

Press Release

Suven Announces Merger of Cohance Lifesciences, Forging Integrated Pharma CDMO Leadership in India

- *Transformative Merger with 2x Scale and Double-Digit EPS Accretion in the first year*
- *Suven poised to become a leading integrated CDMO player in India and globally; will have multiple engines of growth that will help drive stability in financial performance and growth*
- *Cohance's ADC Platform addition further strengthens Suven's position in the high growth CDMO segment; also adds lifecycle management capabilities for Innovators*

29 February, 2024, Mumbai/Hyderabad: Suven Pharmaceuticals Limited ("Suven") and Cohance Lifesciences Limited ("Cohance") today, announced a proposed scheme of amalgamation for the merger of Cohance with Suven. This marks a pivotal moment in Suven's journey, underscoring our commitment to scaling, ensuring consistent earnings, fortifying our financial standing, and advancing towards forging leadership in the integrated CDMO space.

Cohance is a leading CDMO and Merchant API platform with global leadership in select low-mid volume molecules as well as unique capabilities in the form of its antibody drug conjugates (ADC) platform. Their CDMO segment has grown at healthy CAGR of 30%+ over FY20-23 and contributes ~44% to its Gross Profits for 9mFY24.

Strategic Benefits and Rationale

- **Further strengthens Suven's CDMO industry leadership position with niche capabilities and scale benefits:** Merger shall establish Suven's position as a diversified CDMO and API leader in India, transcending our current revenue base. The merged entity is expected to be amongst leading integrated CDMO players in India. With an expanded capacity to ~2,650 kL and a significantly broadened customer base, scale and synergy benefits are substantial.
- **Provides Multiple engines of growth:** Merged platform to comprise three distinct business units – Pharma CDMO, Spec Chem CDMO, and API+ (inclusive of formulations)
 - Our integrated CDMO model enables comprehensive molecule development and life cycle management for both pharmaceutical and specialty chemical partners.
 - Cohance's addition, particularly its fast-growing ADC platform, reinforces our position as a leading CDMO platform enhancing offerings for our valued customers and partners.
 - Addition of API+ business will primarily add select low-mid volume high value molecules, with leading global market share, backed by deep cost position and robust chemistry capabilities. It will also help scale our formulations business, supported by backward integration, that will help with optimal utilization of the capacities available.
- **Provides Access to GMP facilities:** This expands the scope of product offering to existing customers through access to multiple GMP facilities (US FDA audited)
- **Yields revenue and cost synergies:**
 - The anticipated synergy benefits from our merger with Cohance are substantial. On the revenue front, the limited customer overlap will help with cross-selling opportunities, leveraging Cohance's capabilities to reach Suven customers and vice versa, e.g. leverage ADC platform and lifecycle management of key molecules for Suven customers

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- On the costs side, the benefits include sourcing materials through common vendors, cost optimization across the platform, potentially lower investments in G&A as we leverage resources across the platform (vs standalone) and sharing of best practices across the platform.
- **Creates significant value for shareholders through best-in-class financial metrics:** Merged platform has best-in-class financial metrics: mid-30s EBITDA margins, 30%+ RoCE, sturdy cash flow generation over FY20-23

On the proposed merger, Mr Annaswamy Vaidheesh, Executive Chairman, Suven said, “This is a transformative step in Suven’s journey of growth and building a respected integrated CDMO player. We are extremely excited about the benefits of combined scale, capabilities, complementary customer base and best practices that will further help enhance our leadership position in India and globally”.

Commenting on the proposed merger, Dr V Prasada Raju, Managing Director, Suven, said, “Our entire management team, spanning Suven and Cohance, is enthusiastic about shaping the future of the Pharmaceutical & Specialty Chemical landscape. The combination helps us drive multiple synergies both on revenue and cost front.”

Stating about the proposed merger, Shweta Jalan, Board Member, Suven and Managing Partner & Head of Advent International in India, said, “This merger represents our continued commitment to build a leading CDMO player in India, driven by innovation, growth, and value creation. Drawing inspiration from global peers with similar end-to-end capabilities, we are confident in our ability to scale globally”.

Commenting on the proposed merger, Pankaj Patwari, Board Member, Suven and Managing Director, Advent International said, “We are just starting on the integrated CDMO journey and are quite excited to build a global leader in the space. With this combination, we will have a solid base for each of our three engines and we will invest behind each one of them, both organically & inorganically, thereby consolidating the CDMO space”.

Transaction Details

- **Swap Ratio and Shareholding:**
Upon the scheme becoming effective, all shareholders of Cohance will be issued shares of Suven at the ratio of 11 shares of Suven for every 295 shares of Cohance, based on the swap ratio. The new shares of Suven so issued will be traded on the NSE and BSE. Advent entities shall own ~66.7% and the public shareholders will hold ~33.3% of the combined entity (pre-ESOP dilution).
- **Timelines:**
The overall transaction is expected to conclude over next 12-15 months subject to receipt of all relevant shareholder and regulatory approvals.

About Suven Pharma

Suven is India’s leading innovator focused, integrated Pharma & Specialty Chemical CDMO Company that has grown 16%+ CAGR over last 10 years and has 40%+ EBITDA margins. It specializes in Custom Synthesis, Process R&D, Scale Up and Contract Manufacturing of intermediates, APIs and Formulations. Suven does ~90% of its business with innovators. It has a strong pipeline of Phase 3 and late Phase 2 molecules with 100+ active projects.

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About Cohance Lifesciences

Cohance Lifesciences is a leading CDMO and API platform, offering products and services across all phases of a molecule's lifecycle from development to commercialization. It provides end-to-end CDMO services to global innovators and serves customers across nearly 60 countries with 80+ molecules backed by robust R&D, regulatory capabilities and manufacturing infrastructure. It has seven manufacturing facilities. Cohance recorded a total proforma revenue of INR 1,330+ Cr. (FY 2022-23) and has grown at a market leading >16% CAGR organically in the last four years.

Transaction Advisors

Independent Valuers: PwC and BDO (Appointed by Suven and Cohance respectively)

Fairness Opinion Provider: Kotak Investment Banking provided fairness opinion to Suven on the swap ratio recommended by the valuers for the proposed transaction.

Financial Advisors: Citigroup Global Markets India Private Limited and Kotak Investment Banking acted as financial advisors to Suven

Legal Advisors: Shardul Amarchand Mangaldas acted as the legal advisor to Suven

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