

NEWS RELEASE

6th September 2018, Hyderabad, India

Aurobindo to acquire dermatology and oral solids businesses from Sandoz Inc., USA

Acquisition for an upfront purchase price of \$0.9 billion in cash including potential upside in near term earn-out and additional potential earn-out on pipeline product in outer years.

- Aurobindo would become the 2nd largest generic player in the US by number of prescriptions
- Aurobindo would become the 2nd largest dermatology player in the US on both generic and branded dermatology products along with specialized manufacturing capabilities in creams, ointments, and other topical dosage forms
- Acquisition will add approximately 300 products including projects in development as well as commercial and manufacturing capabilities in the US, complementing and expanding the group's portfolio and pipeline
- Aurobindo's market leading vertically integrated, highly efficient manufacturing base to enhance the position of the acquired portfolio over the medium-term
- The portfolio being divested generated sales of \$0.6 billion in H1 2018 for Sandoz. After expiration of certain of in-licensed product contracts, and rationalizations of acquired products that will not negatively impact profitability (but before the impact of any potential FTC-led divestments) the portfolio is expected to generate over \$0.9 billion in sales for the first 12 months after completion of the transaction for Aurobindo
- Transaction is expected to be accretive to normalized EPS from first full year of ownership

Hyderabad, India, 6th September 2018: Aurobindo Pharma Limited (BSE: 524804 and NSE: AUOPHARMA) ("**Aurobindo**"), a world-leading marketer and manufacturer of generic pharmaceuticals and active pharmaceutical ingredients, announces the signing of a definitive agreement to acquire certain assets from Sandoz Inc., USA ("**Sandoz**"), a Novartis Division, comprising a market leading dermatology business and a portfolio of oral solid products along with commercial and manufacturing infrastructure in the US. The acquisition will be on debt free and cash free basis and will be made through its wholly owned subsidiary, Aurobindo Pharma USA Inc. Aurobindo and Sandoz will enter into a transitional services agreement to support the ongoing growth plans of the businesses being acquired by Aurobindo.

The transaction will be an all cash transaction which Aurobindo will finance through a fully committed debt facility.

AUROBINDO PHARMA LIMITED

(CIN :L24239TG1986PLC015190)

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This US acquisition is in line with Aurobindo's strategy to strengthen and grow its global business and to expand and enhance its product portfolio offerings in key therapeutic areas.

The acquisition will give Aurobindo a market leading dermatology franchise comprising a wide portfolio of generic and a range of branded products which are well recognized by patients, pharmacists and retail/wholesale customers. Aurobindo will also acquire a well-established commercial infrastructure with a fully-dedicated dermatology sales force along with a state-of-the-art manufacturing facility with specialized capabilities in creams, ointments, lotions, topical solutions and topical suspensions that are highly complementary to Aurobindo's current manufacturing footprint.

The acquired generic dermatology portfolio covers a wide range of therapeutic areas including topical antibiotics, gynaecological and dermatological antifungal agents, anti-acne agents, local anaesthetic analgesics, anti-itch, and a dermatological chemotherapeutic agent. The oral non-dermatological portfolio that is being acquired spans a wide range of therapeutic areas including auto-immune disease, anti-neoplastic agents and a variety of hormonal agents amongst others.

The acquisition enhances Aurobindo's market leading pipeline of Abbreviated New Drug Application (ANDA) filings with additional pipeline projects, including ANDAs that have already been filed, products under development, and first-to-file opportunities which have the potential to be exclusive.

Commenting on the transaction, Mr. N. Govindarajan, Managing Director of Aurobindo, said:
"The acquisition announced today is in line with our strategy to grow and diversify our business in the US. Acquiring these businesses from Sandoz will allow us to further expand our product offering and to become a leading player in the generic dermatology market. Overall the transaction will position Aurobindo as the 2nd largest dermatology player and the 2nd largest generics company in the US by prescriptions. We expect a seamless integration of the acquired businesses with the rest of the Aurobindo group given the success we have achieved in our acquisitions to date. As we have done in some of our previous acquisitions, we will be focused on leveraging our Group's market leading vertically integrated and highly efficient manufacturing base to enhance the market position and medium-term profitability of the businesses we are acquiring."

Mr. Govindarajan added, *"We look forward to delivering the benefits of this transaction to all our stakeholders including employees, patients, customers and healthcare providers across the US."*

The transaction is expected to close in the course of 2019 following the completion of customary closing conditions, including FTC clearance.

This announcement does not constitute a recommendation to shareholders or potential investors.

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Jefferies International Limited acted as financial advisor and Morgan, Lewis & Bockius LLP acted as legal counsel to Aurobindo.

About Aurobindo

Aurobindo Pharma Limited (www.aurobindo.com) (NSE: AUROPHARMA, BSE: 524804, Reuters: ARBN.NS, Bloomberg: ARBP:IN), is a world-leading marketer and manufacturer of generic pharmaceuticals and active pharmaceutical ingredients. The company's robust product portfolio is spread over major therapeutic/product areas encompassing Antibiotics, Anti-Retrovirals, CVS, CNS, Systemic Gastroenterologicals, Anti-Allergies, Anti-Diabetics and other therapeutic areas. The US and Europe are Aurobindo's two most important markets accounting for over 70% of the company's \$ 2.6 billion sales. The company's new product development activities are driven by an outstanding R&D organization. The company's manufacturing facilities are approved by the world's leading regulatory agencies including US FDA, UK MHRA, Japan PMDA, WHO, Health Canada, MCC South Africa, ANVISA Brazil. Aurobindo is headquartered in Hyderabad, India.

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This press release contains statements that may constitute "forward looking statements" including and without limitation, statements relating to product characteristics and uses, sales potential and target dates for product launch, implementation of strategic initiatives, and other statements relating to our future business developments and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations. The company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances and will not be held liable for any use of this information.

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