



**Press Release**

Monday, September 29, 2014

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## **Strides Arcolab and Shasun Pharmaceuticals combine to accelerate strategy and growth**

**Creates vertically integrated pharma company with multiple revenue streams**

**Shasun to amalgamate with Strides in an all-stock transaction**

**Shasun shareholders to receive 5 (five) equity shares of Strides for every  
16 (sixteen) equity shares held by them in Shasun**

**Combined entity to be amongst the top 15 listed Indian Pharmaceutical  
Companies by revenue with a turnover in excess of INR 2,500 Crores**

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September 29, 2014: Strides Arcolab Limited ('Strides') and Shasun Pharmaceuticals Limited ('Shasun') today announced that the Board of Directors of both the Companies have approved a Scheme of Amalgamation between the two companies. The combination creates a vertically integrated pharma company of scale with strong presence in Front-ended Regulated Markets Finished Dosages, Emerging Markets Branded Generics, Institutional Business, Active Pharmaceutical Ingredients and Contract Research and Manufacturing Services.

### **Strategic Rationale of the Merger:**

- The combination significantly enhances Finished Dosages portfolio in niche and complex domains with a pipeline of over 100 products and accelerates product filings with a combined R&D strength of over 400 personnel
- Significant de-risking of operations with the combined entity having 12 manufacturing facilities including 3 USFDA approved Finished Dosage manufacturing facilities, 2 USFDA approved API manufacturing facilities, 1 USFDA approved CRAMS facility and 6 manufacturing facilities catering to the emerging markets
- Merged entity to leverage Shasun's best in class API manufacturing capacities and shift focus towards niche API's aligned with Finished Dosages portfolio and pipeline

- Significant synergistic opportunities in operations and cost savings through economies of scale
- Creates a top 15 listed Indian pharma company by revenue with increased scale and visibility to drive future growth of the group

Commenting on the merger, Arun Kumar, Founder and Group CEO of Strides stated *“Since the divestment of our injectables business, which resulted in significant value creation for our shareholders, Strides has refocused on its oral finished formulation business. Today’s proposed combination with Shasun accelerates our strategy and growth prospects by creating a larger scale, fully integrated, leading Indian pharma company with multiple growth drivers and synergies that will allow for enhanced profitability and more efficient use of our combined infrastructure and enhanced value creation opportunities for the combined shareholder group. I am excited to work more closely with the Shasun promoters and leadership in jointly building the combined entity to become one of the leading global players.”*

Commenting on the merger Abhaya Kumar, CEO and Managing Director of Shasun stated *“We are very excited about combining with Strides, which has a tremendous track record of creating shareholder value. Strides and Shasun bring complementary strengths and shared values of developing products and market opportunities across geographies and the combination accelerates both scale and scope. We are confident that the vertically integrated new combination will deliver further additional value in the near term for all stakeholders above and beyond the strong gains we have achieved to date on our own.”*

### **The Scheme of Amalgamation**

The transaction is to be executed through a Scheme of Amalgamation under the framework of the Companies Act and the relevant SEBI regulations; wherein Shasun will be amalgamated with and into Strides. Pursuant to the Scheme of Amalgamation, each equity shareholder of Shasun will be entitled to receive 5 (five) equity shares of Strides in lieu of 16 (sixteen) equity shares held in Shasun. Based on the Exchange Ratio, Shasun shareholders will own 26% of the combined entity. The current promoters of Shasun will, post the approval of the Merger, be categorized as promoters of the combined entity, along with the existing promoters of Strides. The board of directors of the combined entity will comprise of independent directors in compliance with the provisions of the Listing Agreement, with promoters of Strides and the promoters of Shasun having the right to nominate non independent directors in proportion to their inter-se shareholding in 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 Exchanges, SEBI, CCI, FIPB, RBI and the Hon’ble High Courts of Madras and Bombay. The transaction is expected to close by June 2015, subject to receipt of all approvals. Promoters of both companies have expressed their support in favour of the Scheme of Amalgamation.

S.R. Batliboi & Co. LLP and Price Waterhouse & Co. LLP, provided the joint valuation report

on the fair exchange ratio. Jefferies India Private Limited provided the fairness opinion to the board of Strides,; whilst IDFC Securities Limited provided the fairness opinion to the board of Shasun. Amarchand & Mangaldas & Suresh A Shroff & Co. and DSK Legal acted as the legal advisors for the transaction.

Strides and Shasun will be hosting an investor / analyst meet at 9.30 a.m. on September 30, 2014 at the Trident, Bandra Kurla, Mumbai, to discuss the transaction.

### **About Strides Arcolab Limited**

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).

### **About Shasun Pharmaceuticals Limited:**

Shasun Pharmaceuticals Ltd, listed on the Bombay Stock Exchange Limited (stock code: 524552) and the National Stock Exchange of India Limited (stock code: SHASUNPHAR) is an integrated pharmaceutical company head office in Chennai India with locations in India, UK and USA. For more information about Shasun Pharmaceuticals Ltd please visit [www.shasun.com](http://www.shasun.com).

For further information, please contact:

<p><b>Strides Arcolab Limited</b></p> <p>Badree Komandur, Chief Financial Officer +91 80 6784 0747</p> <p>Vikesh Kumar +91 80 6784 0827 Kannan. N: +91 98450 54745</p> <p><b><u>PR Consultancy</u></b></p> <p>Weber Shandwick</p> <p>Kaveri Mandanna: +91 90089 59697 KMandanna@webershandwick.com</p> <p>Mahesh Nair: +91 98803 76648 MNair@webershandwick.com</p>	<p><b>Shasun Pharmaceutical Limited</b></p> <p>S. Hariharan, Chief Financial Officer +91 98410 46299</p> <p><b><u>PR Consultancy</u></b></p> <p>CDR India</p> <p>Gavin Desa: - +91 98206 37649 gavin@cdr-india.com</p>
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