

16th March 2010

The Manager
Company Announcements
ASX Limited
Level 6 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

**Re: Proposal for Acquisition of Minority Shares
in Ascent Pharmahealth Ltd**

Ascent Pharmahealth Limited ("APH") has today received an indicative, non-binding and conditional proposal from its major shareholder, Strides Arcolab Limited ("Strides"), in relation to a potential acquisition by Strides of all of the shares of APH ("Indicative Proposal"). Strides currently controls approximately 57% of the ordinary share capital of APH. The conditions to the Indicative Proposal are set out in the annexure.

Strides has indicated to the Board that it will seek for Mr Dennis Bastas, APH's Chief Executive Officer, to continue as an equity participant as part of any formal proposal. Due to the possible participation of Mr Bastas in any proposal, a subcommittee of the APH Board comprising the independent non-executive directors of APH, led by the Chairman Dr Roger Aston, has been established (referred to as the "Independent Board Committee") to consider the Indicative Proposal and any further proposal which may be made by Strides. Neither the Strides representative directors nor Mr Bastas will be involved in the Independent Board Committee's consideration of any such proposal. The Independent Board Committee has appointed Credit Suisse (Australia) Ltd as its corporate adviser and it will also be assisted by Clayton Utz, the company's lawyers.

Strides has asked the Independent Board Committee to enter into discussions with Strides regarding the Indicative Proposal. The Independent Board Committee has agreed to enter into these discussions. Given the potential position of Mr Bastas, the Independent Board Committee has established appropriate governance and confidentiality protocols.

Mr Bastas will continue to perform his role as Chief Executive Officer of APH, subject to the terms of the protocols.

The Independent Board Committee has been advised that the Indicative Proposal does not involve the participation of any other Board member or executive of APH.

The Indicative Proposal includes a cash offer of A\$0.35 per APH share. The Independent Board Committee and its professional advisers intend to enter into discussions with Strides to determine if a formal proposal can be put to shareholders that is in the best interest of the minority shareholders. These discussions may or may not lead to an agreed transaction.

A copy of the Strides announcement to the National Stock Exchange of India in respect of the Indicative Proposal is attached for shareholders' information.

APH will keep its shareholders informed and will make further announcements in the event of any material developments. **In the meantime, the Independent Board Committee recommends that shareholders take no action in relation to their shares, pending further announcement.**

Yours Sincerely,



Andrew Burgess
Company Secretary and Chief Financial Officer
Ascent Pharmahealth Limited

For further information please contact:

Andrew Burgess
Company Secretary
Ascent Pharmahealth Limited
+61 3 8677 6660

Annexure

Strides Conditions to the Indicative Proposal:

This Indicative Proposal is subject to the following conditions:

- APH continuing to be managed in the ordinary course of business.
- APH providing further information and access to management, in accordance with the agreed protocols, to enable Strides to progress discussions with selected banks such that formal offers of finance are received.
- Such financing arrangements being offered on terms satisfactory to Strides.
- Execution of an Implementation Agreement between Strides (and/or its related parties) and APH, whereby the Independent Directors of APH unanimously recommends the transaction to its shareholders.
- APH management entering into appropriate retention arrangements (to be agreed) which would take effect from completion of the transaction.
- Strides Board approval

Note that completion of a potential transaction would also be subject to a number of customary conditions precedent, for example, any necessary regulatory approvals (e.g. Australian Foreign Investment Review Board).



Strides Arcolab Limited
Strides House,
Bannerghatta Road,
Bangalore – 560076,
India

BSE: 532531

NSE: STAR

Press Release

Tuesday, March 16, 2010

Proposal for Acquisition of Minority Shares in Ascent Pharmahealth Ltd

Bangalore, 16 March 2010 – Strides Arcolab (BSE: 532531, NSE: STAR) notes the announcement that has been made today by its 57% owned subsidiary, Ascent Pharmahealth Limited (ASX: APH), which is listed on the Australian Stock Exchange. This announcement is attached.

Strides confirms it is in discussions with Ascent Pharmahealth regarding a potential take-private of Ascent Pharmahealth, but notes that no formal proposal has yet been put forward. These discussions may or may not lead to an agreed transaction.

The indicative proposal involves a cash offer of A\$0.35 per APH share which represents an implied enterprise value of A\$100 million for the company. This proposal is at an 84% premium to the 12-month volume weighted average share price (“VWAP”) of A\$0.19 and a 54% premium to the 3-month VWAP of A\$0.23.

Strides is seeking to include the founder and Chief Executive Officer of APH, Dennis Bastas, as an equity participant in any formal proposal. Strides will also be looking to secure the retention of Mr Bastas’ executive management team.

Strides will keep its shareholders informed and will make further announcements in the event of any material developments.

Strides Arcolab Limited: Leadership Through Partnering

Strides Arcolab, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bangalore, India that develops and manufactures a wide range of IP-led niche pharmaceutical products with an emphasis on sterile injectables.

The company has 14 manufacturing facilities across 6 countries, including its joint venture with Aspen in India and has a marketing presence in more than 60 countries in developed and emerging markets. Manufacturing is ably supported by a 350-scientist strong global R&D Centre located in Bangalore. Additional information is available at the company’s website at www.stridesarco.com.



For further information, please contact:

<p><u>Strides</u></p> <p>Mr. Arun Kumar, Vice Chairman & Group CEO +91 80 66580118</p> <p>Mr. T.S. Rangan, Group CFO +91 80 66580115</p> <p>Mr. Kannan. N (Investors) +91 80 66580751</p> <p>Melissa Arulappan (Media) +91 98450 22389</p>	<p><u>PR Consultancy</u></p> <p>Mahesh Nair, Corporate Voice/Weber Shandwick +91 98803 76648 maheshn@corvoshandwick.co.in</p> <p>Kasturi Wasmatkar Corporate Voice/Weber Shandwick +91 99167 28393 kasturi@corvoshandwick.co.in</p>
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