



# Investor Presentation

**March 2012**

Active Present  
Future Positive

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An abstract graphic consisting of numerous thin, curved lines that flow from the left side of the frame towards the right. The lines are color-coded with a gradient: light blue at the top, transitioning through green to yellow at the bottom. The lines curve downwards and then upwards, creating a sense of movement and depth. The overall effect is a dynamic, organic shape that resembles a stylized 'Y' or a wing.

# Introduction

# Company overview

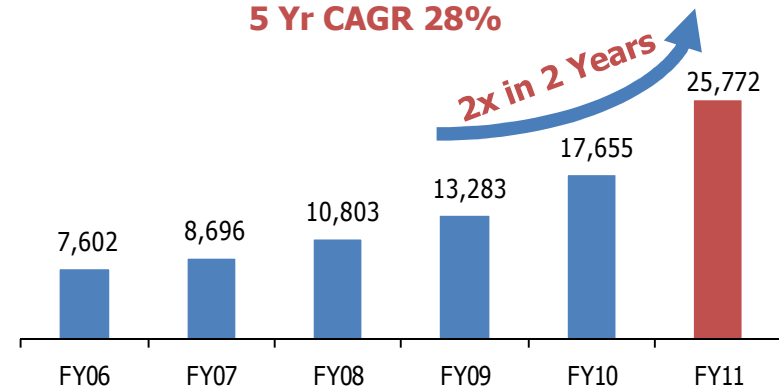


## Overview

- A leading Indian Pharmaceutical company operating in two major segments: Specialties and Pharma
- Offers wide range of products covering Orals, Semi Solids and Specialty injectables including Beta-lactams, Cephalosporins, Oncolytics and Penems
- Has one of the largest Lyophilization (freeze drying) capacities in the world
- Amongst the leading manufacturers of Soft Gelatin capsules in the world
- Partnerships with leading global players like Pfizer, GlaxoSmithKline, Aspen, Novartis, Sandoz, and Teva

## Revenue growth (INR mn)

5 Yr CAGR 28%

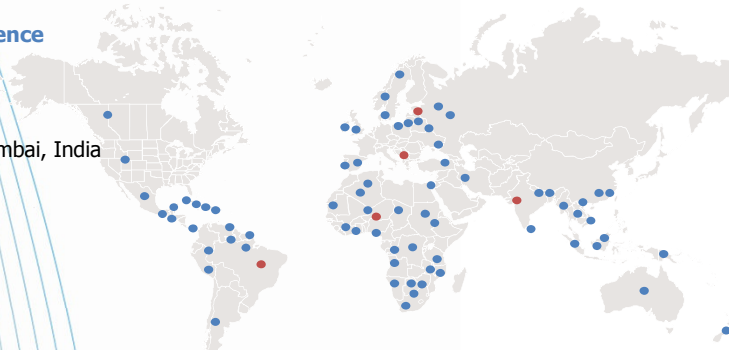


## Geographical presence: 13 manufacturing plants + marketing operations in 75 countries

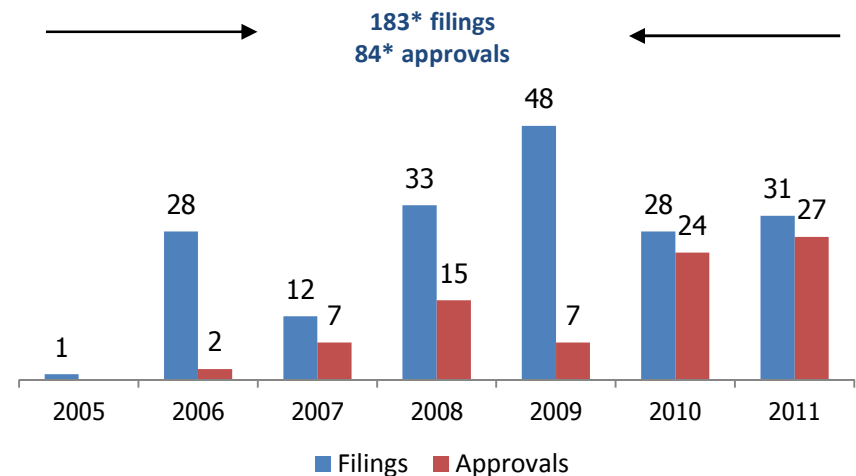
### Marketing presence

### Plant locations

1. Campos, Brazil
2. Lagos, Nigeria
3. Bangalore & Mumbai, India
4. Milan, Italy
5. Warsaw, Poland



## Filings & approvals track record (ANDA)



## Amongst highest steriles approvals in the industry

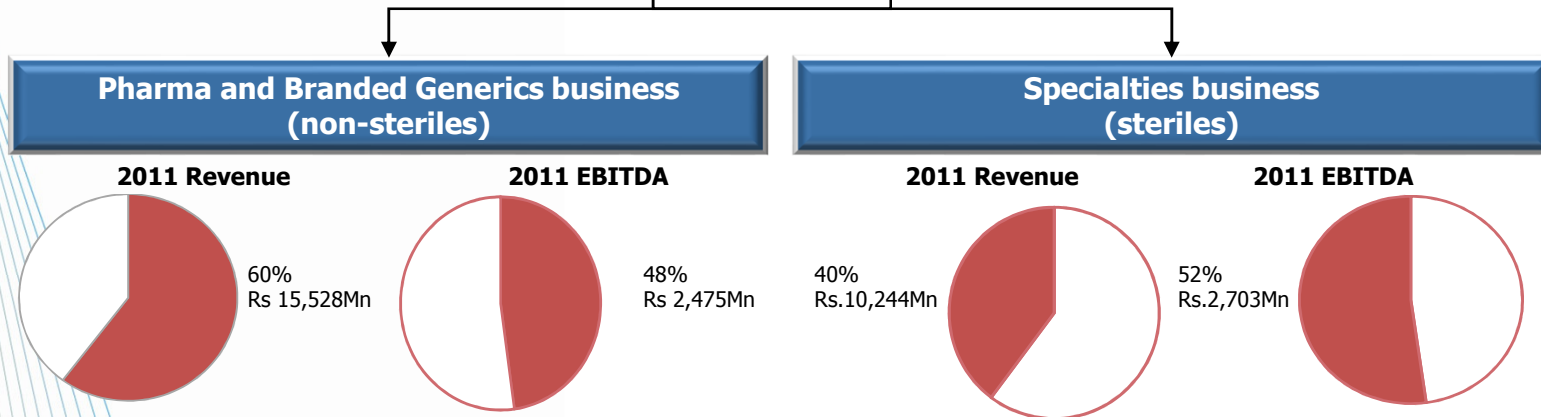
\* 2 filings and approvals in 2012

2010	Revenue by geography	2011	% Split	% Growth
INR Mn		INR Mn		
6,056	Australia	9,304	36%	54%
4,500	North America	5,702	22%	27%
1,252	Europe	2,074	8%	66%
1,168	South & Central America	2,714	11%	132%
1,811	Africa	1,837	7%	1%
2,867	ROW	4,113	16%	43%
<b>17,655</b>	<b>Sub-Total</b>	<b>25,744</b>	<b>100%</b>	<b>46%</b>

# Business overview and structure



- Founded in 1990, Headquartered in Bangalore, India
- 2011 revenue of Rs.25,772Mn and EBITDA of Rs.5,178Mn
- Listed on the Indian stock market since 2000
- Current Market Cap of Rs.3,000+ Crores
- Restructured business into Pharma and Specialties in 2009



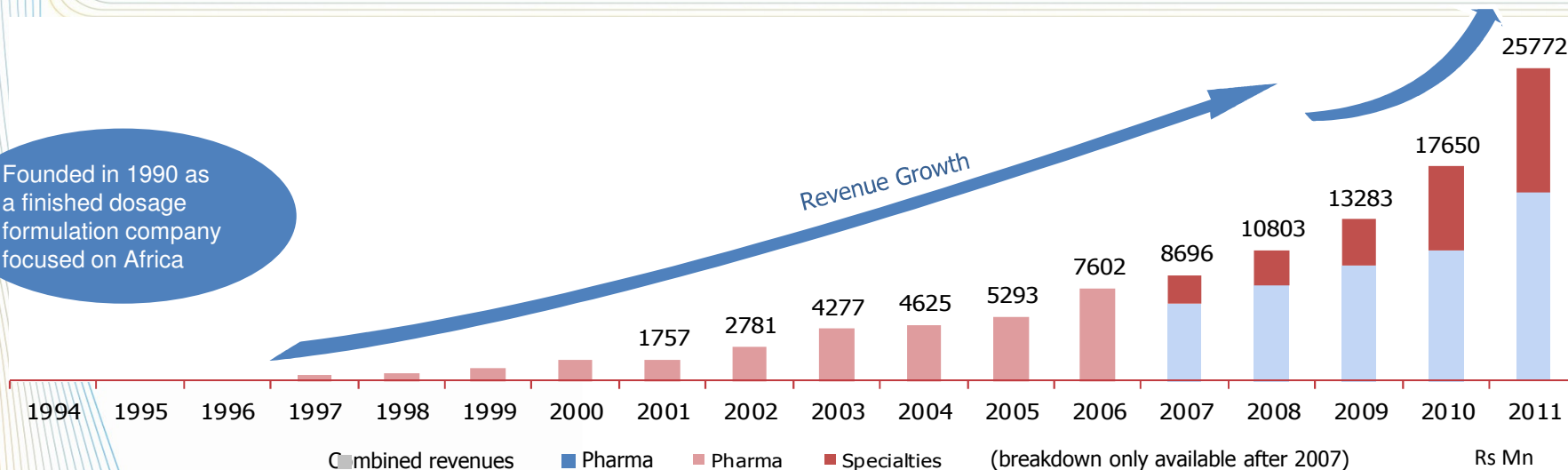
- Legacy business of Strides established in 1990
- Develops and manufactures immunosuppressants and soft gelatin capsules for regulated markets and antiretrovirals, anti-tuberculosis and anti-malaria drugs for programmes funded by donor agencies such as PEPFAR and Global Fund
- Commercial platform for the sale of branded and commodity generics, OTC and cosmeceuticals across Australia, Southeast Asia, Africa and India
- Five global manufacturing plants in India, Italy and Nigeria, including one of the largest capacities in soft gelatin capsules with approvals from the US FDA and other key regulatory authorities

- Rebranded in 2010 as "Agila" to reinforce Strides' focus on emerging as a sterile-driven pharmaceutical company
- Develops and manufactures sterile injectable generics and specialties for its B2B and B2C business across therapeutic areas, including anti-infectives, oncology, antibiotics, steroids, cephalosporins, CNS, gastro intestinal, ophthalmics and peptides
- Eight global manufacturing facilities in India, Brazil and Poland, including one of the largest steriles capacity in India and amongst the largest lyophilisation capacities globally

# Strides' history and achievements



Founded in 1990 as a finished dosage formulation company focused on Africa



## 1994-2003

### Specialised manufacturing

- Commenced manufacturing of steriles, soft gelatin capsules and anti-retroviral, tuberculosis and malaria drugs
- Bolt-on acquisitions of manufacturing capacity

## 2004-2008

### Front-end acquisitions and R&D pipeline

- Acquisition and integration of front-end platforms in Southeast Asia (DHA), Australia (Ascent) and India (Grandix)
- Acquisition of manufacturing facilities in Poland and Italy
- Significant investment in building R&D pipeline for regulated markets (Pharma and Steriles)

## 2008 onwards

### Regulated markets

- Restructured into Pharma and Specialties with increased focus on Steriles business
- ANDA filings (39 Pharma, 144 Steriles)
- Commercial partnerships with global pharma for regulated and emerging markets
- Front ending in select geographies of North America, EU, Brazil, India & Asia
- Monetised significant value creation and strengthened Balance sheet by sale of Australasia business to Watson

After 20 years of significant investment in building an established Pharmaceuticals business, the Company is now focused into becoming a global leading speciality injectable company

# Strides – Key differentiators



## 1 Integrated capabilities spanning entire product development cycle

- Full services provider from identifying business opportunities to product approval and commercialization

## 2 Focus on R&D resulting in industry leading formulation expertise

- Proven R&D capabilities for developed markets
- Employs around 350 scientists in its R&D department, delivering average 35 ANDAs annually

## 3 Targeting products with significant demand

- Increasingly targets products that are (i) in short supply (ii) near term patent expiries (iii) difficult to manufacture segments
- Moving towards larger sized molecules

## 8 Diversified portfolio across Specialties and Pharma offers stability

- Offers wide range of products covering Orals, Semi Solids and Specialty injectables including Beta-lactams, Cephalosporins, Oncolytics and Penems
- Broad product portfolio is critical for getting GPO contracts in the US (Strides has a contract for sterile injectables with Premier)



## 4 Solid track record of filings and approvals

- 183 ANDA filings (144 in steriles) and 84 Approvals (62 in steriles) till date
- Branded generics product registrations: 300+ in Africa

## 7 Partnership with Big Pharma

- Partnerships with pharmaceutical majors such as Pfizer, GSK, Novartis, Teva & Aspen in US, Europe, Australia, LATAM, and South Africa
- Partnerships with Pfizer and GSK validates Strides' niche capabilities in sterile injectables and pharmaceuticals portfolio

## 6 Solid track record of regulatory compliance

- Successful inspections by USFDA/EMEA/PIC over the last few years.
- Continue to maintain strong track record in all Regulatory inspections.

## 5 Significant investments completed in manufacturing facilities

- Significant investments completed in specialties space
- Recently FDA approved facilities will accelerate the developed markets strategy

**agila**  
**Rebranded Specialties Business**



***The core business going forward.....***



# Steriles - Snapshot



## Key strengths

One of the most competitive steriles franchise globally with 8 manufacturing facilities

One of the largest lyophilization (freeze drying) capacities in the world

Full services player with a well diversified portfolio

Track record of filing average 35 ANDAs annually in the last three years

Significant investment in manufacturing facilities completed

Long term customer contracts and joint ventures to provide stable revenue stream

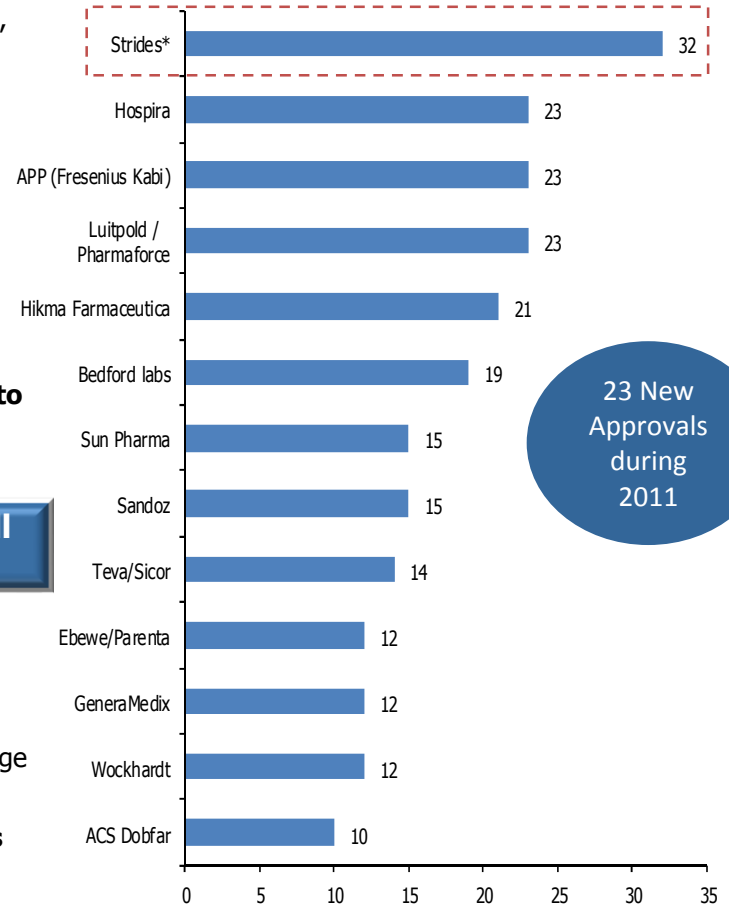
## Product categories – Wide range

- High Potency Drugs (Oncology, Peptides and Controlled Substances)
- Antibiotics
- Penems & Penicillins
- Cephalosporins
- Suspension injections
- Oncology
- Minibags
- **Ophthalmics and Peptides to be new domains**

## Packaging formats – All major types

- Vials – Liquid & Dry Powder
- Pre filled syringes (PFS)
- Ampoules
- Market leading ability to package in lyophilized form
- **Focus on pre filled syringes and lyophilized formats**

## FDA injectables ANDA approvals by company 2008-2010



23 New Approvals during 2011

Note: \* Includes product approvals with JV partners & ANDAs sold to Pfizer in Dec 2010  
Source: Approval data sourced from US FDA

# Market Opportunity



## Key industry trends

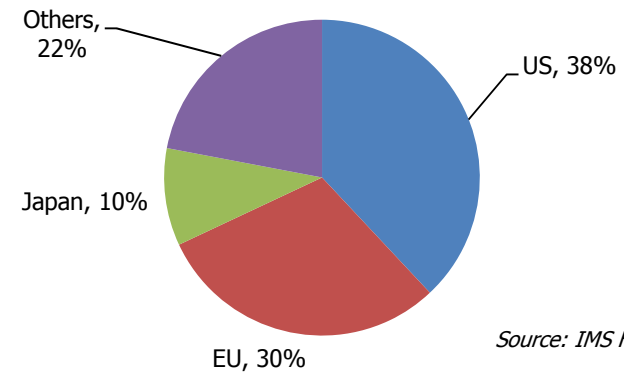
- Overall Global injectable market @ US\$220bn for the year 2011
- US generic injectable Market @ \$5 Bn
- Roughly 75 products representing approximately \$16bn worth of branded injectable sales could face first-time generic competition in 2012 – 2020. in the USA\*
- It is estimated that US generic injectable sales would grow from \$4.8bn in 2010 to \$7.7 bn in 2015 and \$9.56bn in 2020 (CAGRs of 10% and 7%, respectively)\*\*
- Convergence of branded pharma and generics
  - Increasing investments by innovators in generics
- Injectables is the key growth area
  - Oncology and generic biologics (biosimilars) hold significant potential
  - Injectable oncology segment patents to expire by 2015, current market estimated @ USD 8.3 billion
  - Regulatory pathways for biosimilars in developed markets being implemented
  - Limited pricing pressure in generic injectables
  - Limited injectable manufacturing capacities globally
  - Major Injectable Manufacturers currently facing regulatory and compliance challenges with FD
  - Scarcity value in the injectables space leading to consolidation

Year	Acquiror	Target	Deal size
2010	Mylan	Bioniche (USA)	c.US\$ 550mn
2010	Recipharm	Madaus (Germany)	n.a.
2009	Hospira	Orchid (India)	c.US\$ 400mn
2009	Novartis	Ebewe (Austria)	c.US\$ 1.2bn

Source: Deal announcements

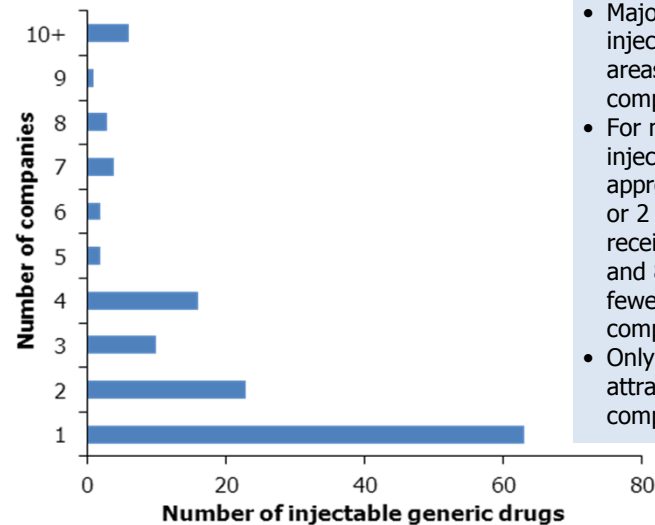
## Injectable market

➤ Break up by region (US\$m) -2011



Source: IMS Health MAT Mar'11

### Competition for generic injectables in the US – Few competitors per product



- Majority of specialty injectables are in niche areas and attract little competition
- For more than half of the injectable generics approved since 2004, just 1 or 2 manufacturers have received ANDA approvals and 86% of molecules have fewer than 5 generic competitors
- Only ten drugs have attracted eight or more competitors

Source: ESPICOM report titled "Injectable Generic Drugs: Prospects & Opportunities to 2014"

# Quality issues resulting in Drug shortages in US



## Over 82% of the shortage products are injectables

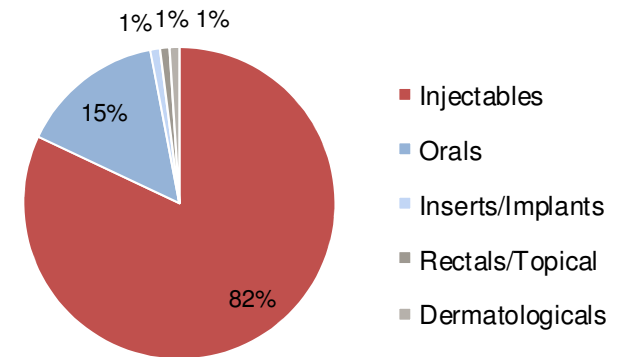
### Shortages of drugs in US

- ✓ **Oct' 2011** – 139 (82%) drugs out of list of 168 drugs are Steriles
- ✓ **2010** - 102 (57%) drugs out of list of 178 drugs were steriles
- ✓ **2009** - 73 (46%) drugs out of list of 157 drugs were steriles
- ✓ **2008** - 39 (35%) drugs out of list of 110 drugs were steriles

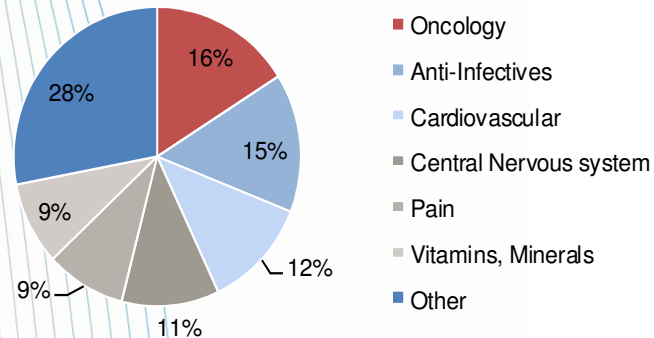
### Drug products on the shortages list are highly concentrated:

- 63% are in five disease areas: oncology, anti-infectives, cardiovascular, central nervous system and painmanagement.
- Over 80% are generic injectables
- Therapy area affected the most is Oncology
  - Cancer drugs account for 28 of the 168 products, affecting nearly 550,000 patients annually

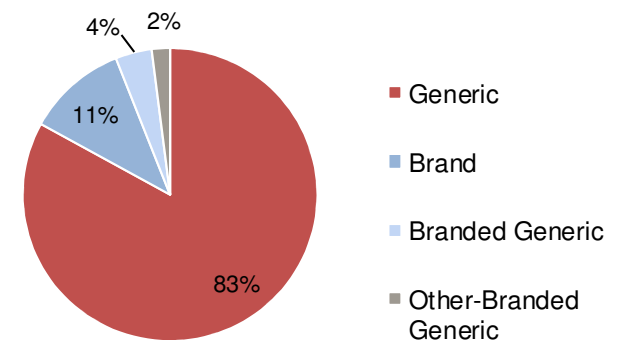
### Shortages by form type



### Shortages by therapy type



### Shortages by brand-generic type



Source: IMS report – “Drug Shortages: A closer look at products, suppliers and volume volatility”

# Drug shortages in US



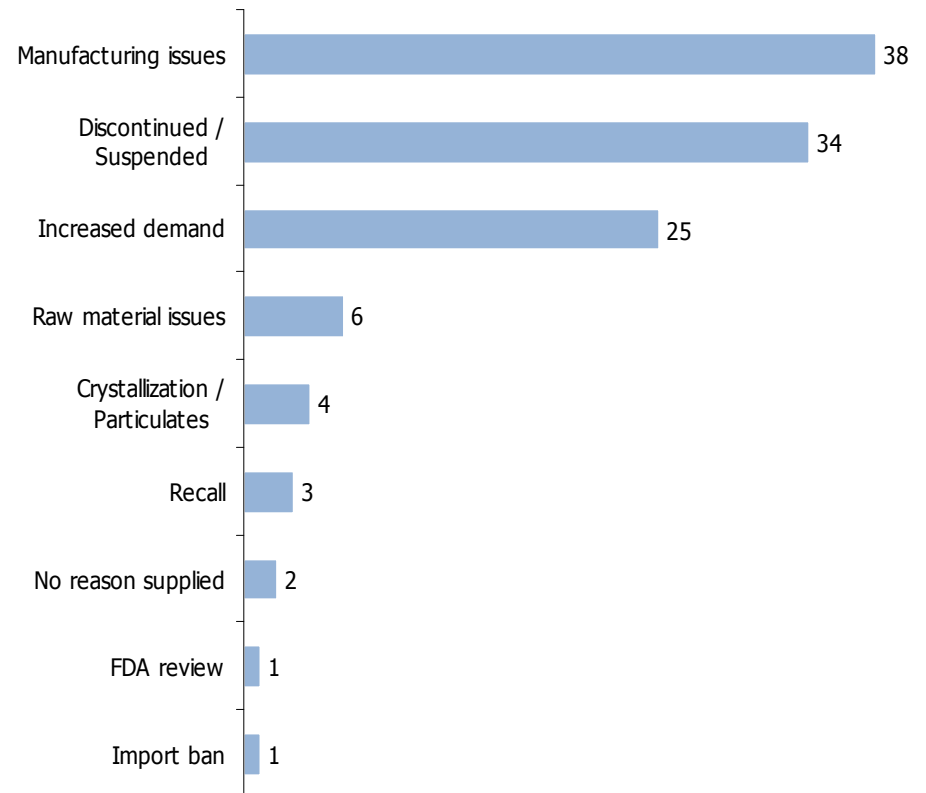
## Why shortages?

- Manufacturing issues and the discontinuation or suspension of production are the most commonly cited reasons, followed by increased demand
- Limited number of large injectable players
- Most large injectable players impacted by regulatory compliance issues ranging from manufacturing plant to active pharmaceuticals ingredients
- Every major player in the industry facing challenges due to FDA heightened regulatory requirements
- Process complexity & relatively long manufacturing lead time

## Strides' preparedness to meet sterile drug shortages in the US

- Agila pipeline includes drugs which are part of FDA shortage list
- Agila launched Vancomycin through JV partner and later through Pfizer helped mitigating drug shortage situation

## Reasons for drug shortages



Source: IMS report – “Drug Shortages: A closer look at products, suppliers and volume volatility”

# Strategy focusing on capturing higher value business and sustainable growth



	Phase-I [2005-2007]	Phase-II [2008-2010]	Current Phase [2011-2015]																																																												
<b>PRODUCT FILINGS</b>	<table border="1"> <thead> <tr> <th>Segment</th> <th>Nos of Filings</th> <th>LMV \$bn</th> <th>Avg LMV \$mn</th> </tr> </thead> <tbody> <tr> <td>Steriles</td> <td>27</td> <td>0.4</td> <td>15</td> </tr> <tr> <td>Oncology</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Pens &amp; Penems</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>27</b></td> <td><b>0.4</b></td> <td><b>15</b></td> </tr> </tbody> </table>	Segment	Nos of Filings	LMV \$bn	Avg LMV \$mn	Steriles	27	0.4	15	Oncology	-	-	-	Pens & Penems	-	-	-	<b>Total</b>	<b>27</b>	<b>0.4</b>	<b>15</b>	<table border="1"> <thead> <tr> <th>Segment</th> <th>Nos of Filings</th> <th>LMV \$bn</th> <th>Avg. LMV \$mn</th> </tr> </thead> <tbody> <tr> <td>Steriles</td> <td>46</td> <td>2.3</td> <td>50</td> </tr> <tr> <td>Oncology</td> <td>31</td> <td>3.9</td> <td>126</td> </tr> <tr> <td>Pens &amp; Penems</td> <td>9</td> <td>0.7</td> <td>78</td> </tr> <tr> <td><b>Total</b></td> <td><b>86</b></td> <td><b>6.9</b></td> <td><b>78</b></td> </tr> </tbody> </table>	Segment	Nos of Filings	LMV \$bn	Avg. LMV \$mn	Steriles	46	2.3	50	Oncology	31	3.9	126	Pens & Penems	9	0.7	78	<b>Total</b>	<b>86</b>	<b>6.9</b>	<b>78</b>	<table border="1"> <thead> <tr> <th>Segment</th> <th>Nos of Filings</th> <th>LMV \$bn</th> <th>Avg. LMV \$mn</th> </tr> </thead> <tbody> <tr> <td>Steriles</td> <td>22</td> <td>1.8</td> <td>97</td> </tr> <tr> <td>Oncology</td> <td>7</td> <td>1.6</td> <td>258</td> </tr> <tr> <td>Pens &amp; Penems</td> <td>2</td> <td>0</td> <td>19</td> </tr> <tr> <td><b>Total</b></td> <td><b>31</b></td> <td><b>3.4</b></td> <td><b>117</b></td> </tr> </tbody> </table>	Segment	Nos of Filings	LMV \$bn	Avg. LMV \$mn	Steriles	22	1.8	97	Oncology	7	1.6	258	Pens & Penems	2	0	19	<b>Total</b>	<b>31</b>	<b>3.4</b>	<b>117</b>
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<b>MFG. &amp; R&amp;D CAPABILITIES</b>	<ul style="list-style-type: none"> <li>Building Global manufacturing capabilities for Steriles, Cephalosporin's &amp; Betalactams</li> </ul>	<ul style="list-style-type: none"> <li>Consolidation and expansion of Global manufacturing capabilities for Steriles, Injectables and Oncology</li> </ul>	<p><b>High value creation domains</b></p> <ul style="list-style-type: none"> <li>Biosimilars</li> <li>Devices and delivery systems</li> <li>Para IV &amp; 505b(2)</li> <li>To emerge as a first wave player for most products going off-patent</li> </ul>																																																												
<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>Focus on Niche small value opportunistic products with distribution of products through JV model</li> </ul>	<ul style="list-style-type: none"> <li>Focus on large value Niche Sterile and Oncology products</li> <li>Partnering with Big Pharma's Pfizer, Apotex, Teva etc with profit sharing arrangement</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening partnership for new products/partners &amp; new Geographies</li> <li>Building front ending business in select geographies of USA, UK, Canada, Asia, Turkey, Indonesia, India, Nordic and Brazil</li> <li>Continuing Licensing opportunities in selected domains</li> </ul>																																																												

# Agila Value Chain synergies for next level growth



<b>Biologics</b>	<ul style="list-style-type: none"> <li>➤ Expected Market to reach \$225 Bn by 2015</li> <li>➤ Acquired 70% controlling stake in Inbiopro-a biotechnology focused company</li> <li>➤ Immediate access to a pipeline of 8 products (including 5 MAB's), estimated to have global sales of US\$ 28 billion; commercialization expected to begin in 2013 in emerging markets</li> </ul>
<b>Front Ending</b>	<ul style="list-style-type: none"> <li>➤ Building frontend Sales and Marketing capabilities to capture market share in the selected geographies of USA, Canada, Brazil, Nordic, South-East Asia, India, Turkey and Indonesia</li> </ul>
<b>Value Generics</b>	<ul style="list-style-type: none"> <li>➤ Creating portfolio of fewer but valuable products in R&amp;D and to achieve capabilities with first-to-file, Para-IV, delivery systems and devices</li> </ul>
<b>Oncology</b>	<ul style="list-style-type: none"> <li>➤ State-of-art manufacturing facility at Bangalore approved by all key Regulated agencies including USFDA with one of the broadest portfolio of Oncology products in the industry covering all major formats</li> <li>➤ Global partnership with Big Pharma for established and emerging market</li> </ul>
<b>Penems</b>	<ul style="list-style-type: none"> <li>➤ Top 3 Penems covering 90% of the Global Market in pipeline, 2 ANDA'a already filed awaiting approval</li> <li>➤ Brazil Penem facility approved by major regulatory agencies like MHRA, ANVISA etc</li> <li>➤ Facility inspected by USFDA, approval awaited.</li> </ul>
<b>Steriles Injectables</b>	<ul style="list-style-type: none"> <li>➤ Wide portfolio of injectable products including Cephalosporins, Beta-Lactum and Niche Steriles</li> <li>➤ Marketing tie ups with Big Pharma for key geographies</li> </ul>

# Biosimilars-Unfolding Opportunities



<b>Market Overview</b>	<ul style="list-style-type: none"><li>➤ Biologics* market expected to grow at a <b>CAGR of 8%-10%</b> during 2010 to 2025, against 4%-6% for total pharmaceutical market</li><li>➤ Biologics worth <b>\$ 59 Billion</b> to lose patent protection by 2015</li><li>➤ Biologics market expected to touch <b>\$227 billion</b> by 2015 against \$126 billion in 2009</li><li>➤ Biosimilars# market expected to touch <b>\$13 billion</b> by 2015</li><li>➤ <b>6 Biosimilars</b> already approved and commercialized in EU</li></ul>
<b>Agila Foray into Biosim Domain</b>	<ul style="list-style-type: none"><li>➤ Acquired 70% controlling stake in Inbiopro-a biotechnology focused company</li></ul>
<b>Competitive Advantage</b>	<ul style="list-style-type: none"><li>➤ Immediate access to a pipeline of 8 products, estimated to have global sales of US\$ 28 billion, with commercialization expected to begin in 2013</li><li>➤ The products include 5 monoclonal antibodies which have use in cancer treatment further strengthening Strides' oncology products basket</li><li>➤ Facilities access to high expression mammalian and microbial platform-based capabilities</li><li>➤ High yielding cell lines in-licensed and improved upon</li><li>➤ Definite advantage in the biologics industry, which is characterized by specialized expertise in recombinant DNA technology and manufacturing process development with stringent and well defined regulatory guidelines ,resulting in long gestation periods for product development</li></ul>

# Global partnerships an endorsement of Strides' strong capabilities



## PFIZER

### Jan 2010: Collaboration on Generic Products

- Pfizer to commercialize 40 off patent products (to be licensed / supplied by Strides) – primarily injectable cancer medicines to healthcare providers and patients in the United States

### May 2010: Partnership strengthened

- Oncology products extended to EU, Australia, Korea, Japan and Canada
- Additional niche sterile injectable products included for the US market
- Collaboration now extends to a total of 45 products addressing countries across the globe

### Dec 2010: Sold 22 ANDAs (16 approved)

- Entered into long term agreement for manufacture and supply of these products

### Why Strides?

- ✓ Strides is a powerhouse in the steriles injectable area
- ✓ Pfizer looked at more than 100 companies before settling on the deal with Strides
- ✓ This collaboration is new and exciting, and we are encouraged about the potential of this relationship
- ✓ We view this as a beginning of a partnership and look at Strides as a strong anchor point

*Comments by: David Simmons – President & General Manager, Established Products Business Unit – Pfizer*

## GSK

- Deal is transformational for GSK  
(Source: GSK Press Release)
- GSK shares profits and pays licensing fees
- Arrangement for 95 countries worldwide
- First 10 products from Strides

### Why Strides?

*"This collaboration gives us access to a renewable, high quality and competitively priced source of branded pharmaceuticals in high demand therapeutic areas, Aspen, through its own pipeline and that of its joint venture with Strides has a product portfolio of over 450 molecules and 1200 products which complements our own product portfolio and will enable us to deliver more medicines of value to more patients in these countries"*

*Comments by: Andrew Witty – CEO of GSK*

*Source: Pfizer Press Release – Jan 10 and GSK Press Release – July 2008*




























## Other Global Partners

- Sandoz
- Teva
- Novartis
- Aspen
- Apotex
- Martindale
- Sagent
- Actavis



# Manufacturing facilities



Facility	Location	Regulatory approvals				Capacity (mn units)
Sterile Products Division – I (SPD I)	Bangalore, India	 	  			64
Sterile Products Division – II (SPD II)	Bangalore, India					128
Oncology Facility (OTL)	Bangalore, India					37
Cephalosporins Facility	Bangalore, India					44
Betalactams Facility	Bangalore, India					93
Penems & Penicillins Facility	Campos, Brazil	 *				48
Sterile Products & Control Subs	Warsaw, Poland		EU approved			56

**Dedicated Facilities For Ceph, Penems, Beta Lactam, Oncology**

\* Penems Facility approved by FDA

# Manufacturing arbitrage



## 8 strategically located plants

### Capacity

- 423 Mn Sterile units . One of the largest freeze drying capacities in the world with 213.5 SQM shelf area having state of art auto loading capabilities
- Adequate capacity for next 3-4 years

### Efficiency

- Strategically designed facilities to enhance efficiency
- Lyophilizer from 8 sq mtr to 20 / 40 sq mtr
  - Variable batch sizes to meet market needs
  - Flexibility to expand without shutdowns

### Versatility

- Catering to all formats and therapies
  - Dedicated facility for Cephalosporins, Penems, Beta-lactum and Oncology

### Quality

- Strong QA/QC/PV with IT enabled QA/Regulatory systems

### Compliance

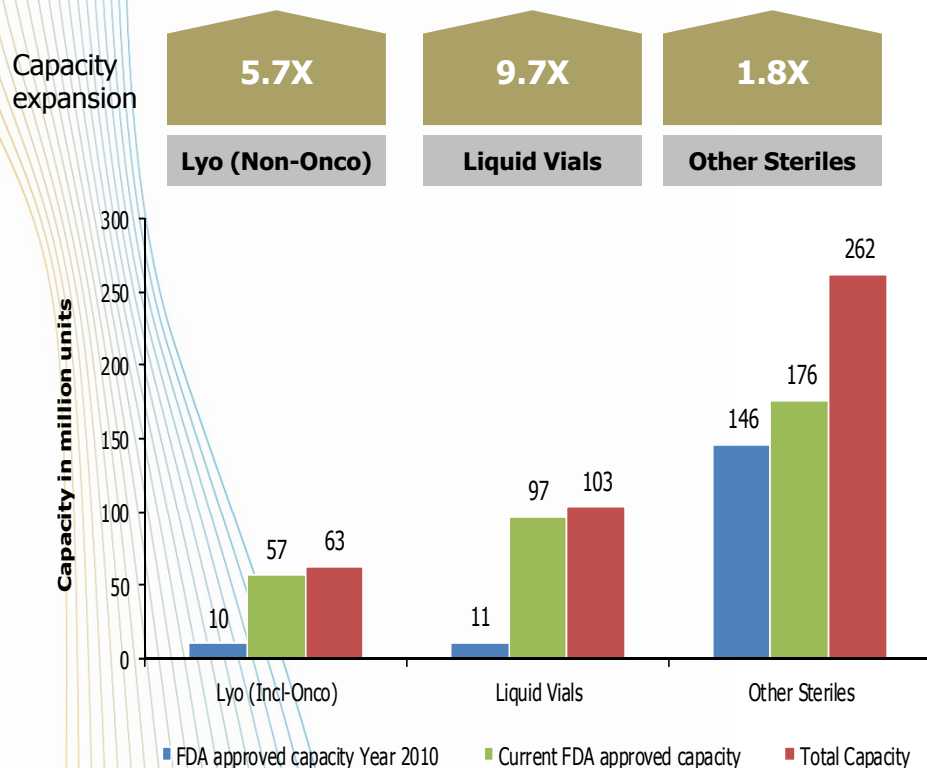
- Regulatory compliant across geographies

### De-risking Strategy

- Manufacturing capabilities distributed across 8 plants in different geographies globally - diversifies production risk arising out of any regulatory or force majeure reasons

# Significant FDA Approved capacities

Capex towards 261m additional sterile units capacity completed and approved



### Capacity augmentation plan

- ✓ Executed agreement with Malaysian Bio-Xcell for establishment of customized facility to manufacture Biopharmaceuticals and sterile Injectables in the Bio-XCell ecosystem in Johor, Malaysia.
- ✓ Facility will be built by Bio-XCell to the design requirements of Strides and will be leased out to Strides on a long-term basis with lease rentals applicable from the date of commercialization .

### USFDA Inspection Status

Plant	Year	Approval Status
Sterile Product Division –I	2007, 2009, 2011	Approved
Penicillin, Bangalore	2008	Approved
Cephalosporin	2009	Approved
Sterile Product Division -II	2011	Approved
Oncology	2011	Approved
Penems, Brazil	2012	Approved

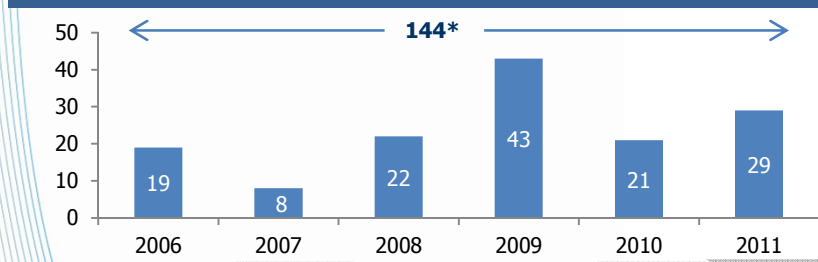
➤ Well positioned in the industry where regulatory challenges are high

# Well Positioned For Regulated Markets Opportunity



## Increasing focus on high value products

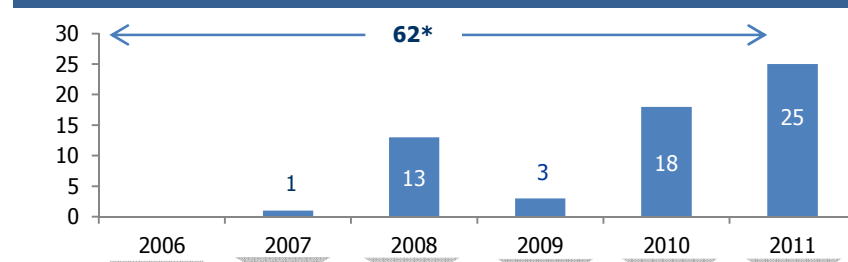
### NUMBER OF ANDA FILINGS (LMV - \$11 Bn)



Oncology	-	-	3	20	8	7
Steriles	19	8	19	23	13	22
Patented	-	-	3	6	4	7
Matured	19	8	19	37	19	22

\*includes 2 filed in 2012

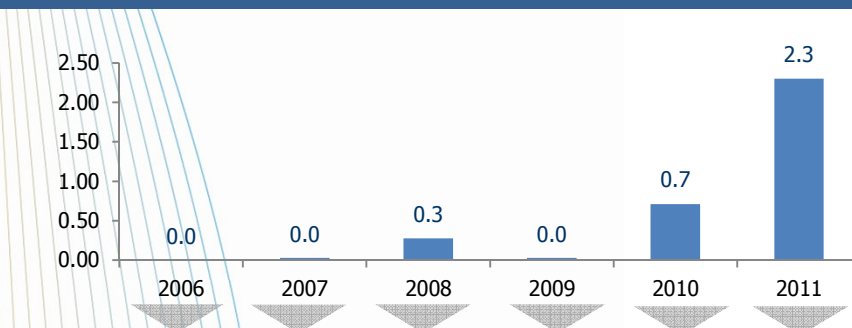
### NUMBER OF ANDA APPROVALS (LMV - \$2.3 Bn)



Oncology						12
Steriles		1	13	3	18	13
Patented					1	3
Matured		1	13	3	17	22

\*includes 2 approvals in 2012

### CUMULATIVE LMV OF ANDA APPROVALS (US\$ BN)



Oncology						2.1
Steriles		0.0	0.3	0.3	0.7	0.2
Patented					0.1	1.3
Matured		0.0	0.3	0.3	0.6	1.0

### Number of filings & Approvals in other Established and Emerging markets

	Filings		Approvals	
	Steriles	Oncology	Steriles	Oncology
Europe	31	19	12	6
Australia	19	9	17	5
South Africa	65	13	26	-
Canada	27	8	18	-
New Zealand	1	6	1	2
Africa	150	-	126	-
Latin America	176	-	144	-
ROW	211	85	109	11
<b>Total</b>	<b>680</b>	<b>140</b>	<b>453</b>	<b>21</b>

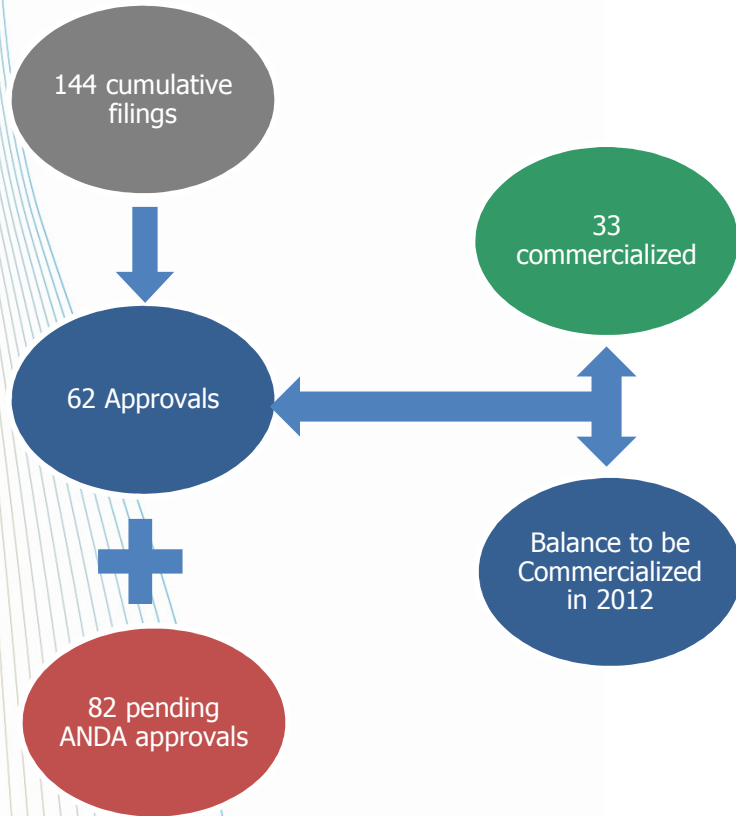
Note: LMV (Local Market value): 2009 sales in US\$ of equivalent products already being sold in the market, whether patented or generic.  
LMV is not an indicator of Strides' expected sales;

# Recent successes in line with new strategy

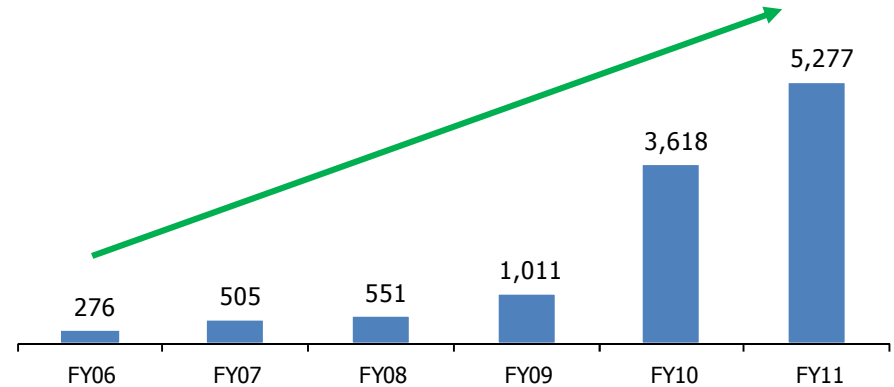
**Bulk of ANDA approvals yet to be commercialized**



## Commercialisation pipeline



## Licensing income (INR Mn)



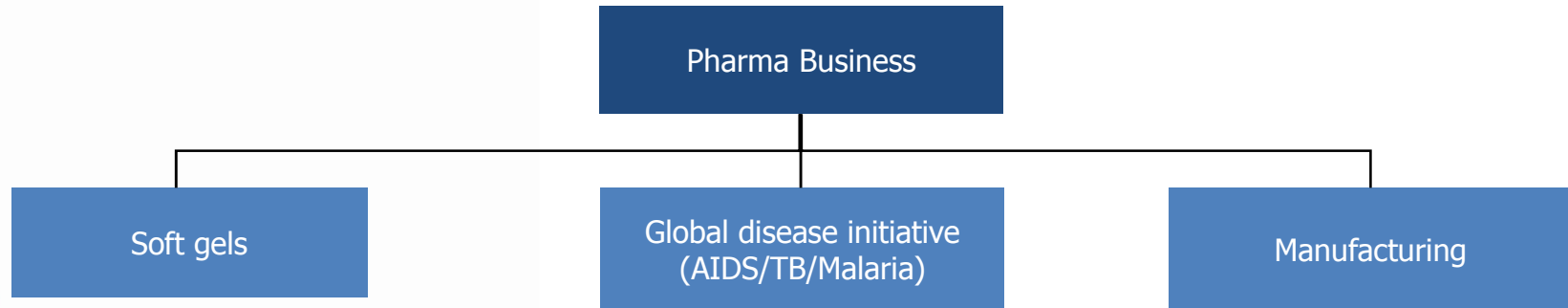
*Note: Includes licensing income from both Pharma and Steriles businesses*



## **Pharma & Brand Business**



# Pharma business – A Snapshot



<b>Globally competitive</b>	<ul style="list-style-type: none"> <li>✿ Amongst the leading manufacturers of soft gelatin capsules in the world</li> <li>✿ Supplies oral products to regulated markets</li> </ul>
<b>Product development capability</b>	<ul style="list-style-type: none"> <li>✿ Develops and manufactures different orals presentation forms and therapeutic categories               <ul style="list-style-type: none"> <li>– Softgel caps, tablets &amp; capsules and semi solids</li> <li>– Strength in Immunosuppressants (2 Approved ANDA commercialized)</li> </ul> </li> <li>✿ 39 ANDA (21 PEPFAR) filings till date of which 22 (17 PEPFAR) have already been approved</li> </ul>
<b>Stable revenue stream</b>	<ul style="list-style-type: none"> <li>✿ Orals plants – can support growth with limited Capex requirements going forward</li> <li>✿ Large number of product filings completed</li> <li>✿ Long term customer contracts to provide stable revenue stream</li> <li>✿ Intellectual property led manufacturing partnership in USA, UK, Australia, New Zealand and South Africa</li> </ul>
<b>Manufacturing overview</b>	<ul style="list-style-type: none"> <li>✿ One of largest softgel capacities in the world with five dedicated lines in Orals Drug facility in Bangalore, India</li> <li>✿ Facility approved by major regulatory authorities such as USFDA, MHRA, MCC, TGA and ANVISA</li> <li>✿ EU approved semi solids facility in Milan, Italy</li> </ul>

## Branded generics business -snapshot

### Regional Sales exceeding Rs.1,900Mn



	Africa	India
<b>Description</b>	<ul style="list-style-type: none"> <li>Leading player manufacturing and marketing volume driven generics and margins driven branded products</li> </ul>	<ul style="list-style-type: none"> <li>Emerging as a niche player in branded pharmaceutical products</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>3 dedicated facilities: 1 in Lagos, Nigeria and 2 in India</li> </ul>	<ul style="list-style-type: none"> <li>Orals plant in Bangalore also used for manufacturing branded generics</li> </ul>
<b>Footprint</b>	<ul style="list-style-type: none"> <li>West Africa, French Africa &amp; other parts of Africa</li> </ul>	<ul style="list-style-type: none"> <li>Grandix has presence in 5 states in South India</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Branded generics, Commodity generics and OTC products marketed through own sales team in partnership with local distributors</li> <li>French Africa business is front ended comprising ethically promoted and OTC products</li> </ul>	<ul style="list-style-type: none"> <li>Grandix covers therapeutic areas of diabetes, cardiovascular diseases, neurology and female healthcare</li> </ul>
<b>Sales</b>	<ul style="list-style-type: none"> <li>Rs.1285Mn</li> </ul>	<ul style="list-style-type: none"> <li>Rs.640Mn</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>100% stake</li> </ul>	<ul style="list-style-type: none"> <li>100% stake</li> </ul>

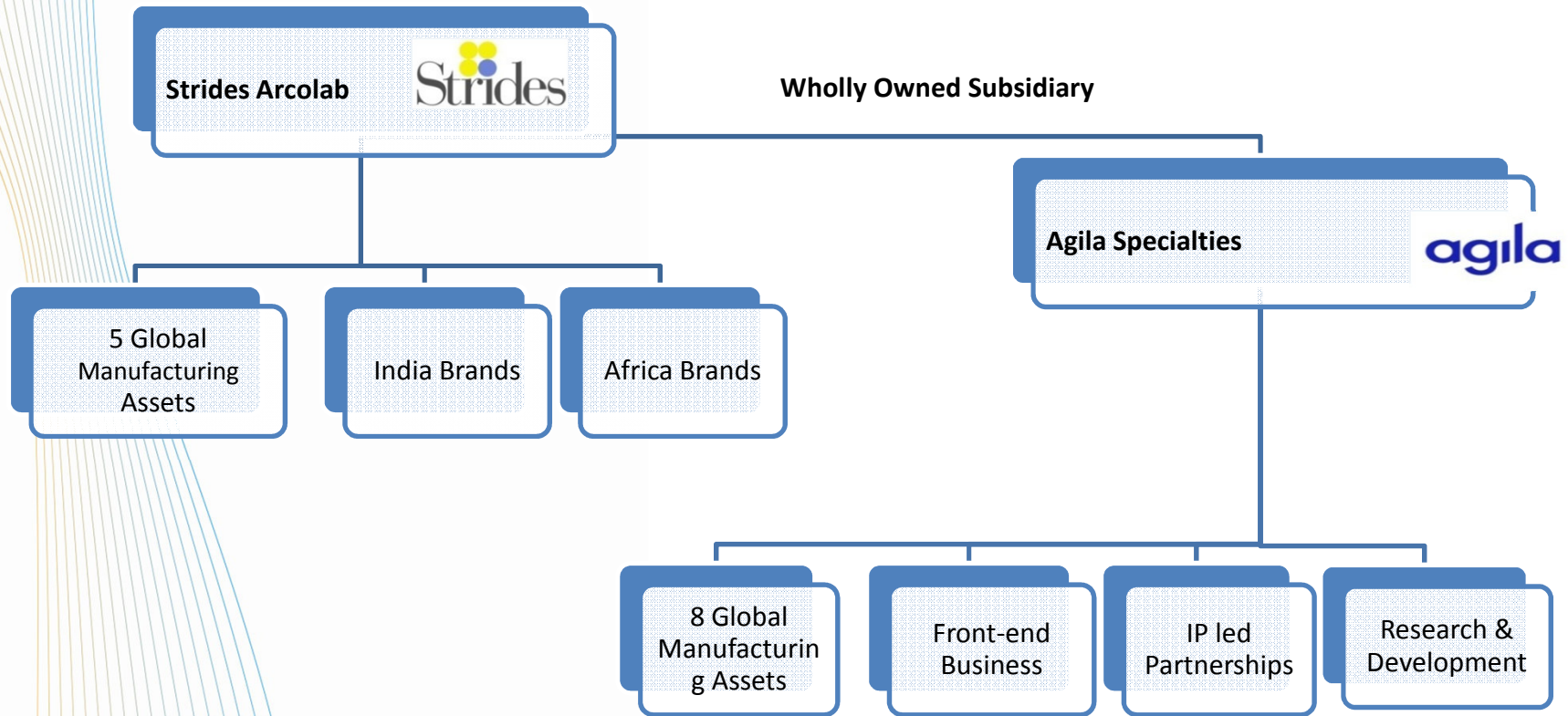




Value
9,179.53
11,426.60
9,611.01
re 7,189.65

## Corporate Strategy & Financials

# Strides Global Organization



- Customer focused business organization with dedicated management team
- Each business is run independently including funding / Cash flow management

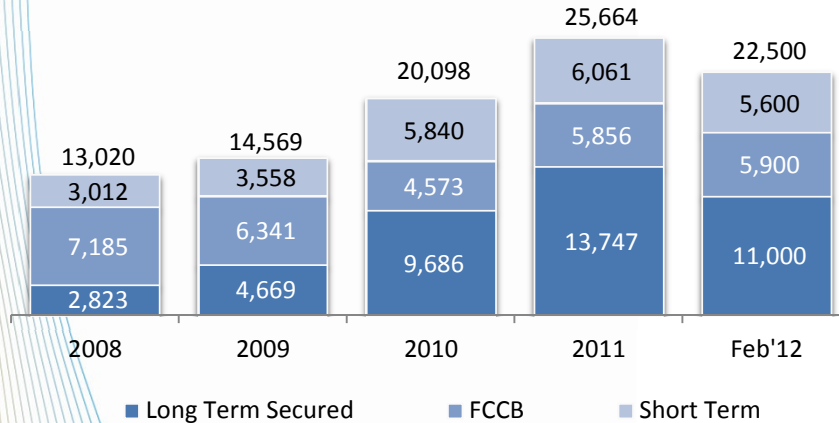
# Significant Debt Reduction post Ascent transaction

Debt/Equity below 0.70 vs 1.67 in 2011

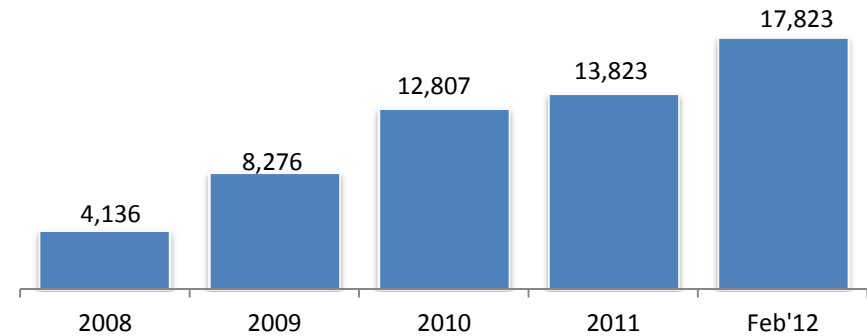


INR million

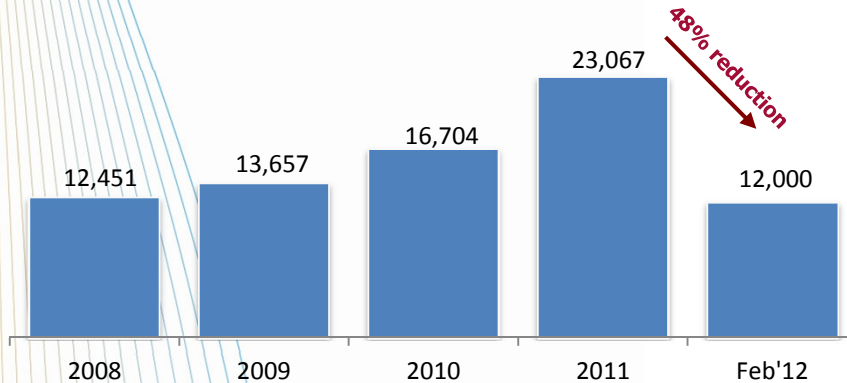
## Debt



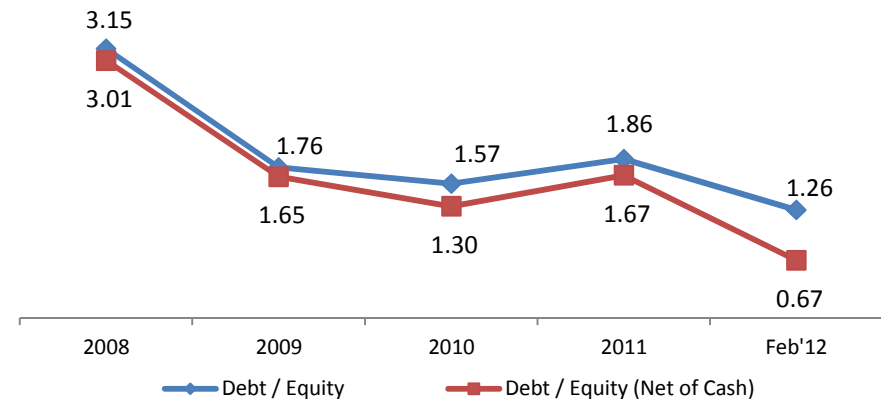
## Net Worth



## Net Debt



## Debt / Equity Ratio



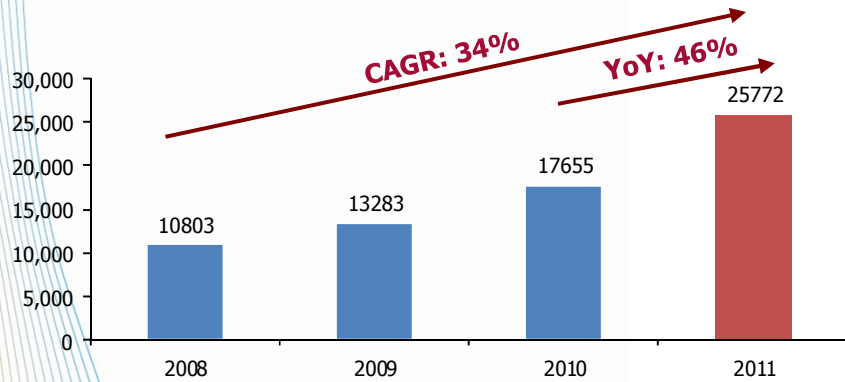
- Debt increase in 2011 on account of
  - Increase in Ascent Pharma stake (\$35Mn), Exchange on Loans (\$25Mn), Discharge of final consideration for Onco (\$30Mn)
- Proceeds from Ascent transaction to be primarily utilized to reduce debt
- Repaid Rs.2,500+ Mn of Debt, balance held in deposits to be repaid during the course of the year including FCCB's

# Key Performance Indicators

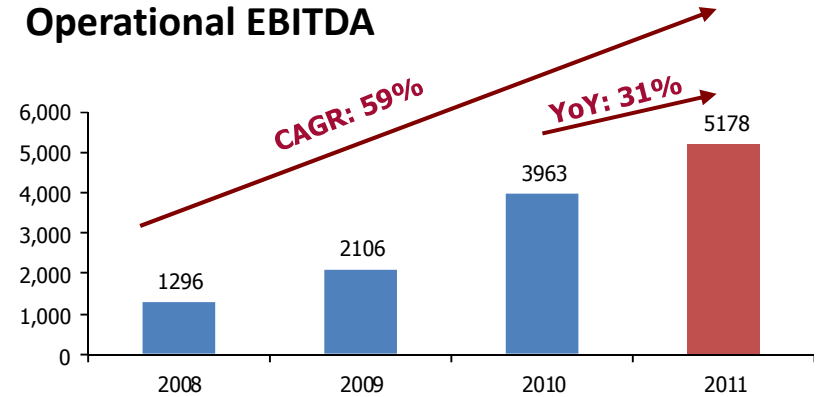


INR million

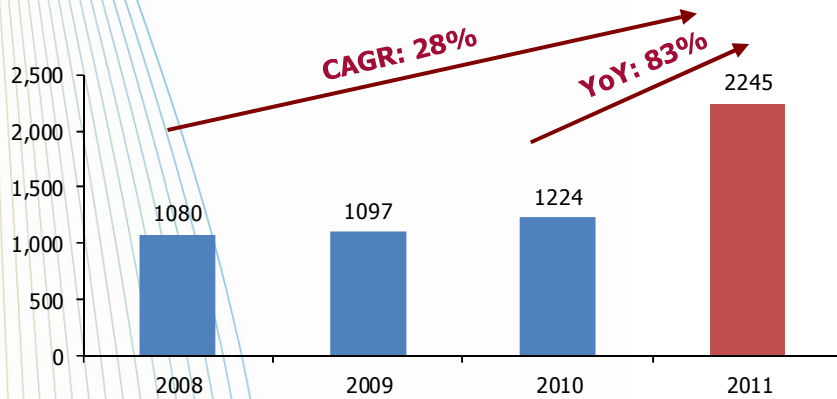
## Revenue from operations



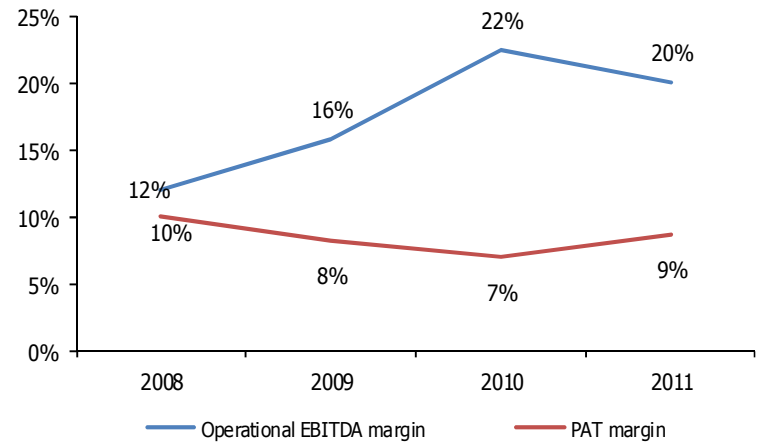
## Operational EBITDA



## Profit after tax



## Margins trend

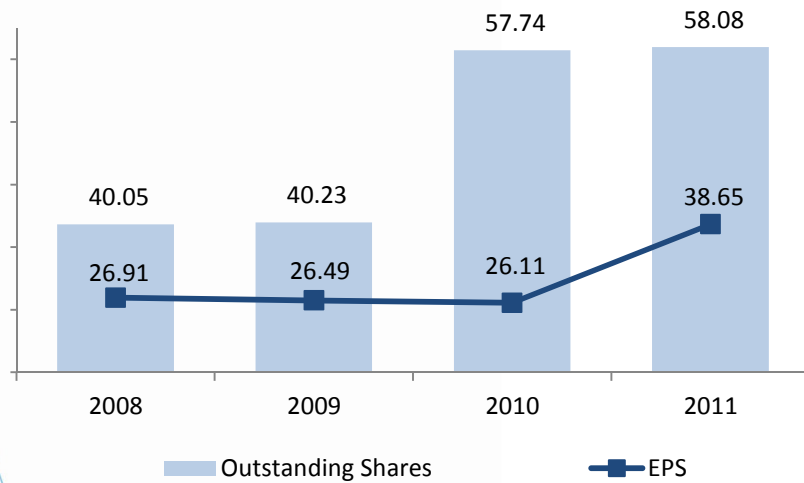


# Key Performance Indicators



INR million

## EPS

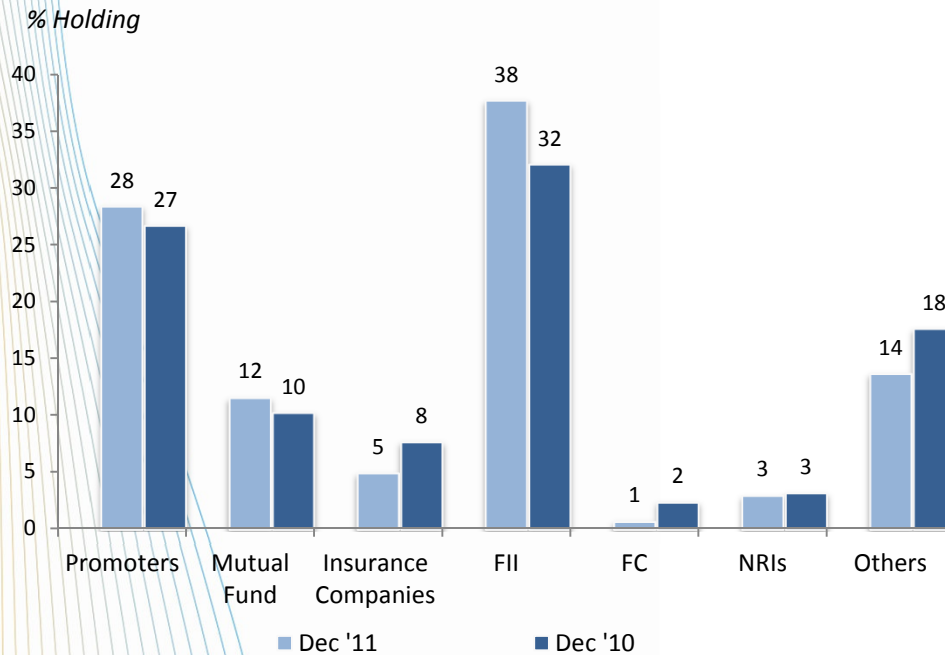


Enhancing Shareholder value through significant growth in EPS over 2010

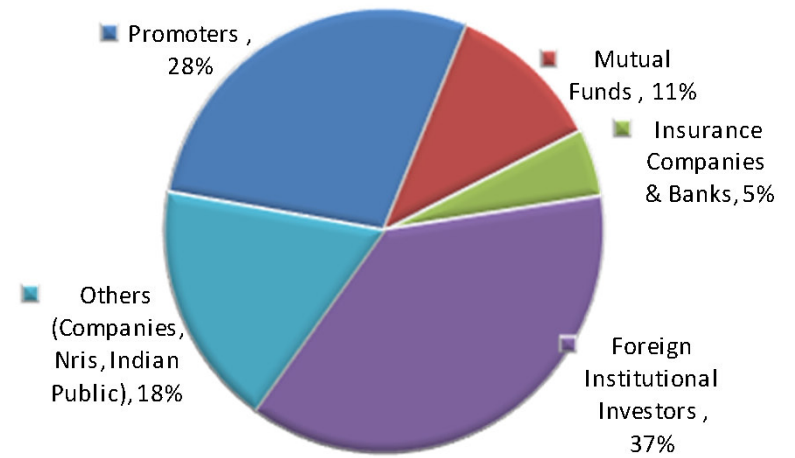
2011 EPS at Rs.38.65, growth of 48%



## Strong Institutional support for the stock



## Shareholding Pattern



\*as on 31<sup>st</sup> Jan '12



## **Recent Developments**

Sale of generic pharmaceutical operations in Australia and Southeast Asia for AU\$375 million

# Sale of Ascent Pharma to Watson for AU\$375 million



## Transaction Overview

- Sale of Ascent Pharmahealth, generic pharmaceutical operations in Australia and Southeast Asia, to Watson Pharmaceuticals
- All-cash transaction valuing Ascent at an enterprise value of AU\$ 375 Mn (US\$393 Mn)
- Simultaneous signing and closing of the transaction fully de-risked the transaction
- Watson acquired 100% of Ascent, including 94% from Strides Arcolab and the remaining 6% from Dennis Bastas, Founder and CEO of Ascent
- Contributed to 32% of Group Revenues and 20% of Group EBITDA in 2011

## Transaction Rationale

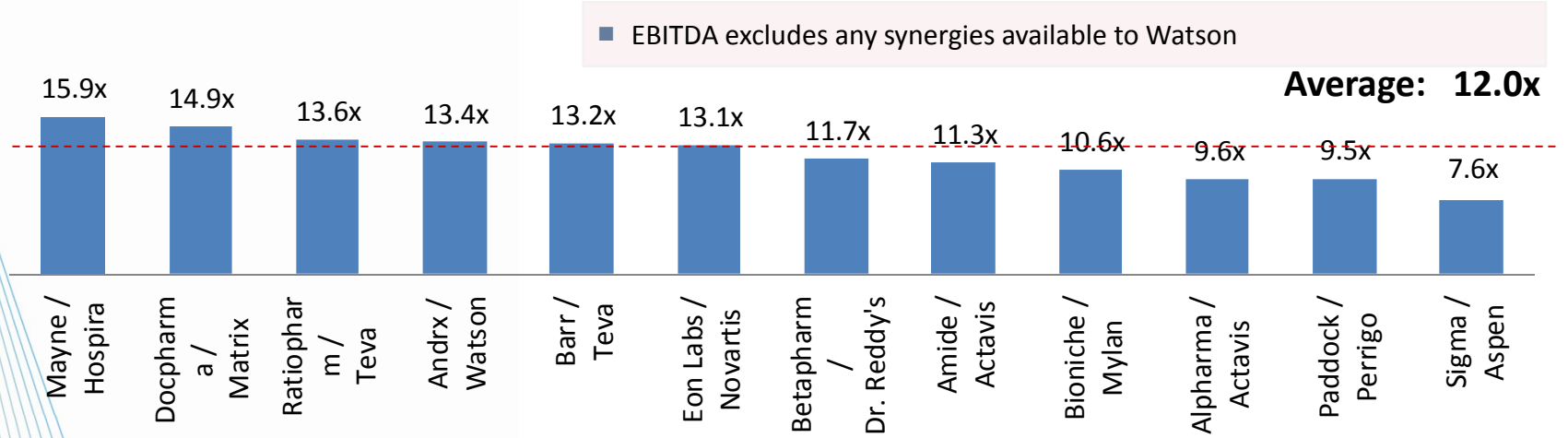
- Focus on core high-growth Agila business, to attain global leadership position in Steriles
  - Growth Capital to drive forward Agila strategy
  - Enhanced management Focus on Agila
  - Better Funding ability for future Agila Capex
- Monetising significant value creation at Ascent
  - Strides has significantly increased the value of Ascent since initial investment in 2008
  - Valuation achieved is at the top end of the very best transactions in the industry
- Strengthening balance sheet
  - Substantial reduction in Debt - USD 250+ Mn
  - Increase in Net Worth due to Profit from the transaction



# Sale of Ascent Pharma to Watson for AU\$375 million

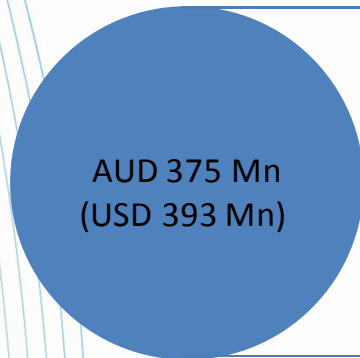


Valuation achieved is at the top end of the very best transactions in the industry

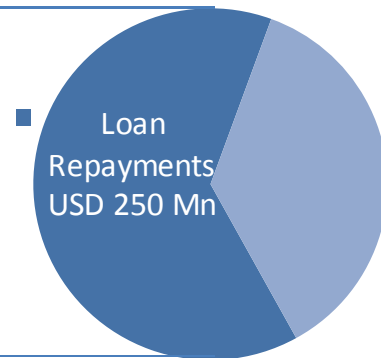


## Use of Proceeds

### Total Consideration



### Significant Debt Reduction



■ Includes obligation towards Minorities, ESOP's, Tax, Transaction Charges & Cash for Growth

An abstract graphic consisting of numerous thin, curved lines that flow from the left side of the page towards the right. The lines are colored in a gradient from light blue to yellow-green. They start as a single, wide band on the left and then split into two distinct paths that curve upwards and downwards respectively, creating a Y-shaped or branching structure. The lines are closely spaced and overlap, creating a sense of movement and depth.

## **Key Takeaways**

## Emerging compelling business



1. Focus on core high-growth specialties business
2. Large number of ANDA filings – 183 (144 in Steriles and 39 in Pharma)
3. Significant ramp-up in Capacities - recently approved by FDA
4. Bulk of the approved Sterile products in process of commercialization
5. Foray into new domains of Ophthalmics, Biosims and Peptides to open up new avenues
6. Strengthened Balance sheet by monetizing significant value creation at Ascent
7. Significant investment in organic and inorganic expansion completed
8. Global partnerships with the likes of Pfizer, GSK and Aspen etc.
9. Pool of around 350 scientists to drive R&D growth



**Thank You**

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