



Acquisition of controlling stake in Inbiopro

Transaction brief

December 9, 2010

Industry overview



Biopharmaceuticals are drugs created through bio engineering or bio technological processes resulting in vaccines and recombinant proteins like monoclonal antibodies, enzymes for applications in therapeutics and diagnostics.

Biopharmaceuticals are growth drivers for pharmaceutical businesses with an expected CAGR of 10% over the next five years as compared to 4-6% growth for total pharmaceutical market.

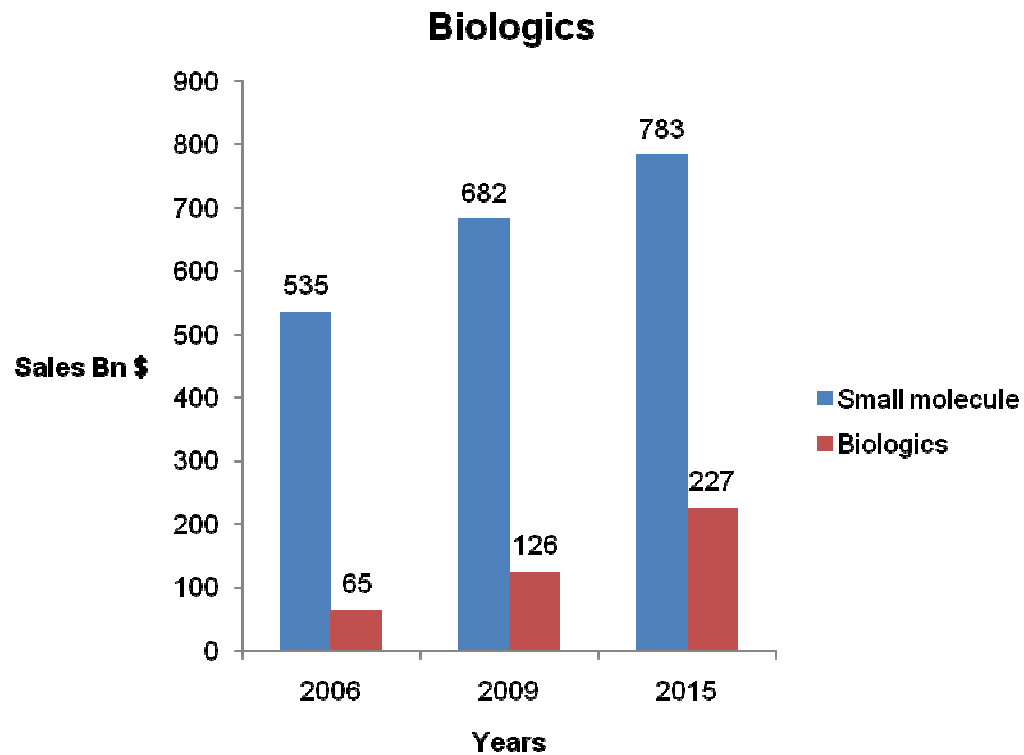
A Biosimilar medicine is a medicine which is similar to a biological medicine that has already been authorised (the biological reference medicine) with respect to quality, safety and efficacy.

Biologics market expected to grow at a CAGR of 8-10% during 2010 to 2025 against a CAGR of 4-6% for total pharmaceutical market

Biosimilar market expected to touch \$13 billion by 2015

6 Biosimilars already approved and commercialized in EU

Industry Overview – contd..



Biologics worth \$ 59 Billion to lose patent protection by 2015

Biologics market expected to touch \$227 billion by 2015 against \$126 billion in 2009

About Inbiopro



Inbiopro, a Bangalore based biotechnology focused Company, was set up in 2007 by a team of three biotech professionals. With a cumulative industrial experience of over 70 years across its team, Inbiopro has successfully delivered ready to market biosimilar recombinant therapeutic proteins and vaccines to its pharmaceutical marketing partners.

Inbiopro has ISO 9001:2008 certified and GMP compliant labs where all developmental work is carried out with a team of 20 scientists.

Inbiopro has been backed by Accel Partners, one of the leading venture capital investors globally with over US\$ 6 billion under management and which has provided start-up capital for over 300 companies.

For more information on Inbiopro, visit: www.inbiopro.com

Inbiopro - Transaction Rationale



- The acquisition marks Strides' foray into biopharmaceuticals, starting with biosimilars, strengthening the Company's offering in the Specialty segment.
- Strides gains immediate access to a pipeline of 8 products, estimated to have global sales of US\$ 28 billion, with commercialization expected to begin in 2013.
- Strides also gets access to both, high expression mammalian and microbial platform-based development capabilities.
- The acquisition gives Strides a 3-year leap start in the biosimilar industry which is characterised 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.
- There is synergy in terms of combining Inbiopro's strong development capabilities and Strides' strong injectable manufacturing /regulatory and commercialization capabilities.

Inbiopro - Transaction Rationale contd...



- The 8 products that Strides has immediate access to include 5 monoclonal antibodies which have use in cancer treatment and which will strengthen Strides' oncology products basket.
- A significant portion of Strides' investment will be used for further development and commercialization of the products.
- The acquisition provides Strides an opportunity to generate more licensing income from the Inbiopro product pipeline.
- Strides would be looking to monetize this pipeline through own front ended operations in India, Africa and Australasia.
- For the western regulated markets, Strides would be monetizing this pipeline through partnership with global pharma majors.



- The acquisition will entail an investment of Rs. 65 crores over a period of 3 years in the form of growth capital for development and commercialization of the 8 products.
- The investment will be made through **Agila** Specialties (a wholly owned subsidiary of Strides).
- The investment will be financed from incremental licensing income in the specialties domain.
- Strides will own a 70% stake in Inbiopro through a combination of direct subscription and acquisition of shares from existing shareholders.
- Post acquisition, the balance 30% shareholding will be held by the current promoters of Inbiopro and Accel Partners.
- The current promoters/management team of Inbiopro will lead the technology development.