



Strides and Shasun Combining to Accelerate Strategy and Growth

Analyst Presentation

30th September 2014

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Local market value ("LMV") is provided as a reference for assessing the overall market value for a particular type of pharmaceutical product. It should not be considered as an indicator of Strides sales of any its pharmaceutical products or the expected performance of such products in the future. Extrapolation of performance for a particular product from LMVs for such types of products, is an inappropriate use of LMV data. There can be no assurance that our approved pharmaceutical products will be successfully commercialized, or that our current filings will be approved

Transaction Overview

- On Monday, 29 September 2014, the boards of Strides Arcolab Limited (“Strides”) and Shasun Pharmaceuticals Limited (“Shasun”) approved the Scheme of Arrangement (“Scheme of Arrangement”) for the merger of the two Companies
- Combination to create a vertically integrated pharma company of scale with strong presence in regulated market Finished Dosage Formulations (“FDF”), emerging markets branded generics, institutional business, Active Pharmaceutical Ingredients (“APIs”), Contract Research and Manufacturing Services (“CRAMS”) and a nascent Biotech Business
- Pursuant to the Scheme of Arrangement, each equity shareholder of Shasun will be entitled to receive 5 equity shares of Strides for every 16 equity shares held by it in Shasun (the “Share Exchange Ratio”)
- Creates a top 15 listed Indian pharma company by revenues, with increased scale and visibility to drive future growth of the group
- The promoters of Strides and Shasun have agreed to vote in favour of the scheme in the court convened meeting
- Existing Promoter Group of both the Companies will be classified as Promoter Group of the Merged entity; Shasun Promoter Group to have board representation in the Merged Entity

Proposed Transaction Terms

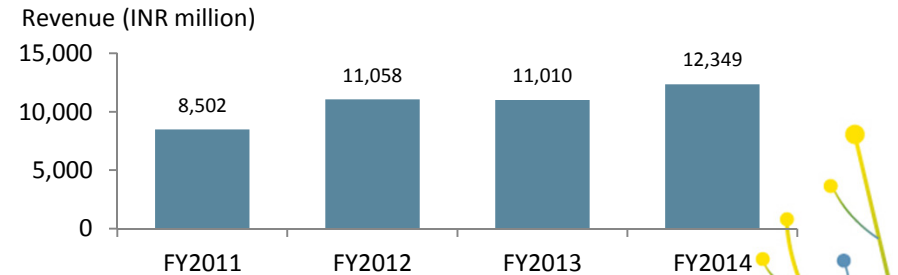
Surviving Entity:	<ul style="list-style-type: none">• Strides Arcolab Limited (“Strides”, the “ Company”)
Structure:	<ul style="list-style-type: none">• Scheme of arrangement pursuant to the Companies Act 1956 and the Companies Act 2013
Consideration:	<ul style="list-style-type: none">• 100% share for share exchange; merger via scheme of arrangement pursuant to the Companies Act 1956 and the Companies Act 2013
Fixed Exchange Ratio:	<ul style="list-style-type: none">• 5 equity shares of Strides for every 16 equity shares of Shasun• Warrants of Strides will be issued for outstanding warrants of Shasun and the number of equity shares of the Company into which such warrants can be converted upon exercise will be determined in accordance with the Share Exchange Ratio
Pro forma Ownership Split Post Merger:	<ul style="list-style-type: none">• 74.0% Strides Shareholders / 26.0% Shasun Shareholders
Expected Closing:	<ul style="list-style-type: none">• June 2015
Certain Closing Conditions:	<ul style="list-style-type: none">• Majority Public Shareholder Approval from both Strides and Shasun• Regulatory Approvals• Foreign Investment Promotion Board (FIPB)• RBI Approval• Creditors Approval• Competition Commission of India (CCI) Approval



Overview of Shasun

Overview of Shasun

- Founded in 1976, Shasun is headquartered in Chennai, India and listed on the Bombay Stock Exchange and the National Stock Exchange of India
- Develops, manufactures and sells API and FDF primarily for the regulated markets
- Offers CRAMS services to customers globally from its facility in Dudley (UK)
- Consolidated sales of INR 13,091 million and EBITDA of INR 1,644 million for the 12 month period ended June 30, 2014



APIs (59%)⁽¹⁾

- Primarily focused in the area of pain management, amongst the global leaders in Ibuprofen and key suppliers of Ranitidine and Gabapentin
- Caters to marquee global customers
- Portfolio of 43 commercialized Drug Master Files (“DMFs”) filed and pipeline of 23 DMFs under development
- 2 FDA approved facilities

Reg Market Formulations (16%)⁽¹⁾

- 100% US focused business
- Historically adopted a partnership approach with Shasun undertaking the development work and front end partner’s and undertaking commercial operations
- Current portfolio consists of **3** commercialised ANDAs and **11** filed ANDAs in the **niche and complex domain of modified release products**
- Pipeline of **30** products in the extended / modified release domain
- FDA approved facility

CRAMS (25%)⁽¹⁾

- Caters to global clients from its UK facility located in Dudley
- FDA, PMDA and MHRA approved facility
- Portfolio of 27 launched products
- Caters to NCE segment, currently has 7 products in Phase 3

Biotech (0.4%)⁽¹⁾

- Nascent biotech business focusing on Indian markets

(1): % of LTM revenue as of June 2014

Strategic Rationale of the Merger

- 1 **Creates a vertically integrated pharma company of scale with strong presence in front ended regulated market FDF, emerging markets branded generics, institutional business, APIs and CRAMS**
- 2 **Significantly enhanced regulated market FDF portfolio in Rx and OTC in niche and complex segments**
- 3 **Significant strengthening of the institutional business via vertical integration benefits**
- 4 **De-risked business model with significantly enhanced operational infrastructure of scale**
- 5 **Catapults Merged Entity to amongst the top 15 listed Indian pharma companies by revenue**
- 6 **Significant scope for synergies leading to value creation for all stakeholders**

1 Vertically Integrated Merged Entity with Diversified Revenue Streams across Geographies

Merged Entity had revenues of INR 24,795 million and EBITDA of INR 3,784 million of June 30, 2014

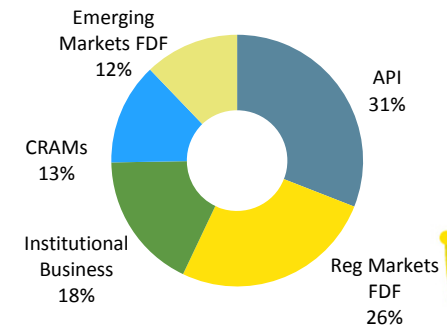
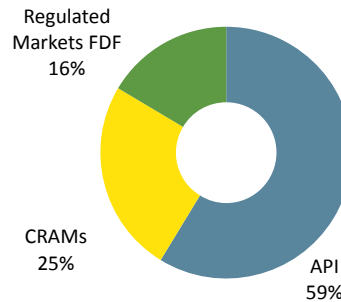
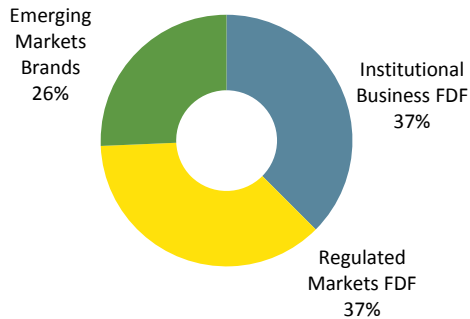
**LTM Revenue
(June 2014)**

Strides – INR 11,704 million

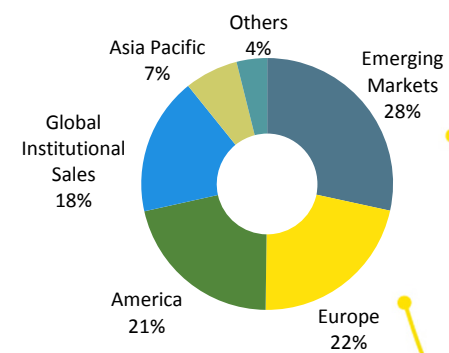
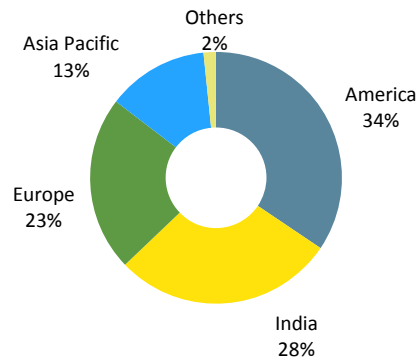
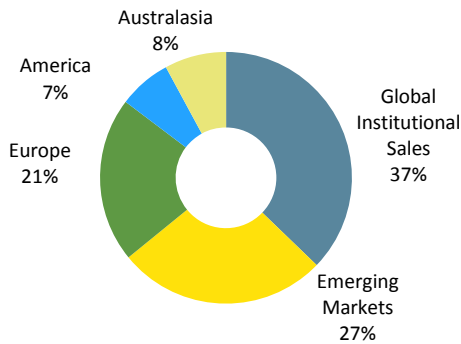
Shasun – INR 13,091 million

Merged Entity – INR 24,795 million

Derisked
business
stream across
verticals



Geographically
diversified
revenue stream



Front ending presence in US, Africa, UK and India

2 Enhanced Regulated Market FDF Portfolio in Niche and Complex Segments

Enhanced Regulated Market FDF Portfolio and Access to Pipeline of Complex Extended Release Products

USFDA	Approved	Filed	Pipeline	Total	Filing 2015	Launched	Partnered
SGC	2	5	1	8	-	2	-
Extended Release	-	2	32	34	1	-	13
Creams and Ointments	1	1	8	10	2	1	-
Suspension	-	-	6	6	-	-	-
OTC	3	3	7	13	2	3	-
505 (b(2))	-	-	1	1	-	-	-
FTF	-	1	1	2	1	-	-
Other	11	17	58	86	11	8	7
Total	17	29	114	160	17	14	20
PEPFAR	16	2	-	18	-	-	-









3 Strengthened Institutional Business via Vertical Integration Benefits

Strides Current Positioning

- Develops and manufactures antiretroviral and anti-malaria medicines
- Approved supplier to Institutionally-funded aid projects and Global Procurement Agencies like UNITAID, Global Drug Facility, PEPFAR and Clinton Foundation
- Currently perceived as a fringe player in the institutional business on account of limited FDF capacity and outside dependence on APIs

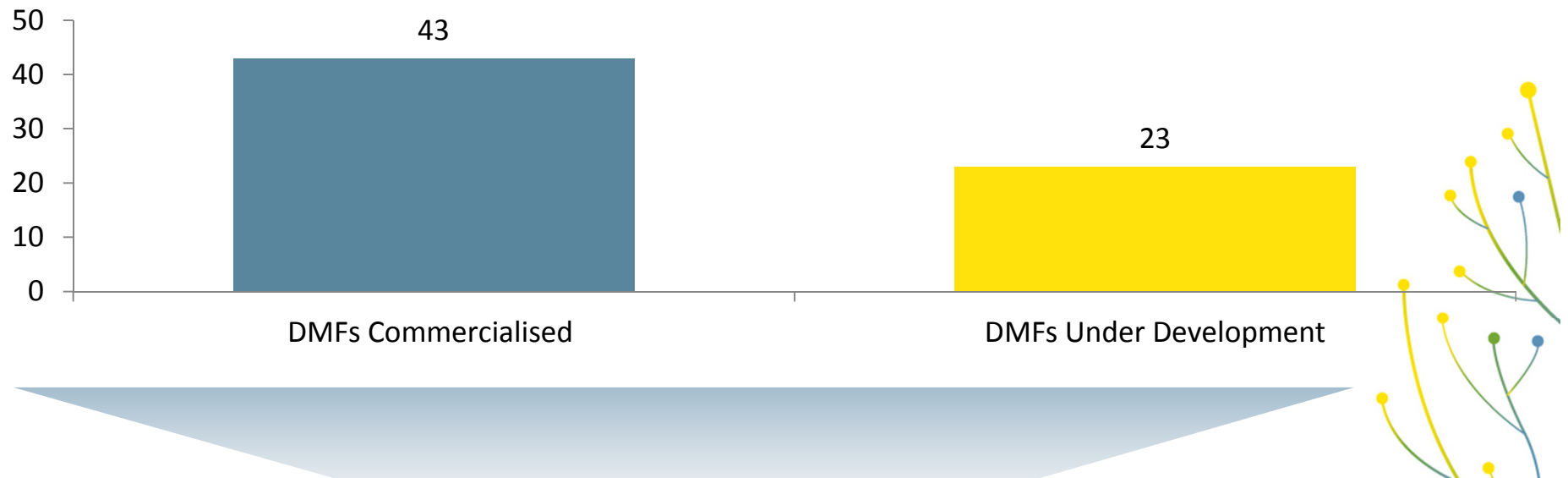
Shasun Strengthens the Group's Position

- World Health Organisation ("WHO") and US FDA approved FDF facilities with spare capacity and API facilities
- Technology available in-house to accelerate filings of DMF for the API required for institutional business
 - DMF filed for Tenofovir
 - Cycloscrine already commercialised

Company	Scale	Vertical Integration
 AUROBINDO Committed to healthier life!	✓ ✓	✓ ✓
 aspen	✓ ✓	✗
 Cipla	✓ ✓	✓ ✓
 HETERO	✓ ✓	✓ ✓
 Mylan	✓ ✓	✓ ✓
 Strides ARCOLAB LIMITED	✓	✗
 Strides ARCOLAB LIMITED  Shasun For Life - Science Works	✓ ✓	✓ ✓

3 Leverage In-house API Capabilities

Overview of DMF Filings



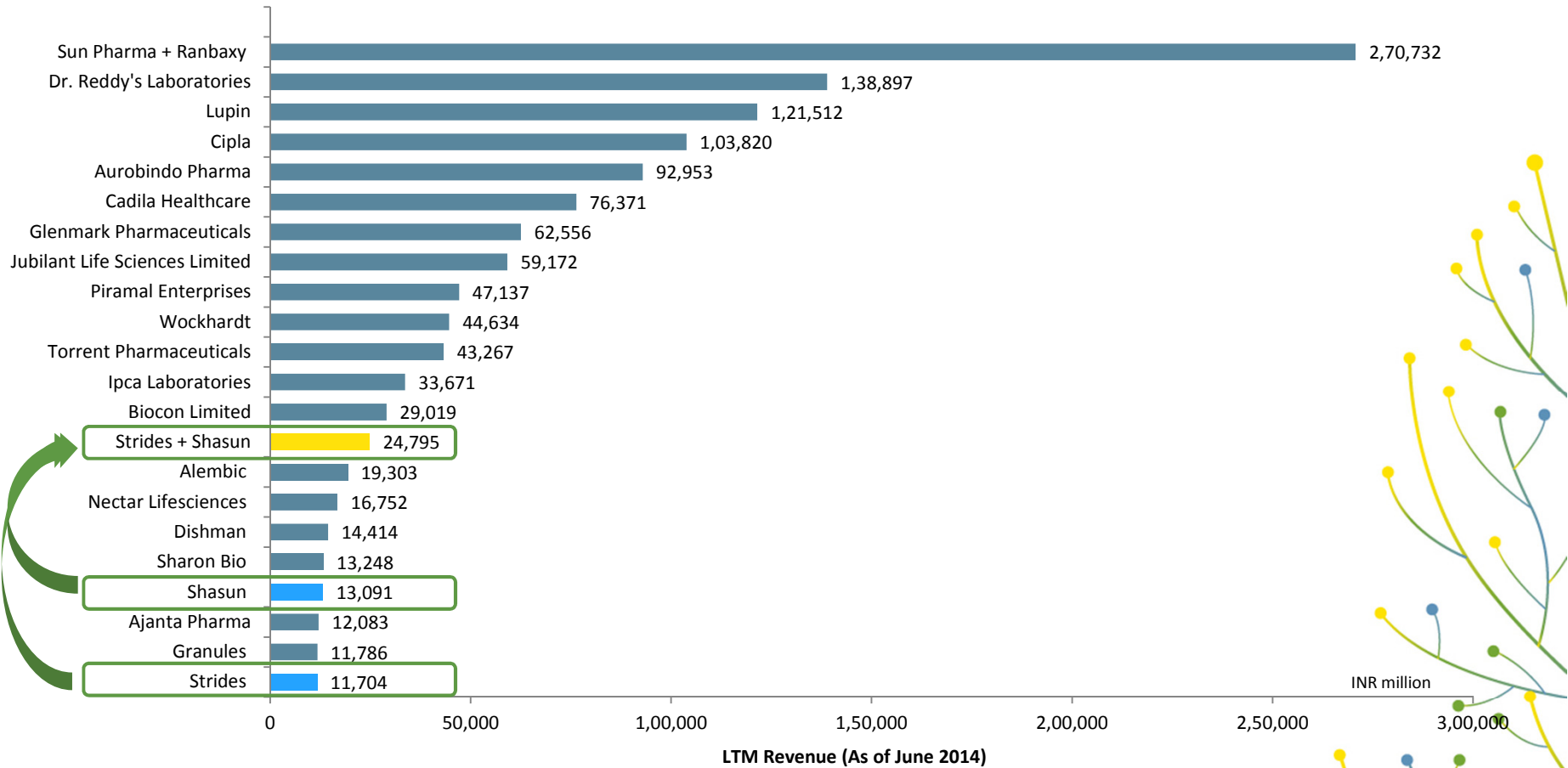
- Portfolio of 43 commercialised DMFs and an additional 23 DMFs under development
- Merged entity to leverage Shasun's best in class API manufacturing capacities and align focus with FDF portfolio and pipeline

4 De-risked Business Model with Significantly Enhanced Operational Infrastructure of Scale

	Strides	Shasun	Merged Entity
Formulation Development R&D Scientists	110	106	216
Process Chemistry R&D Scientists	-	187	187
Manufacturing and Other Employees	c.1,500	c.2,100	c.3,600
FDF Facilities – US FDA Approved	2	1	3
API Facilities – US FDA Approved	-	2	2
CRAMS Facilities - US FDA Approved	-	1	1
Emerging Market Facilities	6	-	6

Significant impetus to R&D with over 400 scientists in the merged entity

5 Catapults Merged Entity to Amongst the Top 15 Listed Indian Pharma Companies by Revenue



- Merged Entity to have revenues of INR 24,795 million as of LTM June 2014
- Revenues exclude potential synergies expected from the merger

6 Significant Scope for Synergies Leading to Value Creation for All Stakeholders

Revenue Synergies

- Merged Entity to cross-leverage the existing relationships across API and regulated markets formulations business
- Benefit from large scale and wider geographic reach

Cost Synergies

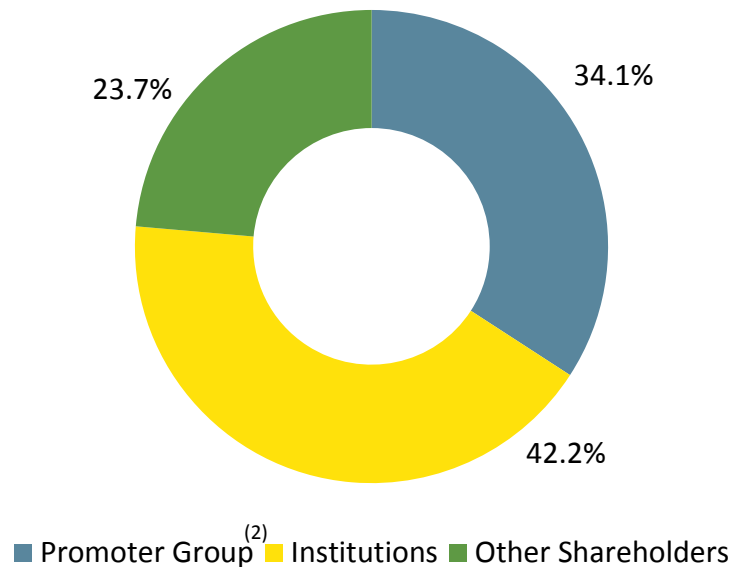
- Synergies to be realised through workforce optimization across business function
- Benefit from cost savings in corporate expenses, operational expenses and R&D expenses
- Benefit from sharing of the facilities thereby reducing capital expenditure

Other Potential Areas of Synergies

- Complementary R&D capabilities - More than 100 products under development with only one overlapping product
- Other potential synergies expected on account of reduced taxes for the joint entity would lead to further value creation for the Company

Post Merger Shareholding Structure

Post Merger Shareholding Structure¹



Group Cross Holdings

- ✓ SeQuent Scientific Limited owns 15.7 %⁽¹⁾ stake on a fully diluted basis in Shasun
- ✓ This ownership is via the preferential allotment and convertible warrants issued to SeQuent Scientific Limited on 21st May 2014
- ✓ The preferential allotment and convertible warrants were issued at a price of INR 110 which represents a premium of 22.6% to the 2 week VWAP of Shasun and premium of 39.0% to the 26 week VWAP
- ✓ The Promoter Group of Strides and SeQuent Scientific Limited are related parties
- ✓ Family office of the Strides Promoter Group has a direct holding of 1.3 %⁽¹⁾ in Shasun



Key Next Steps

Announcement: September 29, 2014

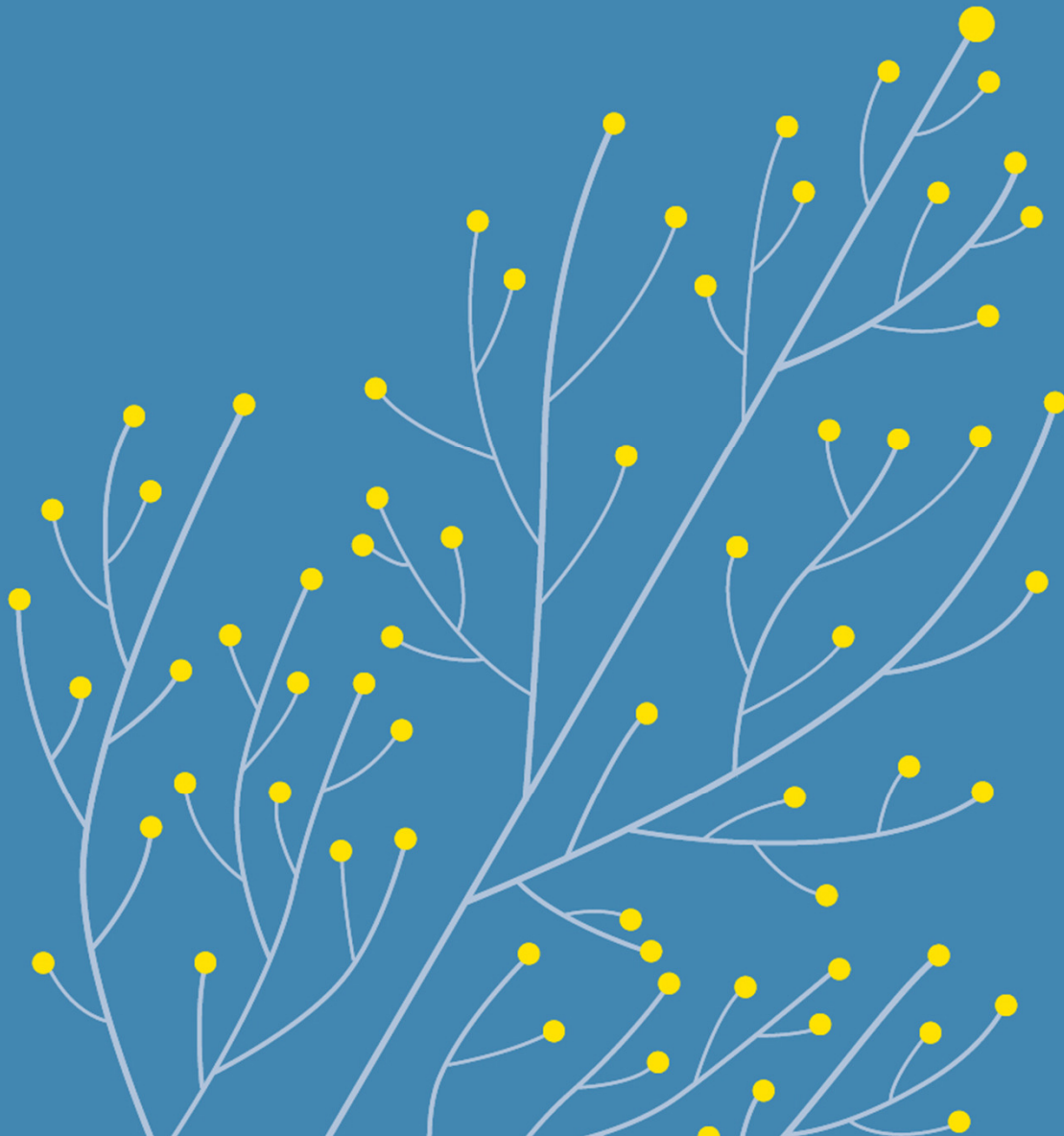
- Shareholder approval from both Strides and Shasun
- Approval from SEBI and Stock Exchange
- Court approval for Scheme of Arrangement
- FIPB Approval
- RBI Approval
- CCI Approval

Closing: Anticipated by June 2015



Advisors to the Transaction

- Determination of the fair exchange ratio
 - Fairness opinion to the board of Strides Arcolab Limited
 - Fairness opinion to the board of Shasun Pharmaceuticals Limited
 - Legal advisors
 - Tax advisors
- S.R. Batliboi & Co. LLP and Price Waterhouse & Co. LLP
 - Jefferies India Private Limited
 - IDFC Securities Limited
 - Amarchand & Mangaldas & Suresh A. Shroff & Co. and DSK Legal
 - B S R & Co.



THANK YOU