



STRIDES SHASUN LIMITED

(formerly Strides Arcolab Limited)

CIN : L24230MH1990PLC057062

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NOTICE OF POSTAL BALLOT AND E-VOTING

Dear Member(s),

Notice pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014

Notice is hereby given that, pursuant to Section 110 of the Companies Act, 2013 (“the Act”) read with Companies (Management and Administration) Rules, 2014 (the “Rules”), including any statutory modification or re-enactment thereof for the time being in force, Strides Shasun Limited (the “Company” or “Strides”) is seeking consent of its Members for the Special Business to be transacted through Postal Ballot, which includes voting by electronic means for the following item:

Item 1: Capping of Strides' investment in Stelis Biopharma Private Limited

Background of the proposed transaction is as under:

- 1) Stelis Biopharma Private Limited (“Stelis”, formerly Inbiopro Solutions Private Limited) is a company incorporated in 2007 and was acquired by Strides in 2012. Stelis is a subsidiary of the Company focused on developing a portfolio of ‘biosimilars’, with a strategy to make them available at affordable prices globally.
- 2) The total funding in Stelis, so far, has been USD 32.30 Million, of which the Company has invested USD 22.10 Million and GMS Holdings (“GMS”), a strategic partner, has invested USD 10.20 Million. Consequent to these investments, Company owns a stake of 74.90% and GMS owns 25.10% stake in Stelis.
- 3) GMS' first tranche investment of USD 8.49 Million came at a 50% premium to the corresponding investment made by the Company. All subsequent investments by the Company and GMS are in proportion of their shareholding at similar valuation.
- 4) With the stated intent of Strides to focus on front-end B2C businesses, the Company does not plan to have any further investments in any B2B businesses. On the other hand, Stelis is entering into a high investment phase, with the investments committed in building the upcoming bio-pharmaceutical facility at Bengaluru and the initial products under development set to enter the clinical phase, which accounts for bulk of the development cost.

Various options evaluated by the Board related to biotech business

- 5) In line with the Company's earlier announcements, the Board has evaluated various options to demerge the biotech business.
 - a) The Board explored the option of a separate listing and believes that Stelis is not yet ready for a separate listing, given that the current growth phase requires significant upfront investments and the resultant capital structure would have comparatively low liquidity.

- b) The Company also explored the option of de-merging Stelis into an unlisted company by issuing shares of Stelis to Strides' Members. However, this option was not pursued, as Foreign Portfolio Investors cannot hold shares in an unlisted entity under the extant Foreign Exchange regulations. Foreign Portfolio Investors own a reasonable stake in the Company and will not be able to participate with the given restrictions.
 - c) Consequently, the Company proposes to cap its total equity infusion at USD 22.10 Million for a significant minority stake. The Promoters of Strides and GMS will fund the remainder of the capital commitment. The funding from the Promoters of Strides will come in at the same value per share as that of GMS.
- 6) The envisaged advantages of the proposal for the Company and its Members are listed below:
- a) The significant minority investment in Stelis is expected to benefit the Company and all its Members, as and when it unlocks value at a later stage.
 - b) The Company will not be required to make further investments in Stelis and the cash can be deployed for the core B2C business of Strides.
 - c) Stelis will have the requisite funding for its manufacturing and R&D investments. It will be able to pursue a B2B business model, enabling Stelis to derive income from Contract Development and Manufacturing Operations (CDMO) services and Product Licensing and sustain the operations till the time it commercializes its developed products.
 - d) It will ensure highly focused and specialized management teams for the business, as operating in the Bio-pharma domain requires separate skill sets.
 - e) Proposal will allow the leadership team at Strides to focus on value creation and execution excellence for the core B2C business.
 - f) The Return on Equity for the core B2C business is expected to be superior, which will benefit the Members of Strides.

In view of the above, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on February 3, 2017 has approved the proposal that Biotech business pursues an independent strategy, subject to obtaining such other approvals, consents, permissions and sanctions as may be necessary including the approval of Members for:

1. Capping the Company's investment in Stelis at USD 22.10 Million (invested already) for a significant minority stake; and
2. Allowing the Promoters of Strides to invest in Stelis at the same value per share as that of GMS to fund the remainder of the capital commitment.

It may be noted that, the dilution in Strides' holding over a period of time will be on account of it not making any further investments in Stelis and that there will be no dilution to the value of Strides' investments till date, as the Promoters will be investing in Stelis at a valuation, which is at par with the investments of GMS.

The current proposal does not require Members approval under the Companies Act, 2013 or SEBI LODR, as it does not trigger the requisite thresholds prescribed therein. However, since Strides does not intend to contribute and commit any future funding in Stelis and at the same time the Promoters of Strides will be investing at a fair value in Stelis in future, the same would result in dilution in shareholding of Strides from the current 74.90% to a significant minority holding over a period of time. Accordingly, keeping up with the good corporate governance practices, the Company is seeking the approval of non-promoter Members of the Company for this proposal.

Scrutinizer for conducting the Postal Ballot and E-voting

The Board of Directors in their meeting held on February 3, 2017 have appointed Mr. Binoy Chacko, Practicing Company Secretary, Bengaluru as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

Member(s) are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein and return the Form, in original, duly completed in all respects, in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer on or before Tuesday, March 21, 2017 by 5.00 p.m.

E-voting Facility

The Company has engaged Karvy Computershare Pvt Ltd., Hyderabad (Karvy) for providing the e-voting facility through its platform.

The process and manner for e-voting is provided in the notice. In case a Member votes through e-voting facility, he/ she is not required to vote through Postal Ballot Form. In case a Member votes through e-voting facility as well as sends his/ her vote through Postal Ballot Form, the vote cast through e-voting shall be considered and the voting through Postal Ballot Form shall not be considered by the Scrutinizer.

The e-voting will commence on Monday, February 20, 2017 at 9.00 a.m and will end on Tuesday, March 21, 2017 by 5.00 p.m.

The results, together with the Scrutinizer's Report, will be announced by Thursday, March 23, 2017 at the registered office of the Company and will be displayed on the website of the Company i.e., www.stridesarco.com and also on the website of Karvy i.e., <https://evoting.karvy.com>, besides being communicated to BSE Limited and the National Stock Exchange of India Limited on which the shares of the Company are listed.

The Resolution will be deemed to have been passed on the date of declaration of the results of the postal ballot, if approved, by the requisite majority.

**By Order of the Board of Directors
For Strides Shasun Limited**

Place: Bengaluru
Date : February 3, 2017

**Sd/-
Manjula Ramamurthy
Company Secretary**

Resolution put through Postal Ballot and E-voting

Item 1: Capping of Strides' investment in Stelis Biopharma Private Limited

To consider and if thought fit, to assent/ dissent to the following Ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 110, Section 180 and Section 188 of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act (including any statutory modifications or re-enactments thereof for the time being in force) read with the Rules notified under the Act, Regulation 23 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and the Memorandum and Articles of Association of the Company and subject to the compliance of all applicable laws and regulations and such permissions, approvals, consents and sanctions as may be necessary from the concerned/ statutory authorities and subject to such other terms and conditions as may be imposed by them, consent of the Members be and is hereby accorded to the Board of Directors of the Company (“**the Board**” which expression shall also include a Committee of Directors constituted and authorized for purposes mentioned hereof), to approve dilution in the Company’s stake in Stelis Biopharma Private Limited (“Stelis”) from the current 74.90% to a significant minority holding over a period of time.

RESOLVED FURTHER that the consent of the Members be and is hereby accorded to restrict the investment of the Company in Stelis at USD 22.10 Million (invested already) and allow further investments by the current Promoter Group of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized and empowered to finalize and execute necessary documents and give effect to the same with effect from such date and in such manner as is decided by the Board and do all such acts, deeds, things and matters as may be deemed necessary and/ or expedient in their discretion for completion of the transaction as aforesaid in the best interests of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director, Committee or Company Secretary or any other Officer(s)/ Authorized Representative(s) of the Company and appoint consultants, advisors etc. as may be necessary to give effect to the aforesaid resolution.

RESOLVED FURTHER that all actions and decisions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects.

**By Order of the Board of Directors
For Strides Shasun Limited**

Place: Bengaluru
Date : February 3, 2017

Sd/-
Manjula Ramamurthy
Company Secretary

Notes:

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
2. The Notice, together with the documents accompanying the same, is being sent to all the members by email/ registered post/ courier whose names appear in the Register of Members/ list of Beneficial Owners as received from the National Securities Depository Services Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) or Registrar and Share Transfer Agent (“Karvy”) as at Friday, February 3, 2017 at their respective registered/ last known address. The Notice will be displayed on the website of the Company (www.stridesarco.com) and of Karvy (<https://evoting.karvy.com>)
3. Members have the option either to vote through the e-voting process or through the postal ballot form.
4. A postal ballot form along with self-addressed postage pre-paid envelope is also enclosed. Members who have received the postal ballot notice by e-mail and who wish to vote through postal ballot form, can download the postal ballot form from the Company’s website (www.stridesarco.com) or seek duplicate postal ballot form from the Company or Karvy.
5. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected. There will be only 1 (one) postal ballot form for every registered folio /client ID irrespective of the number of joint members.
6. The postal ballot form should be completed and signed by the Member (as per specimen signature registered with the Karvy and/or furnished to NSDL/ CDSL). In case, shares are jointly held, this form should be completed and signed by the first named member and, in his/her absence, by the next named member. Holder(s) of Power of Attorney (“PoA”) on behalf of a Member may vote on the postal ballot mentioning the registration number of the PoA with the Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorization giving the requisite authority to the person voting on the postal ballot form.
7. In compliance with provisions of Regulation 44 of LODR, the Company is pleased to offer e-voting facility to its Members holding equity shares as at Friday, February 3, 2017 (being the cut-off date), to exercise their right to vote electronically on the above resolution. For this purpose, the Company has signed an agreement with Karvy for facilitating e-voting.
8. The instructions for the Members for voting electronically are as under:-
 - (i) [To use the following URL for e-voting: https://evoting.karvy.com/](https://evoting.karvy.com/)
 - (ii) Enter the login credentials i.e., user id and password mentioned below this communication. Your Folio No/ DP ID/ Client ID will be your user ID.

User - ID	For Members holding shares in Demat Form
	a) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
	b) For CDSL : 16 digits beneficiary ID
	For Members holding shares in Physical Form
	Event No. followed by Folio Number registered with the Company
Password	In case of Members who have not registered their e-mail addresses, their User-Id and Password is printed below.
Captcha	Enter the verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (iii) After entering the details appropriately click on LOGIN.
- (iv) Password change menu will appear. Change the password with a new password of your choice. The new password has to be a minimum of 8 (eight) characters consisting of at least 1 (one) upper case (A-Z), 1 (one) lower case (a-z), 1 (one) numeric value (0-9) and a special character.

Kindly note that this password can be used by the Demat holders for voting on any resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy e-voting platform.

The system will prompt you to change your password and update any contact details like mobile no., email ID etc., on first login. You may also enter the ‘Secret Question’ and answer of your choice to retrieve your password in case you forget it.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) Login again with the new credentials.
- (vi) On successful login, system will prompt to select the ‘EVENT’ (E-voting Event Number) i.e., the Company’s name ‘Strides Shasun Limited’.
- (vii) On the voting page, you will see the ‘Resolution Description’ and against the same the option ‘FOR/ AGAINST/ ABSTAIN’ from voting.
- (viii) Enter the number of shares (which represents number of votes) under ‘FOR/ AGAINST/ ABSTAIN’ or alternatively you may partially enter any number in ‘FOR’ and partially in ‘AGAINST’, but the total number in ‘FOR/ AGAINST’ taken together should not exceed your total shareholding. If the member does not want to cast his vote, select ‘ABSTAIN’.
- (ix) Members holding multiple folios/ demat account shall choose the voting process separately for each folios/ demat account.

- (x) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on 'CANCEL' and accordingly modify your vote.
 - (xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - (xii) Corporate/ Institutional Members (Corporate/ FIs/ FIIs/ Trust/ Mutual Funds/ Banks etc.) are required to send scan (PDF format) of the relevant board resolution to the Scrutinizer through email to binoy@maxximuz.com with a copy to evoting@karvy.com.
 - (xiii) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of <https://evoting.karvy.com> or contact Mr. Raju S V of Karvy at +91 40 6716 2222 or at 1800 345 4001 (toll free).
 - (xiv) Members are eligible to cast vote electronically only if they are holding shares as on Friday, February 3, 2017.
 - (xv) The voting period shall commence at 9.00 a.m. on Monday, February 20, 2017 and will end at 5.00 p.m. on Tuesday, March 21, 2017. The e-voting module shall be disabled by Karvy at 5.00 p.m. on Tuesday, March 21, 2017.
9. Members have the option to vote either through e-voting or through physical postal ballot form. If a Member has opted for e-voting, then he/she should not vote by physical postal ballot form also and *vice-versa*. However, in case Members cast their vote both *via* physical postal ballot form and e-voting, then voting through e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
10. The Scrutinizer will submit his report to the Chairman of the Board after completion of the scrutiny of the postal ballots including e-votes submitted. The Scrutinizer's decision on the validity of the vote (including e-votes) shall be final. The results of the postal ballot including e-voting will be announced by Thursday, March 23, 2017.
11. The results, together with the Scrutinizer's report, will be displayed at the registered office of the Company and on the website of the Company (www.stridesarco.com) and also on the website of Karvy (<https://evoting.karvy.com>) besides being communicated to BSE Limited and the National Stock Exchange of India Limited on which the shares of the Company are listed.

EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

Item 1: Capping of Strides' investment in Stelis Biopharma Private Limited

Details of Stelis, its business, financials etc. are given below:

1. About Stelis Biopharma Private Limited (“Stelis”)

Stelis is a subsidiary of the Company, which focuses on the development of ‘biosimilars’ for both regulated and emerging markets. The strategy is to develop biosimilars to regulated market standard and make these available at affordable prices globally. As is common in the Biotech Industry, it takes several years to develop a biosimilar (generic copy of a biologic drug) through its pre-clinical and clinical phases and its commercialization. Stelis is currently in the 3rd year of development of its initial set of products and the revenues from commercialization of these products are expected from FY 2019-20 onwards. Stelis will continue to pursue a B2B business model to derive income from Contract Development and Manufacturing Operations (CDMO) services and product licensing and sustain the operations till the time it commercializes its developed products.

History of Stelis

The biotech business of the Company, was carried under Inbiopro Solutions Private Limited, which was acquired by Strides in 2012. The business was consolidated and re-branded as Stelis Biopharma in the year 2013.

In September 2014, the Company announced entering into an agreement with GMS Holdings (“GMS”) of Jordan, whereby GMS would invest USD 21.90 Million for a 25.10% stake in Stelis. On receipt of all statutory approvals, including that from the Foreign Investment Promotion Board, GMS invested an initial tranche of USD 8.49 Million in February 2016 and subsequently USD 1.70 Million in December 2016. GMS currently holds 25.10% of the paid up equity capital of Stelis.

Stelis has a total investment requirement of upto USD 118.80 Million, of which USD 40 Million would be through debt. The investments are required in tranches based on the project and product development needs during the investment phase. Strides' total capital commitment was USD 56.90 Million for a 74.90% stake, against which the Company has so far invested USD 22.10 Million. GMS has a total capital commitment of USD 21.90 Million for a 25.10% stake, against which they have so far invested USD 10.20 Million.

The initial investment of USD 8.49 Million by GMS came at a 50% premium to Strides' investment at that point of time. All subsequent investments by the Company and GMS were to be made in proportion of their shareholding at similar valuation.

2. Status of Project

A fully integrated GMP Manufacturing Facility for Drug Substance and Drug Product is currently under construction at Doddabalapur, Bengaluru. This is expected to be commissioned in early 2018. Stelis had previously announced setting up this manufacturing facility in Malaysia, plans for which were shelved and the project moved to India on account of delays and operating challenges in Malaysia. Stelis lost about 2 years due to the change in location from Malaysia to India.

The Research and Development activities of Stelis are currently being conducted from a 22,000 sq. ft R&D facility at Bommasandra, Bengaluru.

As on date, the lead biosimilar asset has successfully completed a Pilot Phase 1 study and is currently being scaled up in readiness for the pivotal clinical study early next year. The second asset has reached the pre-clinical stage and will be undergoing the Pivotal Phase 3 next year.

Besides in-house developments, Stelis has collaborations to develop partnered products. Partnering, Licensing and Contract Manufacturing activities are all part of Stelis' blended business strategy.

3. Financials of Stelis

Amount in Rupees			
Particulars	2015-16	2014-15	2013-14
Total Revenue	7,377,382	3,521,619	220,105
Total Expenses	435,264,246	140,094,838	31,254,946
Total Tax	372,359	-	853,980
Profit/(Loss) after tax	(428,259,222)	(136,573,219)	(31,888,820)

Amount in Rupees			
Particulars	2015-16	2014-15	2013-14
Share Capital	2,781,390	2,083,260	1,801,351
Reserves & Surplus	452,274,202	313,005,681	352,645,468
Long Term Loans	1,357,000,000	731,250,000	5,374,000
Short Term Loans	-	-	-
Fixed Assets	1,395,014,789	879,880,976	447,324,844
Current Assets	773,217,999	50,436,573	33,239,917

4. Business Outlook for Stelis

It takes several years to develop a generic biological drug (biosimilar) as it requires extensive pre-clinical and clinical development through multiple phases before submission for regulatory approval and commercialization. Stelis is in the 3rd year of development of its initial set of products. Stelis is also making a significant investment in constructing a manufacturing facility to global standards for manufacturing biological API as well as finished products. Stelis expects some interim revenues from R&D licensing as well as manufacturing before 2019-20, when both the products and the manufacturing facility are ready for commercialization.

5. Additional information under Companies Act, 2013

(a)	Name of the related party	Mr. Arun Kumar, Executive Vice Chairman and Managing Director
(b)	Name of the director or key managerial personnel who is related, if any	
(c)	Nature of relationship	Promoter
(d)	Nature, material terms, monetary value and particulars of the contract or arrangement	NA. Further investment by the existing Promoters of Strides in Stelis will be made at fair value and at the same value as the strategic partner, GMS Holdings
(e)	Any other information relevant or important for the Members to take a decision on the proposed resolution	All obligations of the Company under the agreement with GMS will be transferred in favour of the Promoters of Strides.

6. Approvals Sought

In view of the above, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on February 3, 2017 has approved the proposal that Biotech business pursues an independent strategy, subject to obtaining such other approvals, consents, permissions and sanctions as may be necessary including the approval of Members for:

- 1) Capping the Company's investment in Stelis at USD 22.10 Million (already invested) for a significant minority stake; and
- 2) Allowing the Promoters of Strides to invest in Stelis at the same value per share as that of GMS to fund the remainder of the capital commitment.

The current proposal does not require Members approval under the Companies Act, 2013 or SEBI LODR, as it does not trigger the requisite thresholds prescribed therein. However, since Strides does not intend to contribute and commit any future funding in Stelis and at the same time the Promoters of Strides will be investing at a fair value in Stelis in future, the same would result in dilution in shareholding of Strides from the current 74.90% to a significant minority holding over a period of time. Accordingly, keeping up with the good corporate governance practices, the Company is seeking the approval of non-promoter Members of the Company for this proposal.

Your Directors request the Members to consider the proposal and vote accordingly. You are requested to communicate your assent or dissent in writing in the Postal Ballot Form/ E-voting sent herewith in accordance with the instruction set therein.

Mr. Arun Kumar, Executive Vice Chairman and Managing Director belonging to the Promoter group of the Company is interested. As specified in Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI LODR, all the related parties of the Company will abstain from voting on this resolution.

None of the other Directors/ Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding as Members, if any.

**By Order of the Board of Directors
For Strides Shasun Limited**

Place: Bengaluru
Date : February 3, 2017

**Sd/-
Manjula Ramamurthy
Company Secretary**

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