



NCLT CONVENED MEETING OF EQUITY SHAREHOLDERS

Leading with Vision
Building with Passion

TUESDAY, DECEMBER 26, 2017

Background

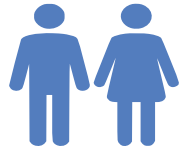
- On March 20, 2017, the Board of Directors (on recommendation of Restructuring Committee & Audit Committee), approved a draft Composite Scheme for De-merger of Human API business of SeQuent and Commodity API business of Strides Shasun Limited (Strides) to Solara Active Pharma Sciences Limited (Solara).
- Solara is currently a wholly owned subsidiary of Strides and will be listed in NSE and BSE post de-merger.
- Share entitlement ratio was arrived from joint valuation report issued by S.R. Batliboi & Co. and Pricewaterhouse & Co. LLP
- Keynote Corporate Services, a SEBI Registered Merchant Banker provided a fairness opinion to the valuation
- The Scheme is subject to various statutory and regulatory approvals including from the shareholders, Stock Exchanges, SEBI, CCI, NCLT
- This meeting is convened under the directions of National Company Law Tribunal, Mumbai Bench to seek the public shareholders approval for the Scheme



Business case for moving API into a separate entity

Human APIs

Strategic Focus



Focus on low volume, mature APIs for Regulated Markets

Pre- 2013

- Spot business
- Unregulated market
- Low margin

2016-17

- **Niche & regulated business**
- **Long term contracts & profit sharing model**
- **Stable cash flows**

Moving Ahead

- **De-merging Human API business of SeQent into a new listed entity**
- **New entity to have select API business of Strides Shasun Limited thereby providing critical size to this business**
- **Proposed Company to be amongst the largest standalone API companies**

Pre-2013

12

Countries

12

Commercial APIs

19

Regulated Market Filings

20%

Regulated Market

2016-17

45+

Countries

27+

Commercial APIs & 11 Under Development

55+

Regulated Market Filings

80%

Regulated Market



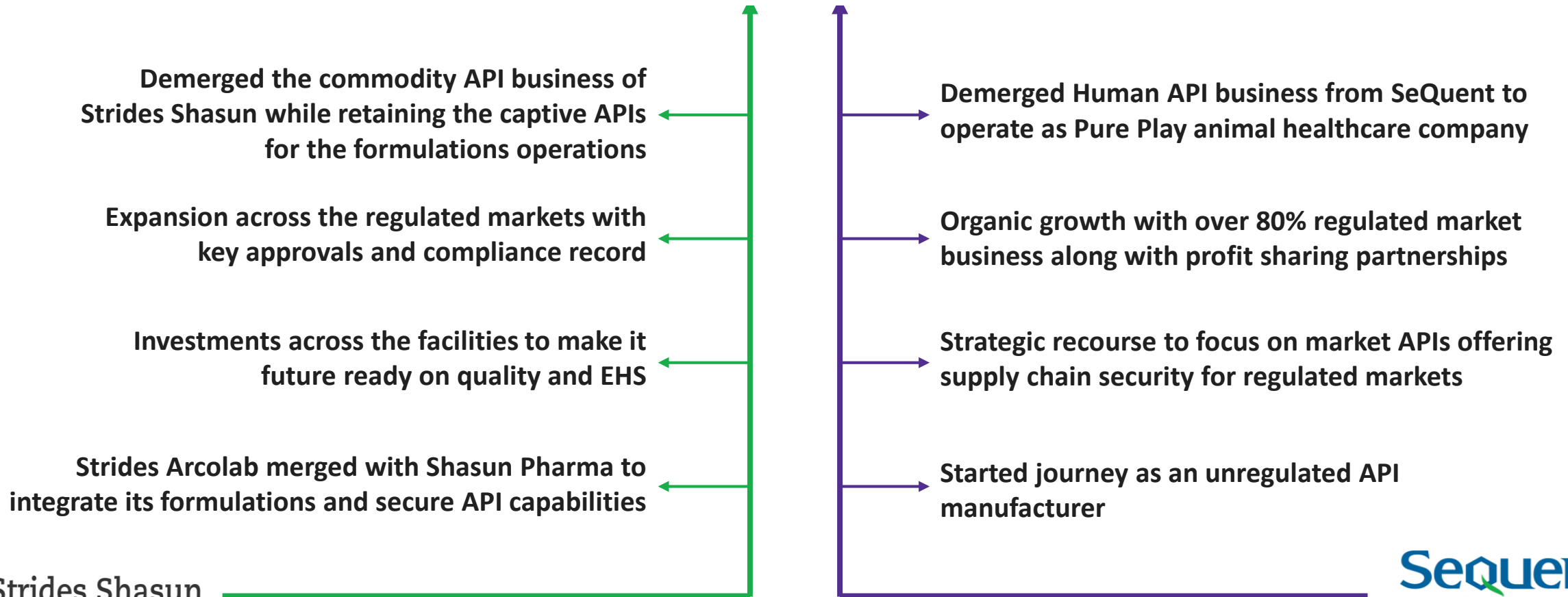
Rationale behind hiving off Human API

SeQuent Scientific to become a pure-play Animal Health Company Focus on value creation in Animal Healthcare (Alivira)

- ▶ Having reviewed the strategic success in building Alivira as India's largest veterinary company with annual run-rate revenues of US\$ 120 Mn (~₹ 800 Cr) along with future opportunities therein
- ▶ This will help Management of SeQuent to focus on animal healthcare and free up management time and capital from the other two businesses
- ▶ SeQuent's Human API business primarily driven out of its Mangalore, Mahad and Mysore facilities contribute ~ 27% of the top-line on consolidated basis
- ▶ The Human API business which though profitable, will require significant CapEx to build scale and exigencies.
- ▶ While the differentiated business model of focusing on old, small volume molecules make the business highly profitable, with annualized revenue of ~Rs. 300 crores, the business is sub-scale.
- ▶ Also, being a B2B business, it needs a differentiated strategic direction to grow and deliver value.



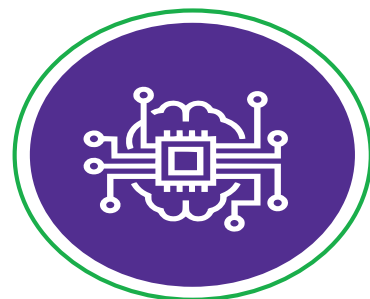
Evolution to a compelling B2B business





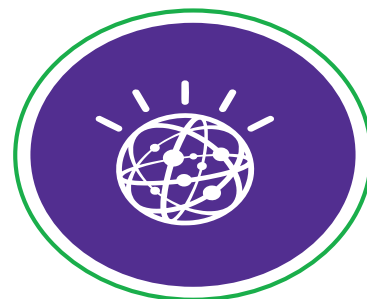
Capabilities

Complex chemistry capabilities including handling catalytic hydrogenation, hydride reductions, organometallic and amongst others



Infrastructure

5 Globally compliant API facilities with all regulatory approvals, presence in 40+ countries, 75%+ regulated market sales and 70+ filings



Orientation

Consciously favouring value over volumes thereby limiting pricing pressure in the long term and creating capacities after assuring demand



Research

Pipeline of 30+ products under different stages of development



Compliance

Commitment to highest levels of compliance, consistency and quality to enable exemplary customer experience and loyalty

Pure Play API company with rich capabilities



SeQuent post de-merger of Human API business

Aiming to become a Top 10 Animal Health Company by FY22

Business Model

- Capabilities and Scale with an established business model
- Plans to enter new geographies and expand product offerings



Leadership

- Strategic decision to create global leadership for the business
- On-going partnership with the erstwhile management in inorganic acquisitions

Compliance and Standards

- Strict adherence to global standards of quality & compliance
- Setting standards for the veterinary industry
- Robust Governance practices

Operating Performance

- Strong operating performance with asset sweating and robust margins



Scheme Details

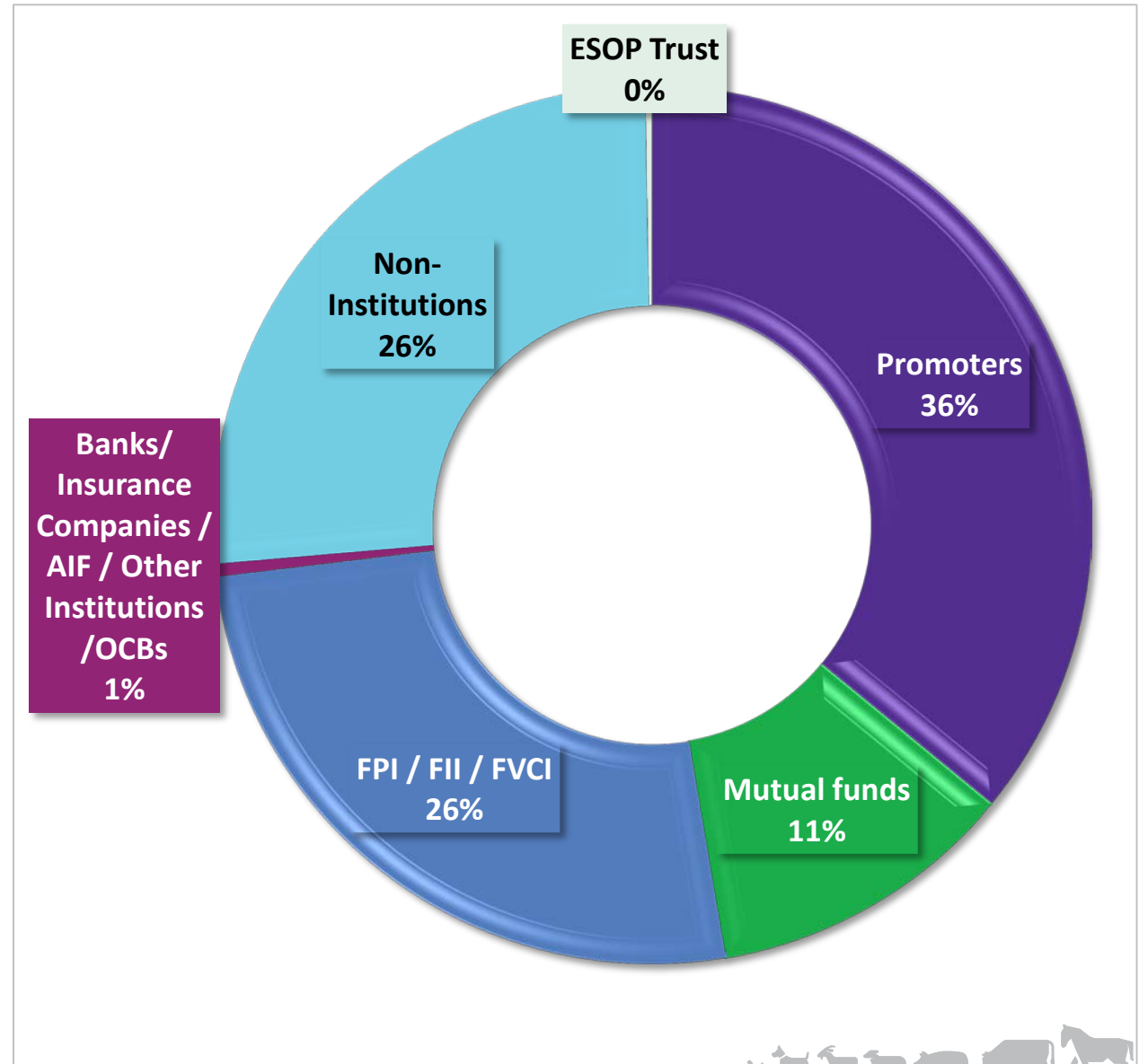
Salient Features of the Scheme

- Every shareholder of Strides will get 1 equity share of ₹ 10/- each of Solara for every 6 equity shares of ₹10/- each held by them in Strides.
- Every shareholder of SeQuent will get 1 equity shares of ₹ 10/- each of Solara for every 25 equity shares of ₹ 2/- each held by them in SeQuent.
- The appointed date for the Demerger will be October 1, 2017
- Based on the recommended Share Entitlement Ratio, Strides shareholders and SeQuent shareholders will hold 60% and 40% respectively of Solara
- The Share Entitlement Ratio is arrived at after considering Debt as at 31st Dec 16 pertaining to the Commodity API business of Strides of ₹ 425 Crores and Human API business of SeQuent of ₹ 75 Cr respectively.
- The capital base of Solara will be ~₹ 25 Crores against the current capital base of ₹ 89 Crores of Strides and ₹ 49 Crores of SeQuent



Shareholding post de-merger

- Since Strides and SeQuent will not be issuing any shares pursuant to the Scheme, there won't be any change in shareholding in Strides and Sequent
- Based on shareholding of Strides and SeQuent as on Sept 30, 2017, Solara, post listing will consist of following category of shareholders. This is subject to change depending on shareholding of Strides and Sequent as on record date



Progress made so far

- June 29, 2017 – Solara received approval from the Competition Commission of India
- August 4, 2017 – NSE provides NOC for the scheme
- August 8, 2017 – BSE provides NOC for the scheme
- Based on an application made by SeQuent, National Company Law Tribunal, Mumbai Bench has directed a meeting of equity shareholders of the Company vide their order dated November 17, 2017
- NCLT has also given waiver from convening meeting of Secured Creditors and Unsecured Creditors for seeking their consent.



Approval Sought

- In accordance with the provisions of Sections 230-232 of the Companies Act, the Scheme of Arrangement shall be considered approved by the equity shareholders only if the Scheme is approved by majority of persons representing three-fourth in value of the members or class of members, as the case may be, of the Applicant Company, voting in person or by proxy or by remote e-voting or by way of postal ballot.
- Further, in accordance with the SEBI Circular for Mergers/ Demergers, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favor of the aforesaid resolution for approval of Scheme are more than the number of votes cast by the Public Shareholders against it.
- The Company has provided e-voting and postal ballot facilities to the shareholders for casting their vote
- Shareholders who are present and who has not cast their votes either through e-voting or postal ballot can vote through physical ballot to be provided by the Scrutinizer.
- Company has approved M/s. Nilesh Shah & Associates as Scrutinizer for conducting the poll and also ascertain the results of the e-voting and postal ballot and provide a consolidated report to the Chairman after conclusion of this meeting



Documents circulated with Notice

- Scheme of Arrangement - Annexure 1;
- Joint Valuation Reports, enclosed as Annexure 2;
- Copy of the Fairness Opinion Report dated March 20, 2017 issued by Keynote Capital Services Limited, a SEBI Registered Merchant Banker, providing its opinion on the fairness of the valuation of the Human API Business as recommended by Price Waterhouse & Co., LLP, Chartered Accountants as Annexure 3;
- Copy of the Observation letters issued by the stock exchanges to Applicant Company as Annexure 4 and 5;
- Complaints reports submitted by the Applicant Company as Annexure 6;
- Report adopted by the Board of Directors of the Applicant Company pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 7;
- Report adopted by the Board of Directors of Strides pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 8;
- Report adopted by the Board of Directors of Solara pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 9;
- Pre-Scheme and Post-Scheme shareholding pattern, as applicable enclosed as Annexure 10;
- Abridged prospectus for Solara enclosed as Annexure 11;
- Supplementary unaudited accounting statement of Applicant Company for the period ending September 30, 2017, enclosed as Annexure 12;
- Supplementary unaudited accounting statement of Strides for the period ending September 30, 2017, enclosed as Annexure 13; and
- Supplementary unaudited accounting statement of Solara for the period ending September 30, 2017, enclosed as Annexure 14.



Next Steps

- Post obtaining shareholders approval for the Scheme, a petition will be filed with NCLT, Mumbai for final scheme approval
- On receipt of final approval from NCLT (expected in the month of March 2018), Strides and SeQuent will fix record date for arriving at the entitlement of Solara shares to be issued pursuant to the De-merger
- Solara will issue shares to shareholders of Strides and SeQuent
- Solara to apply for final listing approval SEBI/BSE/NSE
- Shares issued by Solara will be not be traded in the Stock Exchanges for approx. 45 days, pending listing approval from SEBI/ BSE/ NSE



Thank You

