
Received during the quarter	150
Disposed of during the quarter	150
Remainder unresolved at the end of the quarter	0

**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2014**

Particulars	Rs. In Lakhs	
	As at 30.09.2014	As at 31.03.2014
	UNAUDITED	AUDITED
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholder's funds</b>		
a. Share Capital	5,956.56	5,956.56
b. Reserves and surplus	193,175.90	157,134.72
Sub-total of Shareholder's fund	199,132.46	163,091.28
<b>2 Non-current liabilities</b>		
a. Long-term borrowings	20,168.69	20,333.45
b. Other long-term liabilities	985.97	995.09
c. Deferred tax liabilities	50.73	439.00
d. Long-term provisions	1,941.74	942.13
Sub-total - Non-current liabilities	23,147.13	25,710.67
<b>3 Current liabilities</b>		
a. Short-term borrowings	17,899.99	19,237.18
b. Trade payables	17,776.28	21,708.97
c. Other current liabilities	9,034.31	7,564.32
d. Short-term provisions	9,442.85	6,571.54
Sub-total - Current liabilities	54,353.43	55,216.01
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>276,433.02</b>	<b>244,017.96</b>
<b>B ASSETS</b>		
<b>1 Non-current assets</b>		
a. Fixed assets	42,497.68	41,798.25
b. Non-current investments	65,824.61	65,943.70
c. Long-term loans and advances	11,179.52	14,974.30
Sub-total - Non-current assets	119,501.81	122,716.25
<b>2 Current assets</b>		
a. Current investments	54,833.37	38,710.64
b. Inventories	13,559.71	13,680.04
c. Trade receivables	21,484.59	27,328.64
d. Cash and cash equivalents	9,947.20	17,486.42
e. Short-term loans and advances	14,503.07	22,779.43
f. Other current assets	40,803.22	1,306.52
Sub-total - Current assets	157,131.21	121,301.71
<b>TOTAL - ASSETS</b>	<b>276,433.02</b>	<b>244,017.96</b>

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**Notes:**

- 1 The above unaudited results of the Company has been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on November 7, 2014.
- 2 The statutory auditors have carried out limited review of the above standalone results.
- 3 The previous period's figures have been regrouped/ reclassified wherever necessary to conform to the classification of the current period.
- 4 The Board of Directors in the meeting held on September 29, 2014 has approved a Scheme of Amalgamation between the Company and Shruan Pharmaceuticals Limited ("Shruan"). The Scheme of Amalgamation is under the framework of the Companies Act and the relevant SEBI regulations, wherein Shruan will be amalgamated with and into the Company.  
Pursuant to the Scheme of Amalgamation, each equity shareholder of Shruan will be entitled to receive 5 (five) equity shares of the Company in lieu of 16 (sixteen) equity shares held in Shruan. Based on the Exchange Ratio, Shruan shareholders will own 26% of the combined entity.  
The appointed date for the Scheme of Amalgamation is April 1, 2015. The Scheme of Amalgamation is subject to approval of shareholders and creditors of the Companies, Stock Exchange, SEBI, CCI, PFI, RBI and the High Court of Madras and Bombay. The transaction is expected to close by June 2015, subject to receipt of all approvals.
- 5 The Company has entered into an agreement with GMS Holdings, ("GMS"), a Jordan based investment company, whereby GMS will invest USD 21.90 Million for 25.1% stake in Sells Biopharma Private Limited ("Sells"). The biotech arm of the Sells Group, is hard its Greenfield project. The transaction is expected to close in Q3 2014-15 and is subject to customary closing conditions, regulatory and corporate approvals, as may be required.
- 6 As part of ongoing restructuring in the group, the following changes have been made during the quarter:  
a) Sells Address Private Limited, India has been renamed as Sells Healthcare Private Limited, India  
b) The Company has acquired 90% stake in Fogis Medica Private Limited, India
- 7 During the current period, Sells Healthcare Private Limited, ("Sells Healthcare"), a subsidiary of the Company, has entered into an agreement (dated July 21, 2014) with Baha Pharmaceuticals Limited ("Baha") to acquire Indian Branded Generic Business of the Seller (the Business) for a total purchase consideration of Rs. 4,550 Lacs (including Rs. 50 Lacs payable towards non-compete fee to the Seller).  
As on date, Sells Healthcare has completed the acquisition of the Business and the mentioned purchase consideration is settled (i) Rs. 4,880 Lacs in cash and (ii) Rs. 1,670 Lacs through issue of 1,26,666 fully paid up equity shares of Rs. 10/- each at a premium of Rs. 40/- per share, which gives the Seller a shareholding of 26% in Sells Healthcare.
- 8 Pursuant to applicability of the Companies Act, 2013 (the "Act") with effect from April 01, 2014, (as per the provisions of Part C of Schedule II of the Act), the Company has re-assessed the useful life of assets based on technical evolution. Consequently, the depreciation for the quarter and six months ended September 30, 2014 is higher by Rs. 326 lakhs. An amount of Rs. 287 lakhs has been recognised in the operating balance of retained earnings (net of deferred tax of Rs. 148 lakhs) where the remaining useful life of assets is exhausted.  
In accordance with the notification No. 496 dated August 29, 2014 from Ministry of Corporate Affairs, the Company has applied to comply with the requirement under sub-paragraph (a) of paragraph 4 of part 'C' of Schedule II of the Act from the financial year commencing on or after April 01, 2015.

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9. Subsequent to the quarter ended September 30, 2014, as a part of ongoing restructuring within the group, the Company sold its investment in Strides Pharmaceuticals Holdings Limited, Cyprus to Strides Pharma Asia Pte Limited, Singapore for a consideration of USD 43.79 Million based on independent valuation. Strides Pharmaceuticals (Holdings) Limited, Cyprus continues to be subsidiary of the Company.
10. The Company in its Board meeting dated October 07, 2014 has declared an equity dividend of Rs. 105 per share.
11. The Company's investment in Growth oriented Mutual Funds as of September 30, 2014 amounts to Rs. 40,009.42 lakhs. The Net Assets Value of these growth funds as of September 30, 2014 is Rs. 42,014.42 lakhs.
12. Exchange fluctuation gain/loss (net) included under Exceptional Items comprises the exchange gain / loss arising on account of redemption and settlement of long term foreign currency loans and sub-group loans & advances given and gain/ loss on related derivative contracts.
13. The Company's operations fall within a single business segment viz. "Pharmaceutical Products" and as such there is no reportable segment information as per Accounting Standard 17 issued under the relevant provisions of the Companies Act, 1956.

For and on behalf of the Board



Anun Kumar

Executive Vice Chairman & Managing Director

Bangalore, November 07, 2014

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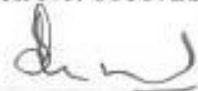
**INDEPENDENT AUDITORS' REVIEW REPORT**

**TO THE BOARD OF DIRECTORS OF  
STRIDES ARCOLAB LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **STRIDES ARCOLAB LIMITED** ("the Company") for the Quarter and Six months period September 30, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. The Company has early adopted Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement', AS 31 'Financial Instruments: Presentation' and AS 32 'Financial Instruments: Disclosure', to the extent such standards do not conflict with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014). Our report is not qualified in respect of this matter.

5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six months period ended September 30, 2014 of the Statement, from the details furnished by the Management.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**V. Srikumar**  
Partner  
(Membership No. 84494)

**BANGALORE**, November 07, 2014

## Press Release

### Strides Arcolab reports Robust Q2 FY 2014-15 Results

**Pharma Revenues at INR 2,929 Mn with an EBITDA of INR 651 Mn  
Revenue Growth of 19%, EBITDA growth of 66% over Jul-Sep FY13-14  
EBITDA Margin at 22%**

Bangalore, November 7, 2014 Strides Arcolab (BSE: 532531, NSE: STAR) today announced its financial results for the Quarter ending September 30, 2014

#### Consolidated Financial & Performance Highlights (Pharma & Biotech)

	Jul-Sep FY13-14	Q2 FY15	Growth %	Apr-Sep FY13-14	H1 FY15	Growth %
Revenues	2,457	2,929	19%	4,747	5,524	16%
EBITDA	394	628	60%	801	1,152	44%
EBITDA %	16%	21%		17%	21%	
Adjusted PAT*		507			813	
PAT Margin %		17%			15%	
Adjusted EPS*		8.51			13.64	

\*PAT & EPS adjusted for income on growth funds not accrued INR 84 Mn for Q2 FY15 and INR 200 Mn for H1 FY15

\*PAT & EPS after absorbing merger related expenses of INR 44 Mn

\*PAT and EPS not comparable with the corresponding period in the previous year

- Q2 FY15 EBITDA grew by 60% and Revenues grew by 19%
- The company continues to enjoy a debt free status

#### Corporate Actions

- Board of Directors approved the proposed Scheme of Amalgamation with Shasun Pharmaceuticals Ltd
- Successful closure of the acquisition of Bafna Domestic Business including Raricap - enabling pan India presence for the India Branded Generics business
- Acquired a majority stake in Fagris Medica, an entry for the CIS Markets
- Strategic Investment by GMS Holdings of USD 21.90 Mn for a 25.1% stake in Stelis Biopharma
- Merger of Stelis Biopharma with Inbiopro approved by the Hon'ble High Court of Karnataka
- Strides Pharma Asia Pte Ltd, Singapore received USD 150 Mn from Mylan Inc as full and final settlement against the Contingent Holdback of upto USD 250 Mn
- Distributed a Special Dividend of INR 105 per Equity Share



Commenting on the results, Arun Kumar, Founder and Group CEO, stated “We continue to see positive results on our calibrated approach to product selection and margin maximization across our businesses. With our recently commissioned R&D infrastructure for both the Pharma & Biotech business, we will achieve momentum of products filing in the near term. Additionally our announced merger with Shasun, on completion, will accelerate our growth & strategy”.

## Performance Highlights

### Global Pharma

	Jul-Sep FY13-14	Q2 FY15	Growth %	Apr-Sep FY13-14	H1 FY15	Growth %
Revenues	2,457	2,929	19%	4,747	5,524	16%
EBITDA	394	651	66%	801	1,195	49%
EBITDA %	16%	22%		17%	22%	

- Q2 FY15 EBITDA grew by 66% and Revenue grew by 19%, aided by growth in emerging markets and launch of niche products in US and Europe
- H1 FY15 EBITDA grew by 49% and Revenue grew by 16%

### Pharma R&D and Regulatory Update

- New dedicated Global R&D Centre at ODF Facility, Bangalore goes on-stream
- 1 Product Filing with USFDA during Q2 FY15
- Received 5 product approvals for the US Market during H1 FY15
- Continued niche product approvals in Europe
- R&D spend at INR 67 Mn during Q2 FY15 and INR 123 Mn during H1 FY15
- Filing expected to gain momentum in H2 FY15

### Biotech

- Merger of Stelis Biopharma with Inbiopro approved by the Hon'ble High Court of Karnataka
- Strategic investment by GMS Holdings of USD 21.90 Mn for a 25.1% stake in Stelis Biopharma
- 2 products have reached the Animal Toxicity Study stage
- R&D Spend for Q2 FY15 at INR 24 Mn and at INR 39 Mn during H1 FY15
- Construction expected to commence at the Malaysian bio-pharmaceutical manufacturing facility in Q3 FY15

## Revenue Composition by Business - Global Pharma

	INR Mn				
	Q1 FY15	% Composition	Q2 FY15	% Composition	QoQ Growth %
Regulated Markets	1,032	40%	1,093	37%	6%
Institutional Business	787	30%	813	28%	3%
Emerging Markets	777	30%	1,022	35%	32%
<b>Total Revenues</b>	<b>2,596</b>	<b>100%</b>	<b>2,929</b>	<b>100%</b>	<b>13%</b>

### Regulated Markets

- Revenues at INR 1,093 Mn in Q2 FY15, representing 37% of the total revenues
- Revenues grew by 6% to INR 1,093 Mn against INR 1,032 Mn in Q1 FY15
- Received USFDA Product approval for Buspirone Hydrochloride Tablets (Market Value ~USD 65 Mn)
- Successfully launched 2 new products in the US - Methoxsalen Softgel capsules and Imiquimod cream

### Institutional Business

- Revenues at INR 813 Mn in Q2 FY15, representing 28% of the total revenues
- Revenues increased by 3% to INR 813 Mn against INR 787 Mn in Q1 FY15
- Partnership with Gilead Sciences, Inc. to bring generic Sofosbuvir (Sovaldi®) to 91 developing countries
- Received orders against the Anti-Malarial Global Fund tender. Supplies to commence in H2 FY15

### Emerging Markets

- Revenues at INR 1,022 Mn in Q2 FY15, representing 35% of the total revenues
- Revenues grew by 32% to INR 1,022 Mn against INR 777 Mn in Q1 FY15
- Trial production commenced at the dedicated manufacturing facility in Bangalore for Africa
- Packaging facilities in Namibia and Botswana ready for commercialisation



### **About Strides Arcolab**

Strides Arcolab, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bangalore, India that develops and manufactures a wide range of IP-led niche pharmaceutical products.

The Company has 8 manufacturing facilities presence in more than 75 countries in developed and emerging markets.

Additional information is available at the Company's website at [www.stridesarco.com](http://www.stridesarco.com).

### **For further information, please contact:**

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