

Strides Pharma sells Singapore manufacturing facility for \$15 M

27 October 2023 | News

Rxilient Biohub will take over the long term lease obligation of the manufacturing site from Strides



Indian firm Strides Pharma Science has announced that its step-down wholly owned subsidiary, Strides Pharma Global, Singapore, has entered into binding agreement with Rxilient Biohub for the sale of its manufacturing facility including licenses, equipment, vendor contracts, etc. for a total cash consideration of \$15 million. As part of the transaction, Rxilient Biohub will also take over the long term lease obligation of the manufacturing site from Strides.

The manufacturing site was mothballed last year as part of the manufacturing network optimisation and cost reduction programmes announced as part of FY23 reset strategy. Efforts were focused in integrating the US and the products that were supplied for US government procurement have been transferred to the Chestnut Ridge, US manufacturing site.

This transaction is the culmination of the manufacturing network optimisation efforts as the company continues to focus on driving profitability and operational efficiency. This sale will help further reduce annual costs by ~\$9 million (~ Rs 750 million), of which ~\$2 million (~Rs 180 million) reduction in operating expenses (EBITDA accretive) and ~\$7 million (~Rs 570 million) in depreciation and operating lease expenses, thereby being immediately accretive to EPS (annualised ~ Rs 7/share).

The transaction is expected to close in Q3FY24 on receipt of necessary approvals and completion of customary & other closing conditions. Proceeds from the transaction will be utilized for debt reduction.

Rxilient Biohub, incorporated in Singapore, is mainly engaged in manufacture of pharmaceutical products and preparations for human use and manufacture of vaccines for human use. Rxilient Biohub plans to start contract development and

manufacturing organisation (CDMO) business in Singapore.