



CREATING MULTIPLE BRANCHES OF GROWTH OPPORTUNITIES

Investor Presentation

December 2015

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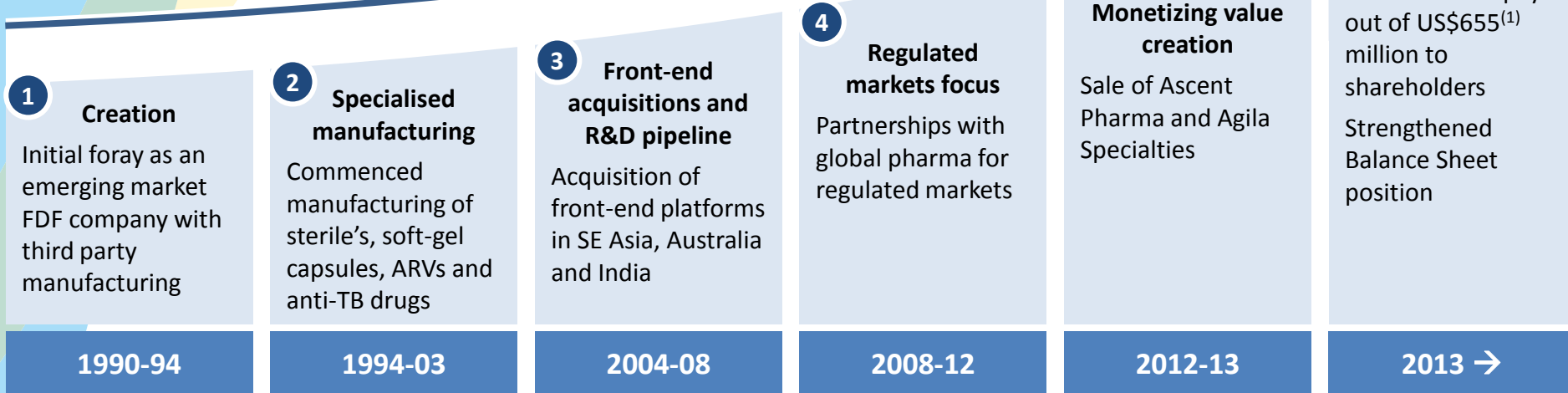
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The term 'combined' used in the presentation refers to the combination of Strides Shasun, erstwhile Shasun Pharmaceuticals and the generic business acquired by Strides in Australia (Arrow business).The strategy outlined in this document considers the combined business.

Legacy of Growth – version 1.0 of Strides

Journey towards becoming an established Indian player in global pharma industry



- ✓ Ascent Pharma attained a **top 5 position** in the Australia market
- ✓ Creation of a global injectable business with **market leading track record of ANDA filings**
- ✓ Portfolio of **differentiated generic pharma products** for the US and other regulated markets
- ✓ Investments to create a **branded business across Africa**

1) USD/INR FX rate: c.60

Track Record of Creating Shareholder Value

IDENTIFICATION OF NICHE VERTICALS AND GEOGRAPHIES

Australia Branded
(Ascent)

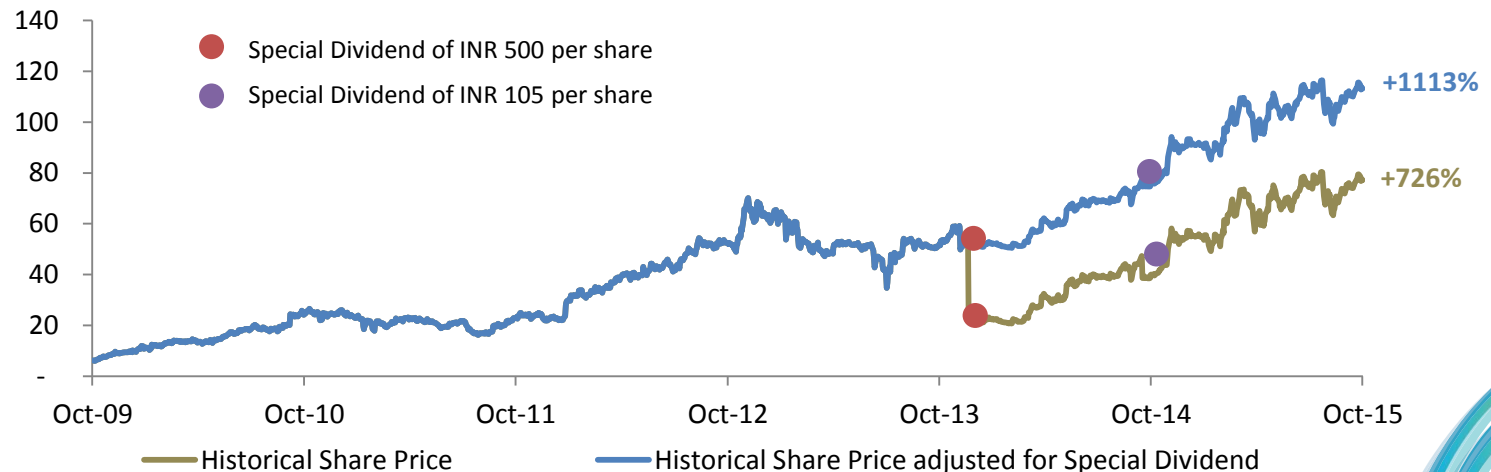
Injectables
(Agila)

Increase in Market
Capitalisation
(INR billion)

- Acquisition of **majority stake in Ascent** with in-licensing of products to enhance the product portfolio
- Identification of **injectables as a vertical**
- R&D focus to create a **robust injectable pipeline globally**

MONETIZE AND DELIVER VALUE TO SHAREHOLDERS

- Sale to Watson for **A\$375 million** in 2012
- Strengthened balance sheet position and improved EBITDA margins of the remaining business
- Sale to Mylan for **enterprise value of up to US\$1.75 billion** in 2013
- Distributed total **special dividends of INR 605/share** in FY14 and FY15; **Total pay-out of US\$655 million**



~INR 100 Crores investment in Strides in Oct-09 is worth ~INR 1,213 Crores in Oct-15, a ~12x total return at an IRR of 60%
Includes shares worth INR 826 Crores and gross dividends of INR 386 Crores

Shifting Gears → version 1.0 to version 2.0

STRIDES - version 1.0

STRIDES - version 2.0

Consistent Strategic Focus

Strategy continues to revolve around the scarcity theme – Markets, Domains, Products

Consistent organic operational expertise and inorganic execution

Ability to identify green shoots and continue to deliver stakeholder value

KEY DIFFERENTIATORS FOR VALUE DELIVERY IN STRIDES 2.0

Business Model

Licensing Income
Partnership driven B2B model

Fully integrated B2C model
“In-market, for-market” strategy

Strategic Outcomes

Opportunity driven

Strategic perspective

Investment Focus

Creation of manufacturing assets

R&D assets, backward integration
& portfolio maximization

M&A Focus

Future value creation

Focus on EPS accretion

Financial Focus

Top line

Operating margins, EPS and cash flows

The Building Blocks of Strides version 2.0...

Immediate scale with 3x revenue base within 12 months

Arrow – Leadership Position in Australia

Post Divestment of Ascent and Agila

Subscale revenues with a strong balance sheet

Suboptimal size in regulated markets

Size and Scale via Shasun Merger

Access to **pipeline for the regulated markets**

Achieve **scale** and **supply chain security** via **vertical integration**

Increasing presence in **regulated markets** via acquisition of Arrow Pharmaceuticals

Attractive margins with **EPS accretion**

Strides version 2.0

GLOBAL BUSINESS

VERTICALLY INTEGRATED

12 MANUFACTURING FACILITIES

2 R&D CENTRES CATERING TO GLOBAL FILINGS

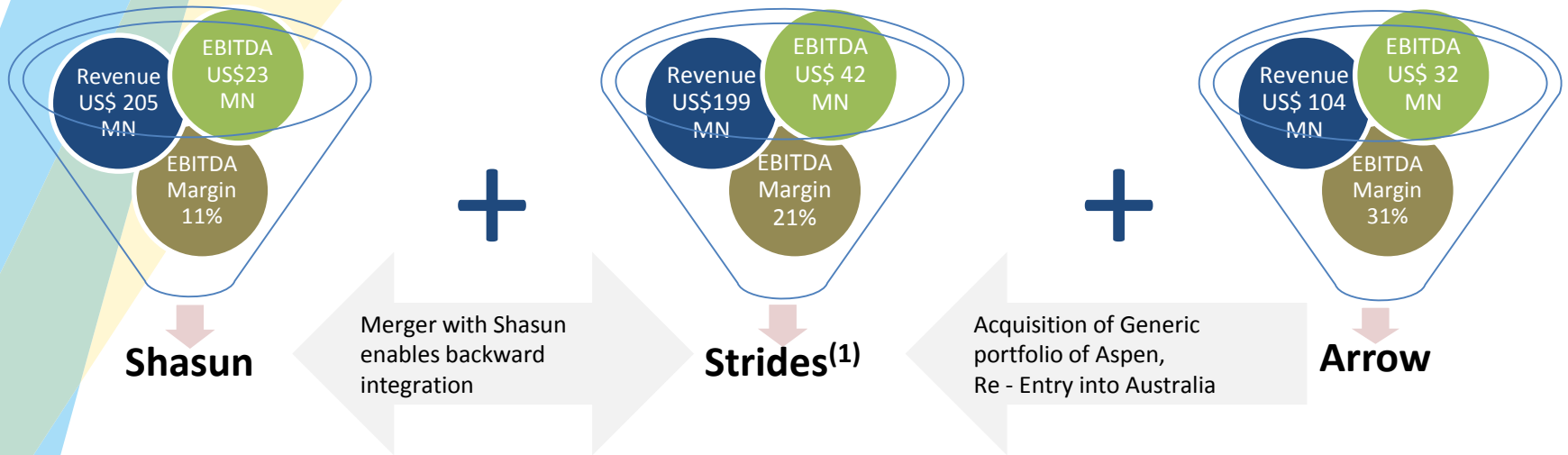
4,500+ EMPLOYEES

COMBINED MARKET CAP.: ~US\$ 1.6 BN⁽¹⁾

1) Market Cap of Strides and Shasun individually added, as on 30th October 2015, sourced from Bombay Stock Exchange with USD/INR at 65.4

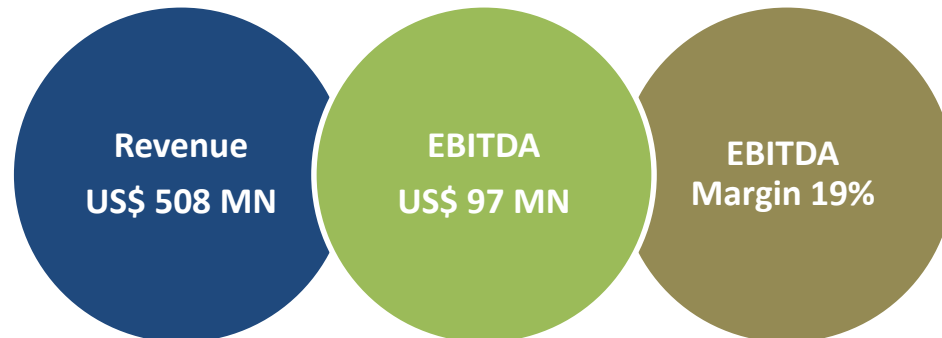
Corporate Actions for Critical Size

US\$ Mn



Combined Entity present in key front end markets with capabilities across domains

having ~**3X** scale

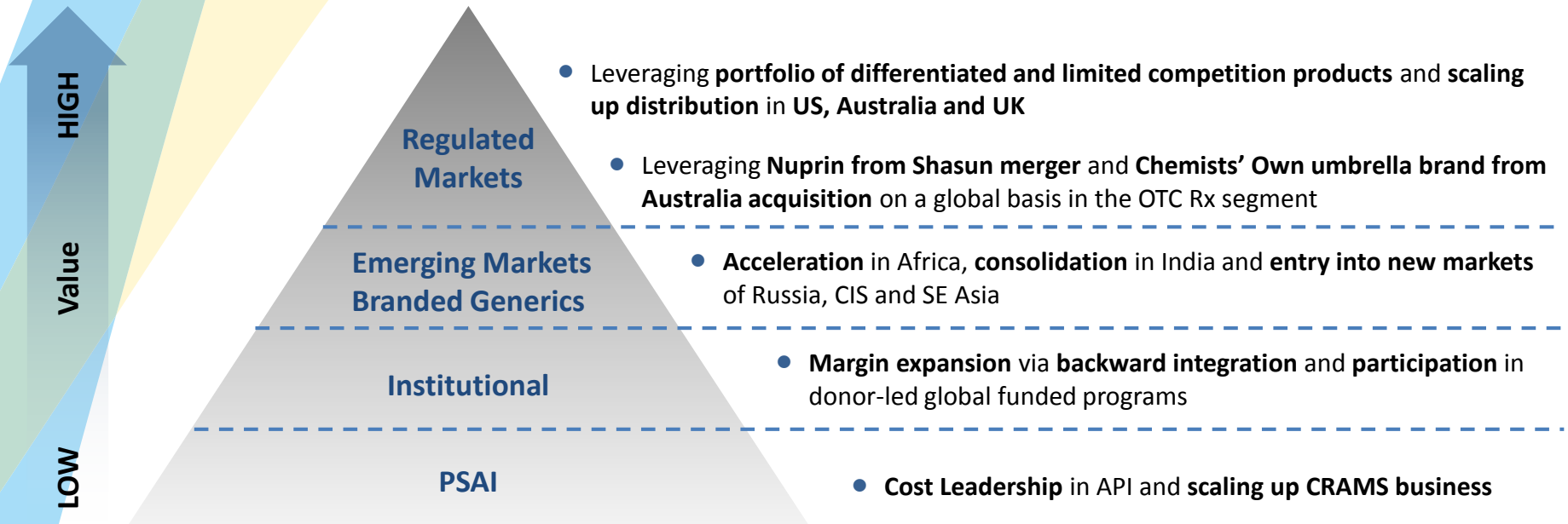


(1) Excludes biotech financials

Note: Tabulation of Strides numbers for year ending Mar15, Shasun numbers for year ending Mar15 and Arrow numbers for year ending Jun14 USD /INR at 61.2

Clear Strategy for Continued Growth

Executing a growth strategy to move up the value chain

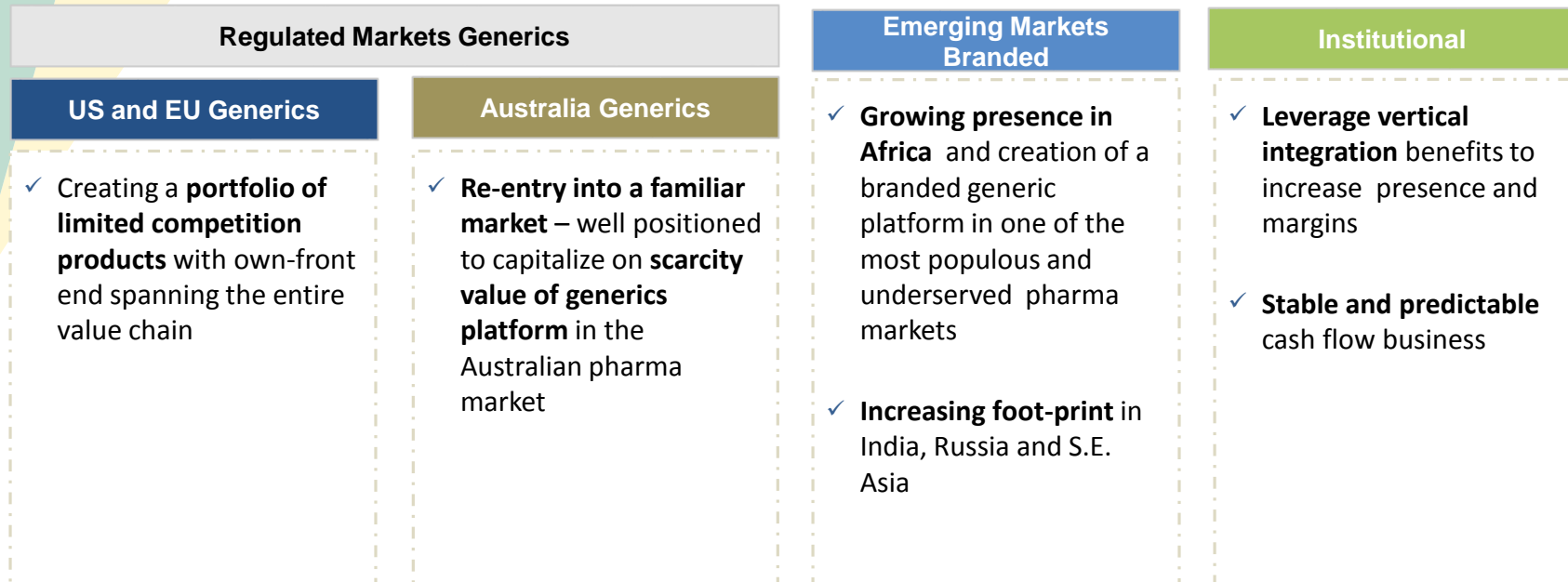


GROWTH STRATEGY

- Creating **leadership positions** in key markets through a **front-end presence**
- Fully integrated and geographically diverse businesses** across regulated markets, emerging markets, institutional segments and OTC
- Creating a differentiated R&D structure leading to **filing momentum** and **technical domain-focus**
- Ensuring **compliant manufacturing facilities** supporting **de-risked model** and catering to local market preferences through local presence

Growth Pillars Supported by a Strong Foundation

Pillars of Growth



Supply chain security via in-house API development capabilities and a de-risked manufacturing foot-print

Research and development platform to increase filing momentum in key regulated markets

Spearheaded by an experienced management team with demonstrated track record of delivering shareholder value

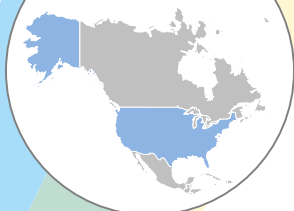
Supported by a Strong Foundation

Regulated Markets – Underpinning the Growth and Profitability of Business

OVERVIEW

STRATEGIC FOCUS

US



Focus on investments for accelerated growth

- Portfolio of **42 filed ANDAs** and 23 approved products
- Portfolio across soft gels, topicals including **liquids and creams, extended and modified release products**

- **Scarcity theme** - pipeline of below the radar products
- **25+ filings** targeted per year from FY17

AUS



Re-entry in a leadership position

- **Top 2** in terms of product range and among **Top 3 generic players** in terms of value
- **Preferred generic drug partner** to Sigma, amongst the largest pharmacy wholesalers in Australia

- **In-house manufacturing** to ensure synergies
- Leverage on new launches and **supply chain efficiencies** – to offset PBS impacts

EU



Momentum driven by UK Front End

- **Diversified portfolio** - Rx soft gelatin capsules, sachets and oral solids in wide ranging therapies
- **UK front end** supplying generics to NHS approved hospitals (UK) in addition to OTC in retail sector

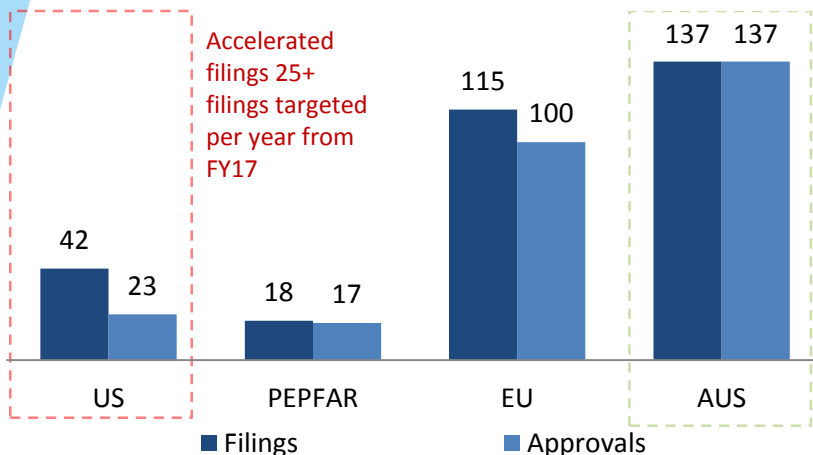
- **Portfolio maximization** to complete UK offering
- **Out-reach** for Continental Europe through out-licensing IP to third parties

Research & Development Capabilities

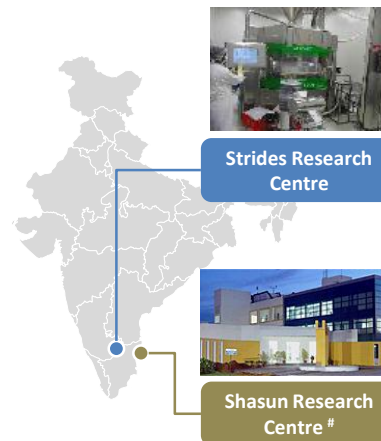
OVERVIEW

- Strong R&D platform with 2[#] R&D centres catering to global filings and 400+[#] formulation development and process chemistry scientists
- Capabilities across **topicals**, **liquids**, **creams** and **ointments**, **soft gels (Rx)** and **modified release** dosage formats
- Focus on **difficult-to-develop** and **differentiated** products
- **Proficient regulatory framework** capable of developing and filing products in major regulated markets

STRONG TRACK RECORD OF FILINGS*

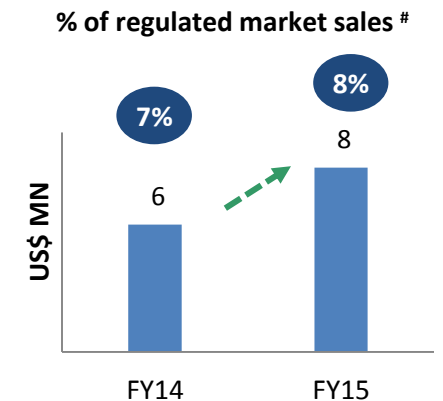


R&D CENTRES[#]



- Located in Bangalore, India
- 100+ formulation development scientists
- Located in Chennai, India
- 100+ formulation development scientists
- 150+ process chemistry scientists

R&D EXPENDITURE



Combined number for Strides and Shasun taken from public sources

*US filings includes Shasun portfolio; AUS filings acquired from Aspen

Building a Differentiated FDF Portfolio

DOMAIN

PORTFOLIO UPDATE

HIGH

Soft Gel Capsules

- ANDA filings for Methoxsalen, Benzonatate, Ergocalciferol, Calcitriol approved by the USFDA – already commercialized in US

Time Release
Technology

- Focus on extended, delayed and sustained release tablets and capsules

Legacy Products

- Redeveloping legacy grand-fathered products, the ones with low annual API requirements or difficult-to-make APIs, befitting current manufacturing and development technologies

Creams and Ointments

- Developing creams, ointments, oral suspension portfolio for delivery across markets

OTC

- Differentiated OTC products for Regulated Markets under the Nuprin and Chemists' Own global franchisees

LOW

Portfolio Management

- Portfolio maximization by leveraging on the combined global portfolio

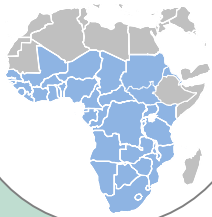
Complexity

Emerging Markets – Driven by Branded Generics

OVERVIEW

STRATEGIC FOCUS

Africa



“In Africa, for Africa”

- **Strong footprint in 27** sub-Saharan countries across branded generics and OTC products
- **900+ product registrations** with a pipeline of over 300 products

- Creation of a pan African branded generics business –**high scarcity value**
- **Entry into new geographies** with a mix of organic and inorganic strategies

India



Gaining traction with focus on select therapies

- Focused on high growth areas of **CNS, diabetes, cardiovascular**, women’s health and pain management
- Portfolio includes ‘**established brands**’ like ReNerve and Raricap

- Pan-India footprint with a **strong position in southern and western India**
- **Create a basket of established brands** across therapeutic segments

Russia & CIS and SE Asia



Expanding emerging markets footprint

- **Russia & CIS:** Foray into Russia & CIS through acquisition of Fagris
- **South East Asia:** Creating a regional presence in key markets of SE Asia

- **Leverage established brands** of Africa and India for a larger branded generics presence
- Driven by **own front-end field force**

Institutional Business and PSAI

OVERVIEW

STRATEGIC FOCUS

Institutional

Focus on backward integration

- **Approved supplier of ARV and malaria** drugs to institutionally-funded aid projects and global procurement agencies
- Oral dosage facility in India – **Pre-qualified by WHO and USFDA** for ARV and anti-malarial drugs

- **Increased collaboration** with big pharma for voluntary licensing
- Shift from being the only non-backward integrated fringe player to a **fully integrated player with scale**

API and Services

Supply chain security for formulation

- Primarily focused in the area of **pain management**
- Amongst **the global leaders in Ibuprofen** and key suppliers of Ranitidine and Gabapentin
- Pharma services business catering to **global clients**

- Integrated API development **for in-house FDF program**
- Catering to **Japanese markets** with basket of limited competition products
- **Early stage engagement** in NCE development to emerge as a preferred supplier at launches

Manufacturing Strategy

Considerations

RISK MITIGATION

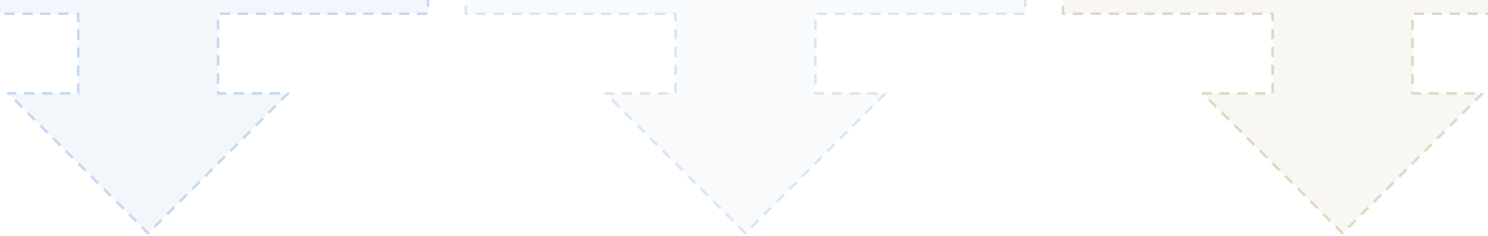
- Facilities **spread across geographies**
- **Mirror facilities** for all dosage forms to de-risk business
- Building **capabilities for new domains**

IN MARKET FOR MARKET

- **Local manufacturing focus** in Africa and India
- **In-house manufacturing** of branded generics, primarily out of India
- **Hub-and-spoke model** to feed local boutique packaging sites

API - INTEGRATION

- Concentrate all high volume formulations with **API integration at one location**
- New manufacturing capacities to focus on **specialized APIs driven by the formulation R&D pipeline**



Quality, compliance and operational excellence

Anytime audit readiness

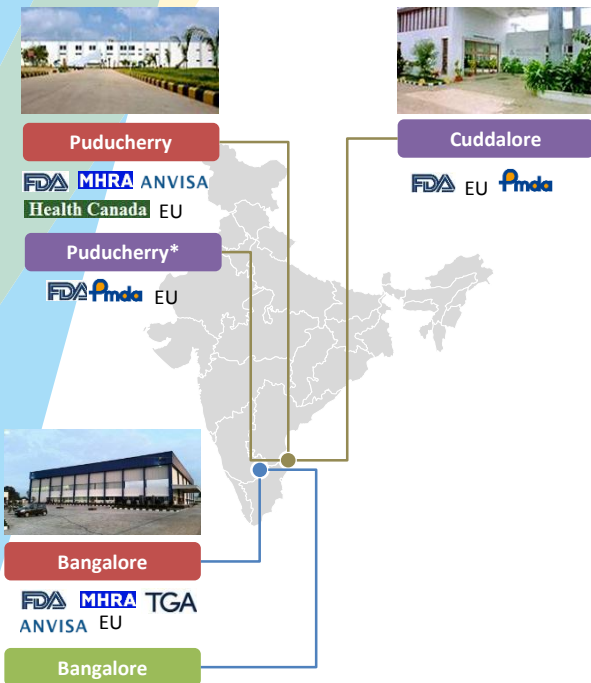
Lean and efficient manufacturing

Global Manufacturing Facilities

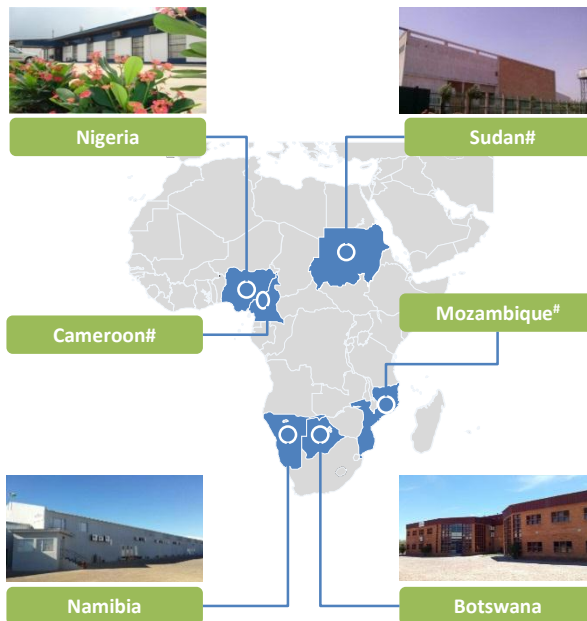
OVERVIEW

- Manufacturing footprint with formulations, API and CRAMS facilities
- Regulated market facilities with key regulatory approvals including USFDA, MHRA, ANVISA, TGA
- “In market, for market” strategy for emerging markets with facilities in Africa and India leading to local manufacturing presence

India



Africa



Europe



Key →

By manufacturing capability

- USFDA Approved FDF
- Emerging Markets FDF
- API
- CRAMS

Under construction facility

Corporate Actions

Acquisition of Arrow Pharmaceuticals

- The company achieved the closure of Arrow Pharmaceutical acquisition on 31st August 2015.

Merger with Shasun Pharmaceuticals

- Merger effective from 19th November 2015
- The appointed date for the Scheme of Amalgamation is April 1, 2015

Strategic acquisitions to bolster presence in India

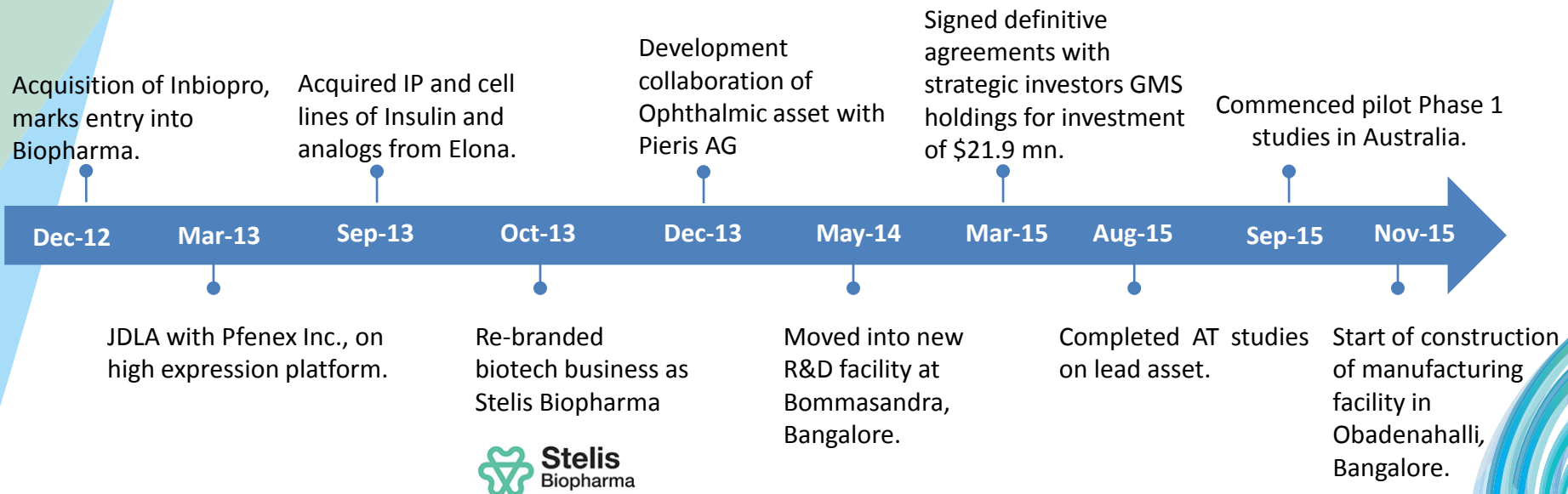
- Acquisition of CNS divisions of erstwhile Ranbaxy business from Sun Pharma
- Acquisition of brands portfolio from Johnson & Johnson
- Acquisition of majority stake in domestic branded business of Medispan
- The announced corporate actions are subject to statutory approvals and other customary closing conditions with an expected closure in Q3/Q4 FY16

Stelis Biopharma – Journey so Far

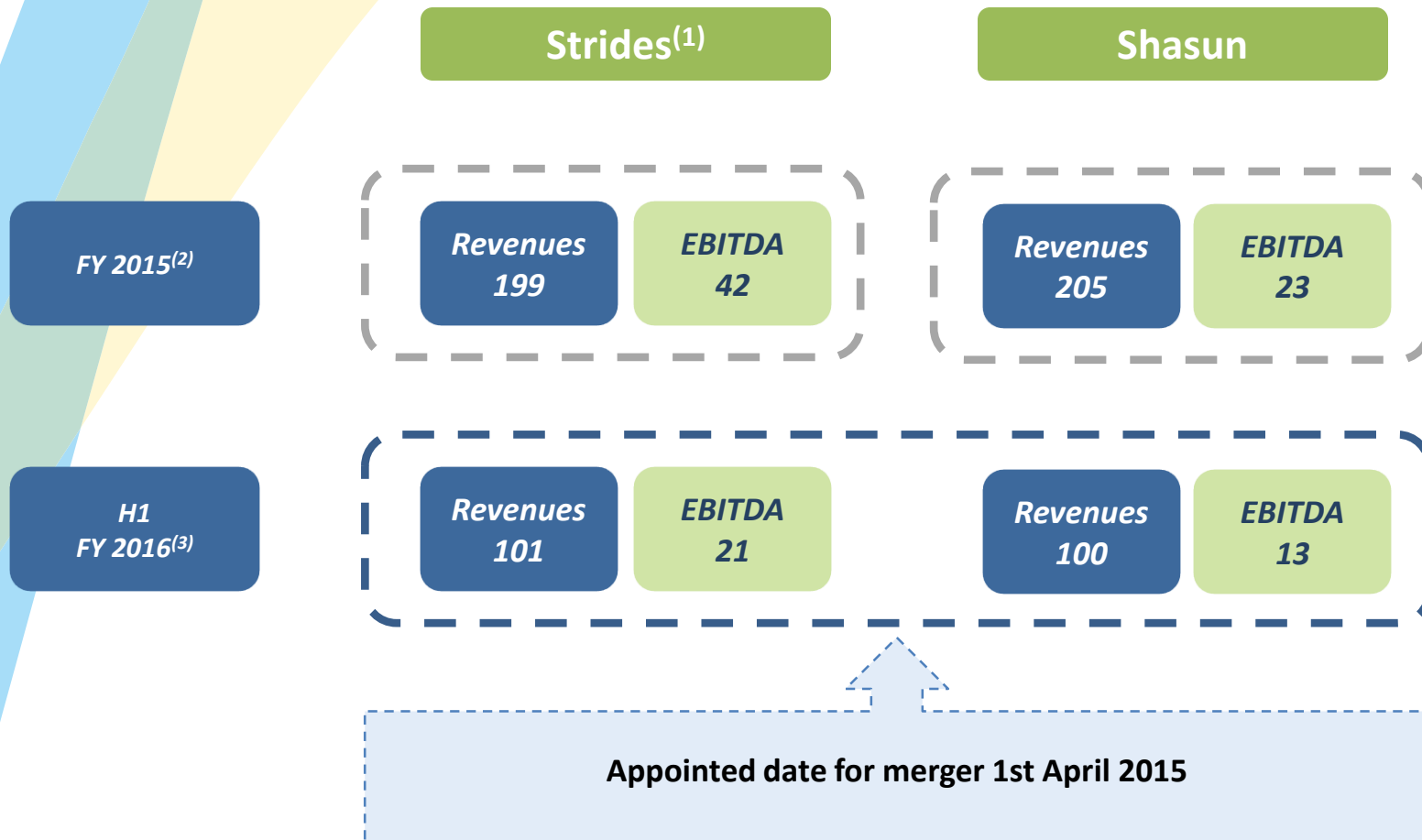
OVERVIEW

- Set up in 2013 as a fully-owned subsidiary of Strides Arcolab
- Business model spans **full value chain** from Development to Manufacturing and Commercialization
- **Blended strategy** of developing both ‘biosimilars’ and ‘novel biotherapeutics’ for regulated global markets
- **Partnering with GMS holdings** for the emerging Biotech business*
- The board approved the company’s plans to spin off the Biotech business into a separate listed entity

EVOLUTION



Key Financials (US\$ Mn)



(1) Excludes biotech financials

(2) Financials for Strides taken from press release dated 22nd May 2015 and Shasun taken from press release dated 30th April 2015; USD/INR conversion rate of 61.2

(3) Financials for Strides and Shasun taken from press release dated 27th October 2015; USD/INR conversion rate of 64.5



BUSINESS SEGMENTS

US – Focus on Significant Investments for Accelerated Growth

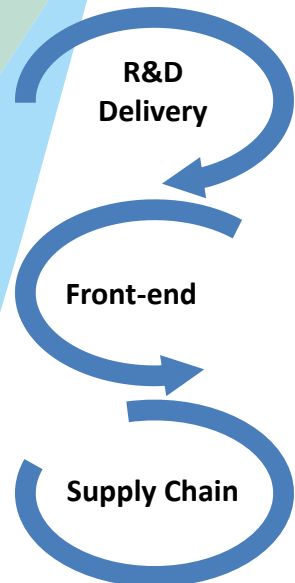
OVERVIEW

- Portfolio of 42 filed ANDAs and 23 approved products
- Manufacturing capabilities across complex dosage formats
- 3 US FDA approved facilities for formulations and API each, spread across multiple geographies

STRATEGIC FOCUS

- Scarcity theme - pipeline of below the radar products
- Accelerated filings - 25+ filings targeted per year from FY17
- Capabilities in soft gels, topicals including liquids and creams, extended and modified release products
- Mirrored facilities for all dosage forms to de-risk business

DRIVERS



ENABLERS

- R&D setup with dedicated FTEs in place to increase product filing momentum across dosage formats
- Front-end set up with aim to market new products under own label
- Shasun merger creates fully integrated entity with 3 USFDA approved facilities for APIs

VALUE PROPOSITION

- Capitalise on a faster approval cycle under GDUFA regime to create profitable product portfolio over the next few years
- Business mix shift from partnership to front-end resulting in higher margin and IP ownership
- Supply chain security and mitigation of vendor risk
- Filings from multiple locations to mitigate regulatory risks

Europe – Momentum driven by UK Front End

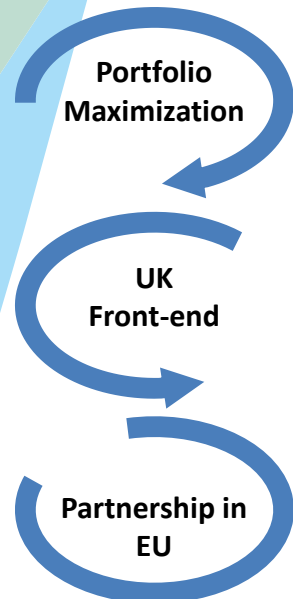
OVERVIEW

- Diversified portfolio including Rx soft gelatin capsules, sachets and oral solids in wide ranging therapies
- UK front end supplying generics to hospitals approved by NHS (UK) in addition to OTC in retail sector
- Regulatory and registration capabilities for regulated markets of Europe including UK
- MHRA approved manufacturing facility in India

STRATEGIC FOCUS

- Portfolio maximization to complete UK offering
- Out-reach for Continental Europe through out-licensing IP to third parties
- Developing a range of niche formulations in soft-gel capsules and oral liquids
- Leveraging the Italian manufacturing operations

DRIVERS



ENABLERS

- Product offering expansion by leveraging existing product portfolio of US / Australia
- Develop oral liquids, creams & ointments
- In-license dossiers for UK
- Increase coverage by expanding sales and marketing presence to Northern UK and Ireland
- Partnership model to carry own IP generics to rest of Europe

VALUE PROPOSITION

- Strong base portfolio and under development pipeline to help ramp up product offering for European markets
- Front end presence helps capture branded orientation of the UK pharmaceutical market, providing growth platform
- Deliver higher incremental margins

Australia – Re-entry in a leadership position

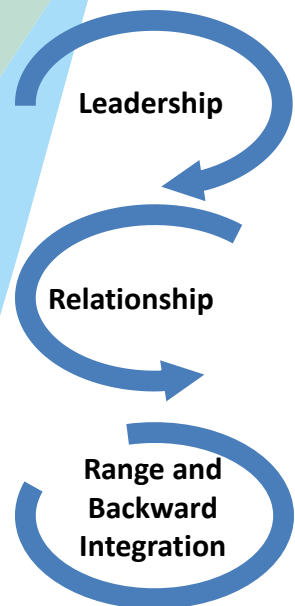
OVERVIEW

- Re-entry into Australia through acquisition of Arrow Pharmaceuticals, generics business of Aspen
- Top 2 in terms of product range and among Top 3 generic players in terms of value
- Access to Chemists' Own, an established OTC brand
- Leveraging strong leadership experience from erstwhile Ascent business

STRATEGIC FOCUS

- Leadership position - wide range of products via in-house development and in-licensing
- Expansion of scope of Chemist's Own Portfolio
- Leverage on new launches and supply chain efficiencies – to offset PBS impacts
- In-house manufacturing to ensure synergies

DRIVERS



ENABLERS

- Management with deep understanding of Australia pharmaceutical market
- Preferred generic drug partner to Sigma, largest pharmacy wholesaler in Australia
- Product portfolio expansion through R&D investments and portfolio maximization
- Backward integration opportunities
- TGA approved manufacturing facilities

VALUE PROPOSITION

- Track record of management to deliver value in the Australian market
- Leveraging Sigma's entrenched position in Australian market to garner market share
- New product launches for off-patent drugs
- Supply chain efficiencies with backward integration to improve business margins and off set PBS impact

Africa – “In Africa, For Africa”

OVERVIEW

- Footprint in 27 sub-Saharan countries in West Africa, French Africa and other African Nations
- Provides branded generics and OTC products with a focus on lifestyle chronic therapies
- 900+ product registrations across African markets with a pipeline of over 300 products
- 6 local manufacturing facilities spread across Africa with local workforce of 400+, 1 dedicated facility in India

STRATEGIC FOCUS

- Focus on lifestyle chronic therapies – driven by brands
- Strategic brands to be in-housed
- Established leadership position across key markets
- Manufacturing setup in Africa for generics products
- WHO FDA approved manufacturing facility to leverage on local manufacturing preferences of donor funding programs

DRIVERS



ENABLERS

- Local manufacturing footprint and strong relationship with local business partners
- Entry into new geographies with a judicious mix of organic and inorganic strategies
- Lock-in doctors by offering specialized education for GPs through E-detailing
- Increase MR headcount from 200 to 1,000 over the next 5 years

VALUE PROPOSITION

- Preference in local tenders and favourable government policies
- Local partners absorb credit risk stemming from channel
- Aim to become a pan Africa branded generic player
- Enhanced doctor detailing via MRs to help improve business mix towards brands
- Improved product mix resulting in margin accretion

India – Gaining Traction with Focus on Select Therapies

OVERVIEW

- Regional player engaged in branded business
- Focused on high growth areas of CNS, diabetes, cardiovascular, women's health and pain management
- Portfolio includes 'Raricap', 9th largest brand in Oral Haematinic segment in India and 'Renerve', a market leading vitamin supplement brand

STRATEGIC FOCUS

- Focus on growth niches – Women's Health, Probiotics
- Building a portfolio of established brands
- To become a player with pan-India presence

DRIVERS



ENABLERS

- Inorganic strategy to facilitate bolt-on regional growth
- Focus on EPS accretive transactions
- Pan-India footprint with a strong position in southern and western India
- Building pan-India established brands like ReNerve and Raricap in attractive therapeutic segments

VALUE PROPOSITION

- Acquisitions to fill gaps in existing offering and coverage
- Integration of sales force enables cross-selling of products and improving PCPM realizations
- Portfolio of established brands to deliver sustainable growth

Institutional Business – Focus on Backward Integration

OVERVIEW

- Develops and manufactures medicines for treatment of HIV and malaria
- Approved supplier to institutionally-funded aid projects and global procurement agencies like UNITAID, Global Fund to fight AIDS, tuberculosis and malaria, PEPFAR⁽¹⁾ and CHAI⁽²⁾
- Filed dossiers with product registrations across Africa, LATAM and Asia
- Oral dosage facility in India – Pre-qualified by WHO and USFDA for ARV and anti-malarial drugs

STRATEGIC FOCUS

- Increased collaboration with big pharma for voluntary licensing
- Leverage on above industry average supply chain efficiencies
- Shift from being the only non-backward integrated fringe player to a fully integrated player with scale

DRIVERS



ENABLERS

- Backward integration for key institutional portfolio products through Shasun merger
- Next-generation products (drugs, dosage) as per donor agency guidelines
- Significant developing economies footprint resulting in visibility with innovators / organizations such as Gilead, MMV and Medicine Pharma Pool

VALUE PROPOSITION

- Access to donor funded business where API integration is a key criterion
- Updated portfolio in ARVs, anti-malaria and HCV segments improves business prospects
- Placed among first wave of launches with access to latest innovator products for developing countries

1) PEPFAR – U S. President's Emergency Plan for AIDS Relief; PFSCM (Partnership for Supply Chain Management) acts as the supplier for PEPFAR

2) CHAI – Clinton Health Access Initiative

API and Services – Supply Chain Security for Formulations

OVERVIEW

- Primarily focused in the area of pain management
- Amongst the key suppliers of Ibuprofen along with Ranitidine and Gabapentin
- 2 USFDA approved manufacturing facilities in India
- Pharma services business catering to global clients
- FDA, PMDA and MHRA approved facility in UK catering to NCE segment

STRATEGIC FOCUS

- Integrated API development for in-house FDF program
- Catering to Japanese markets with basket of limited competition products
- Expanding global coverage for large volume API's
- Transition from small contracts to large contracts
- Early stage engagement in NCE development to emerge as a preferred supplier at launches

DRIVERS



ENABLERS

- Maintain prominent position in Ibuprofen and its derivatives
- Focus on key customers
- Increase presence in high entry barrier markets, like Japan and Korea with focus on profitability
- Strengthen R&D team via Shasun merger

VALUE PROPOSITION

- Economies of scale and business mix to drive margin expansion
- Improve pricing for non-captive portfolio and drive margin improvement
- Target complex generics via in-house capabilities



THANK YOU