

January 29, 2019

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

Scrip code: 532531

**The National Stock Exchange of India Limited**  
Exchange Plaza , Bandra-Kurla Complex  
Bandra (E) Mumbai - 400 051

Scrip code: STAR

Dear Sirs,

**Sub: Press Release**

Please find attached Press Release issued by the Company titled:

**‘Strides to exit its investment in Arrow for AUD 394 mn’**

Also, enclosed is the disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the said transaction.

Thanks & Regards,  
**For Strides Pharma Science Limited**



**Manjula Ramamurthy**  
Company Secretary



*Encl: As Above*

**Strides Pharma Science Limited**  
(Formerly Strides Shasun Limited)  
CIN: L24230MH1990PLC057062

**Corp Off:** Strides House, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, India  
Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

**Regd Off:** 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India  
Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942

info@strides.com; www.strides.com

---

## Strides to exit its investment in Arrow for AUD 394 mn

- Strides has approved sale of its Australian business to the Arrow-Apotex merged entity after review of Strides corporate strategy and Australian market
  - Strides would enter into a ten-year preferred supply agreement with the merged entity, to result in potential annual EBITDA of AUD 15-20 mn
  - Retains IP of Australian portfolio
  - The transaction would be immediately EPS accretive
- 

**Bangalore, January 29, 2019** - Strides Pharma Science Limited (Strides) today announced that its step-down subsidiary Strides Pharma Global Pte, Limited, has approved the sale of its entire Australian business (including Arrow). The Board of Directors of Strides have recommended this transaction. The transaction will be subject to shareholder approval of Strides and completion of the merger of Arrow and Apotex Australia.

### Background

- Strides re-entered the Australian market in September 2015 as Arrow through the acquisition of generics portfolio from Aspen Pharmacare Holdings Limited (Aspen).
- The business is ranked amongst top 3 generic companies in Australia as a result of Arrow's organic growth coupled with bolt-on acquisitions for portfolio and coverage with Pharmacy Alliance, R&D outfit Generic Partner (GP) and Amneal.
- Strides in Australia has performed strongly and has an annualised revenue rate of AUD 200 mn with operating EBITDA of AUD 40 mn.
- In May 2018, Arrow and Apotex Inc. (Apotex) announced their intention to merge their businesses in Australia to become the largest player in the Australian generic pharmaceutical market both by volume and revenue.
- The merger transaction would have delivered Strides a minimum ownership of 50% in the merged entity.
- The transaction was cleared by the Australian Competition and Consumer Commission (ACCC) in September 2018.

### Strategic Rationale for the transaction

- Post due diligence and the ACCC approval, the Company entered into further discussions with Apotex and Dennis Bastas, Executive Chairman and Co-founder of Arrow, around the terms of the proposed Arrow-Apotex merger.
- Strides considered acquiring 100% ownership of the combined entity which, however, would have resulted in significant increase of debt on the balance sheet and the estimated combined synergies and EBITDA could not support the leverage the company was comfortable with.
- Consequently, the Board recommended selling of the Company's ownership in Arrow to its minority partner.
- As part of the proposed transaction, Strides will enter into a 10-year preferred supplier contract with the merged entity while enabling Strides to retain ongoing earnings of 40%-50% of current EBITDA at Arrow and recoup all its investments in Australia.
- Strides will also retain access to the IP of 140 products in the Arrow portfolio.
- Transaction to be EPS accretive and will also strengthen the company's balance sheet.

## Deal Structure

- Strides will sell its complete stake in Arrow to entities owned and operated by Dennis Bastas, Executive Chairman and Co-founder of Arrow.
- Arrow will merge with Apotex to create the new entity – **Arrotex**
- Strides will retain Portfolio IP and will enter into a ten-year preferred supply agreement with Arrotex
- Strides to receive AUD 394 mn while Arrotex will pay-out AUD 39 mn minority interest.
- Strides will receive AUD 300 mn as upfront payment at the closure of transaction while the balance AUD 94 mn to be deferred through a secured instrument.

## Use of Proceeds

The initial net proceeds of AUD 300 mn (US\$ 213 mn) along with additional US\$ 42 mn released from the general claims escrow account on Agila transaction<sup>1</sup> will be deployed to:

- Pare US\$ 150-160 mn of term debt of Strides which will strengthen balance sheet.
- Infuse US\$ 90-100 mn as growth capital for other operating markets of Strides.

## Prerequisites for the transaction

- The transaction will be subject to certain other conditions including the conclusion of definitive agreements and approval of the shareholders of Strides.
- The Board believes that the transaction is in the interest of shareholders and would recommend the shareholders to vote in favour of the transaction/resolution.
- The transaction remains subject to the successful completion of the Arrow/Apotex merger which is expected to complete by March 31, 2019.

## About Strides

Strides, listed on the BSE Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical Company headquartered in Bangalore, India. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy along with an institutional business to service donor-funded markets. The Company’s global manufacturing sites are located in India- Bangalore (two sites), Pondicherry, and Chennai, Singapore, Italy- Milan, and Kenya- Nairobi. The Company focusses on “difficult to manufacture” products that are sold in over 100 countries. Additional information is available at the Company’s website at [www.strides.com](http://www.strides.com)

---

<sup>1</sup> Refer to Stock Exchange intimation dated December 19, 2018 - [http://www.strides.com/pdf/pressrelease/2018/20181219-se\\_intimation.pdf](http://www.strides.com/pdf/pressrelease/2018/20181219-se_intimation.pdf)

For further information, please contact:

**Strides**

**Badree Komandur**

Executive Director - Finance

+91 80 6784 0747

**Investor Relations:**

**Kannan. N:** +91 98450 54745

**Vikesh Kumar:** +91 80 6784 0827

**Sandeep Baid:** +91 80 6784 0791

Email: [sandeep.baid@strides.com](mailto:sandeep.baid@strides.com)

**Strides Pharma Science Limited**

*(Formerly Strides Shasun Limited)*

CIN: L24230MH1990PLC057062

Regd. Office: 201, 'Devavrata', Sector - 17, Vashi,  
Navi Mumbai - 400 703

Corp. Office: Strides House, Bannerghatta Road,  
Bangalore - 560076

**PR Consultancy**

Fortuna PR

K Srinivas Reddy: +91 90005 27213

[srinivas@fortunapr.com](mailto:srinivas@fortunapr.com)

K Priya: +91 95354 25418

[priya@fortunapr.com](mailto:priya@fortunapr.com)

**Disclosure under Regulation 30 of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Strides to exit its investment in Arrow for AUD 394 Million**

a) The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year;	Turnover – INR 9,376 Mn (~32%) Net worth – INR 7,302 Mn (~30%)
b) Date on which the business transfer agreement for sale has been entered;	Not Applicable
c) The expected date of completion of sale/disposal	Q4 FY19
d) Consideration to be received from such sale/disposal;	AUD 394 Mn
e) Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/ group companies.  If yes, details thereof;	Entity owned and operated by Mr. Dennis Bastas – Executive Chairman and Co-founder of Arrow  The buyers do not belong to Promoters and Promoter group companies.
f) Whether the transaction would fall within related party transactions?  If yes, whether the same is done at “arm’s length”;	No
g) Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.	NA

**Notes:**

1. The transaction will be subject to certain other conditions including the conclusion of definitive agreements and approval of the shareholders of Strides; and
2. The transaction remains subject to the successful completion of the Arrow/Apotex merger which is expected to complete by March 31, 2019.



**Strides Pharma Science Limited**

(Formerly Strides Shasun Limited)

CIN: L24230MH1990PLC057062

**Corp Off:** Strides House, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, India

Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

**Regd Off:** 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India

Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942

info@strides.com; www.strides.com