



Cadila Healthcare Ltd. Investor Presentation August 2010



BSE : 532321

NSE : CADILAHC

Our Vision

Zydus shall be a leading global healthcare provider with a robust product pipeline and sales of over \$1 bn by 2010; we shall achieve sales of over \$3 bn by 2015 and be a research-based pharmaceutical company by 2020...



A Snapshot

- One of the oldest and the 5th largest in the Indian formulations market worth over Rs. 425 bn (*Source : ORG IMS MAT Jun-10*)
- Operations in US, Europe, Japan, Latin America, Asia Pacific, Africa and Middle East regions
- International sales in generic markets contribute to ~39% of revenues, with > 70% growth in formulation exports in last 5 years
- Market leader in niche Indian consumer wellness market with strong brands
- Innovation driven – investing over 5.5% of revenues p.a. on NME, Biological and NDDS research and Generics development
- Dedicated team of ~ 12,000 Zydans across 18 countries
- Market Cap : Cadila Healthcare Ltd. > Rs. 128 bn (> \$ 2.7 bn)
(02-Aug-10) Zydus Wellness Ltd. > Rs. 20 bn (> \$ 430 mn) (72% ownership)
- Listed as the “Best Under a Billion” company from amongst 200 companies in Asia by Forbes

Well integrated company and expanding Globally

Indian finished dosage formulations

International finished dosage formulations

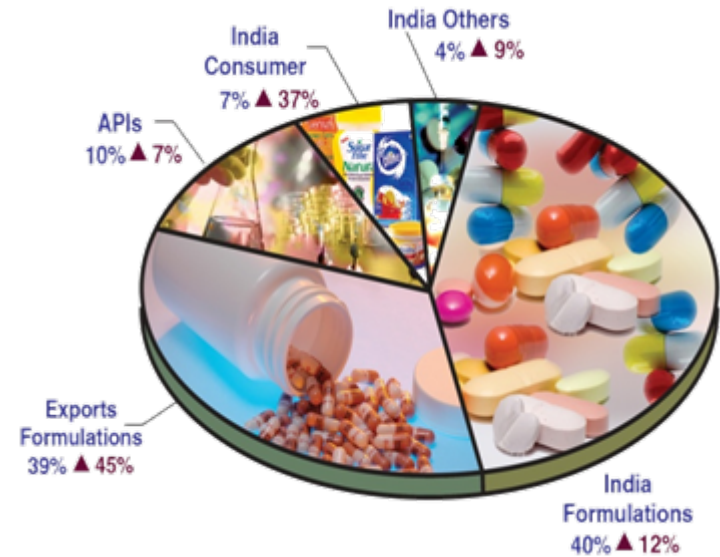
High end APIs + intermediates

Consumer Wellness

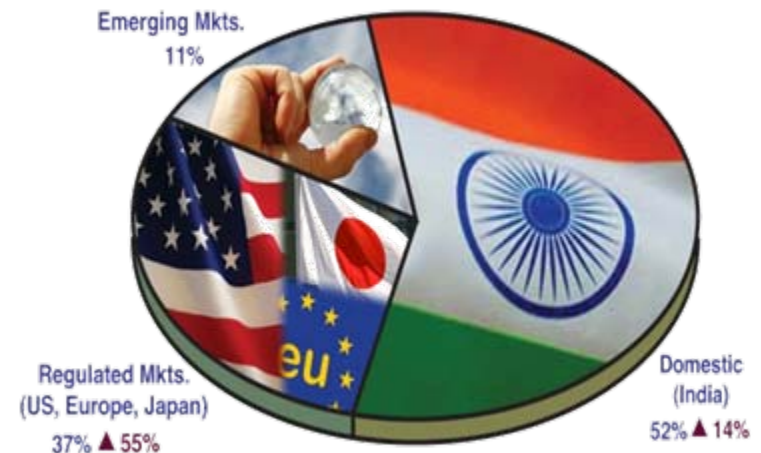
Manufacturing

Research and Development

Revenue break up (%) by segment (FY 09-10)



Revenue break up (%) by region (FY 09-10)



State of the art facilities and infrastructure (1/2)

Formulations



**Finished Dosage Form,
Moraiya (USFDA Approved)**



**Finished Dosage Form,
Sikkim**



**Finished Dosage Form,
Baddi**



**Finished Dosage Form,
Goa**



**Finished Dosage Form,
Brazil**



Agiolax (for Madaus), Goa



**Cytotoxic Injectables for
Hospira JV (MHRA, USFDA)**



**Cytotoxic Injectable
For BSV JV**

State of the art facilities and infrastructure (2/2)

APIs and Fine Chemicals



**API, Ankleshwar
(USFDA Approved)**



**API, Dabhasa
(USFDA approved)**



**Fine Chemicals, Moraiya
(USFDA Approved)**



**Biologics Active Substances,
Changodar**



**Pantoprazole Intermediates
for Nycomed JV**

R&D



**Zydus Research Center,
Moraiya**



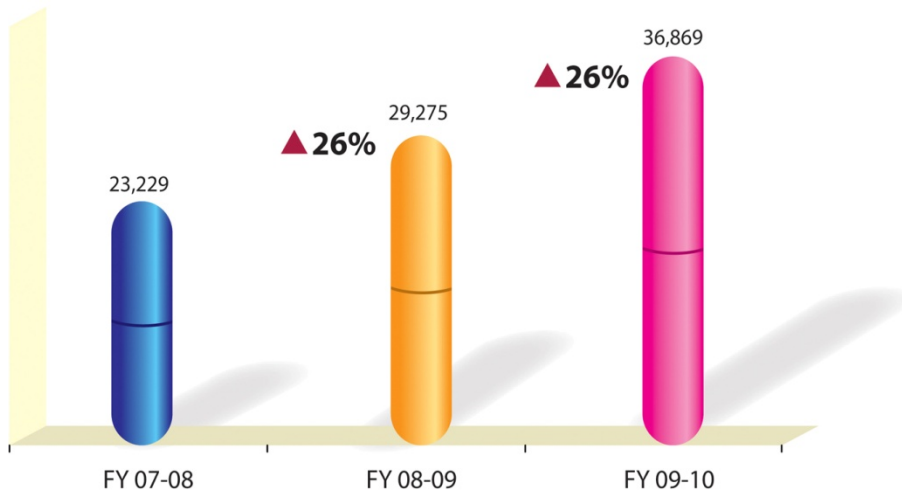
**Pharmaceutical Technology
Center, Moraiya**



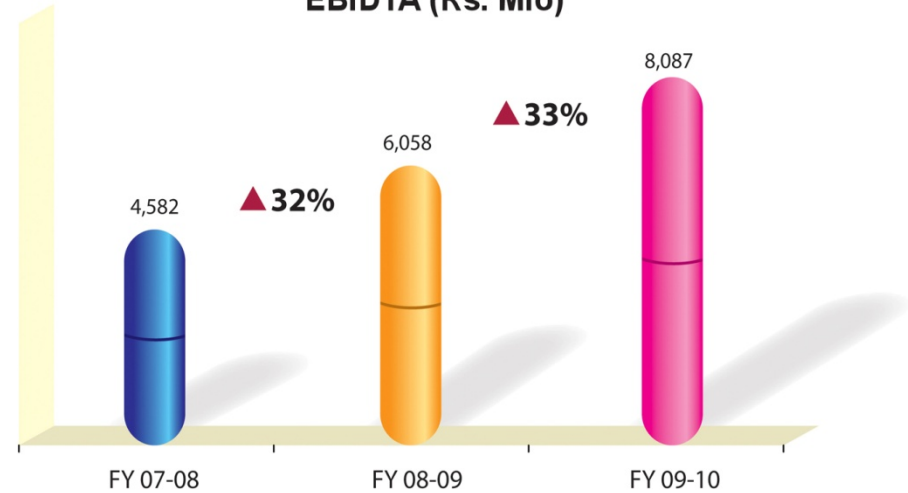
**API Process Research Center,
Dabhasa**

Financial highlights

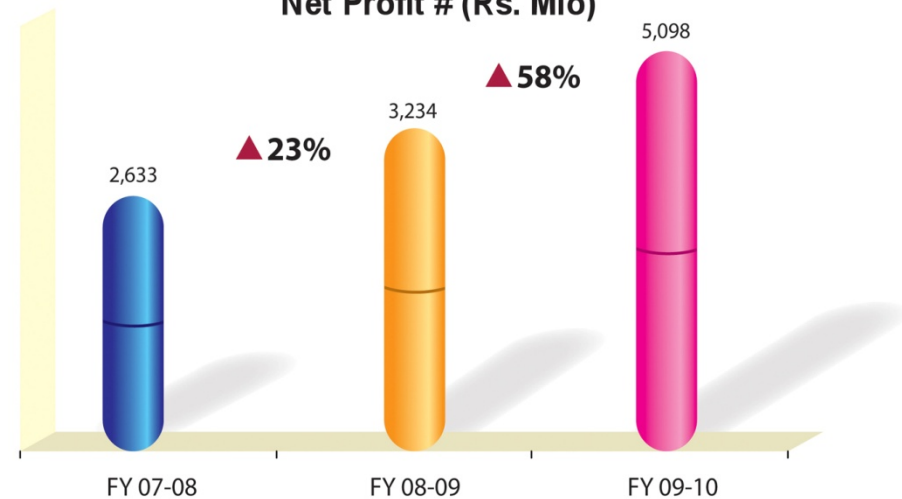
Income from Operations (Rs. Mio)



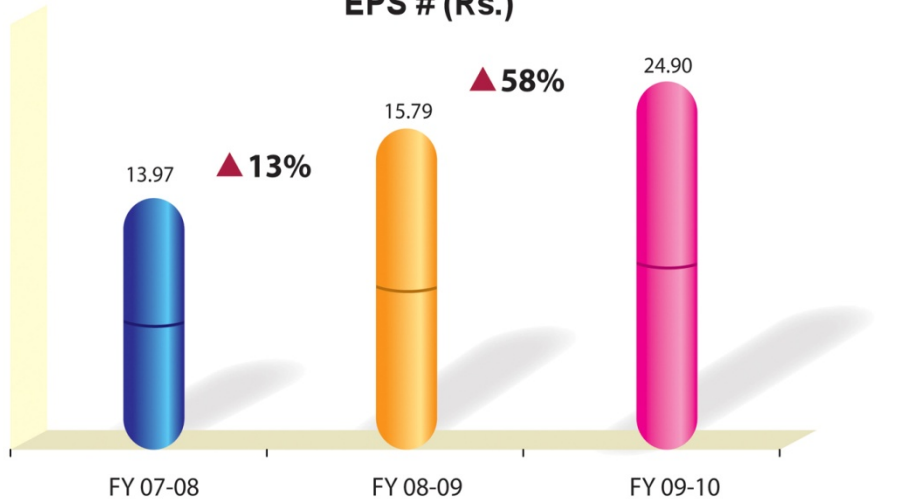
EBIDTA (Rs. Mio)



Net Profit # (Rs. Mio)



EPS # (Rs.)

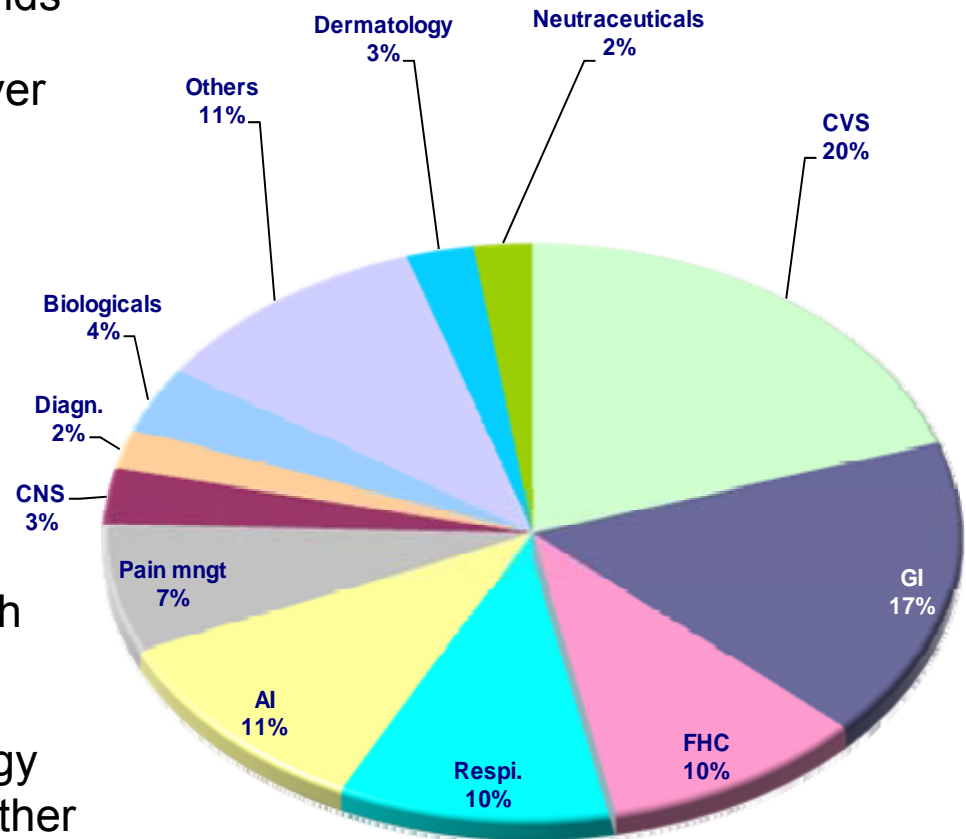


Net Profit and EPS exclude Exceptional Items.

5th largest in Indian Pharma market with ~ Rs 15 bn sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory (*participated market segments*)
- 16 brands amongst country's top 300 brands
- New product launches – a key growth driver
 - Launched >60 new products and line extensions in FY 09-10
 - 17 were first in India
- In-licensing arrangements with Bayer Schering Pharma, Boehringer Ingelheim, Nycomed, Baxter, Genzyme Inc.
- Dedicated task force of > 4000 people with therapeutic focus
- Recently expanded field force in Cardiology by ~300 and in Respiratory by ~100 to further strengthen our positions

Therapeutic Area-wise Sales Break-up of Branded Formulations (FY 09-10)

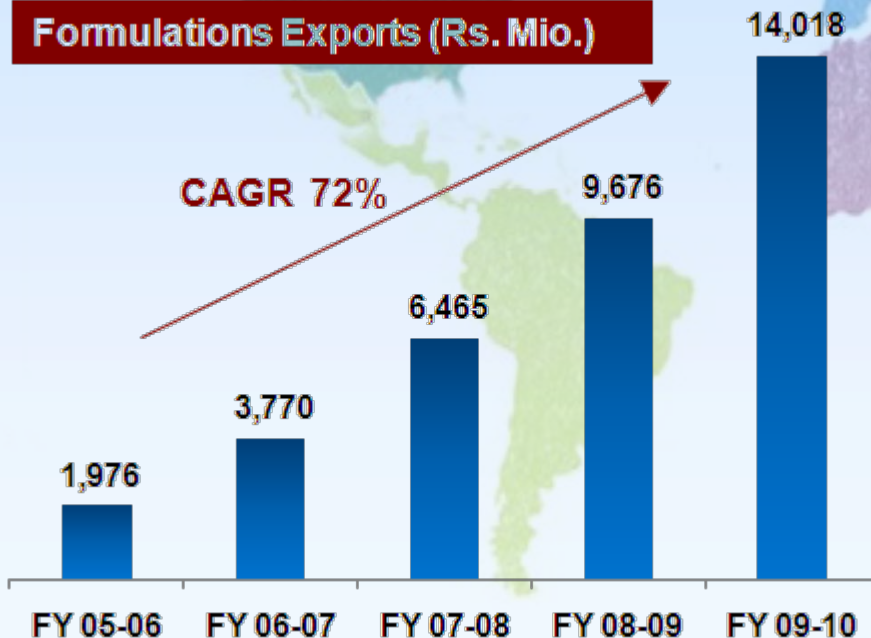


International formulations : two-fold focus

Focusing on developed generic markets (~29% of global sales)

- ✓ US - Zydus Pharmaceuticals USA Inc.
- ✓ Europe
 - France - Zydus France SAS
 - Spain - Laboratorios Combix
- ✓ Japan – Nippon Universal Pharmaceuticals Ltd.

Formulations Exports (Rs. Mio.)



Driving growth in emerging markets (~10% of global sales)

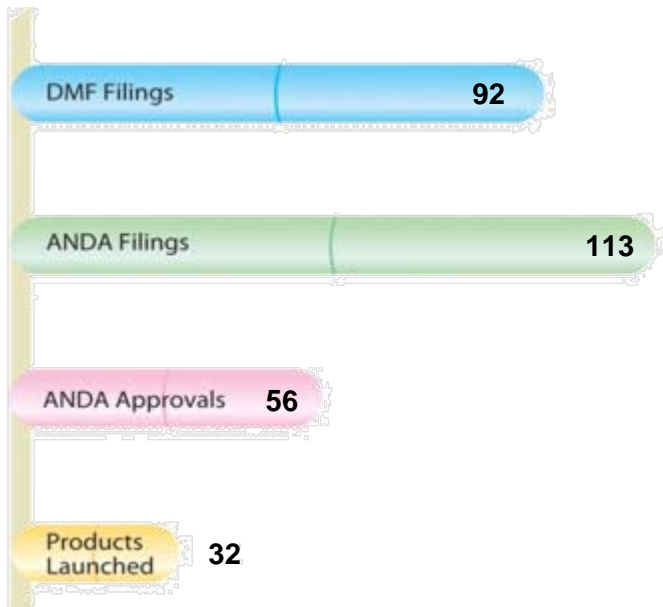
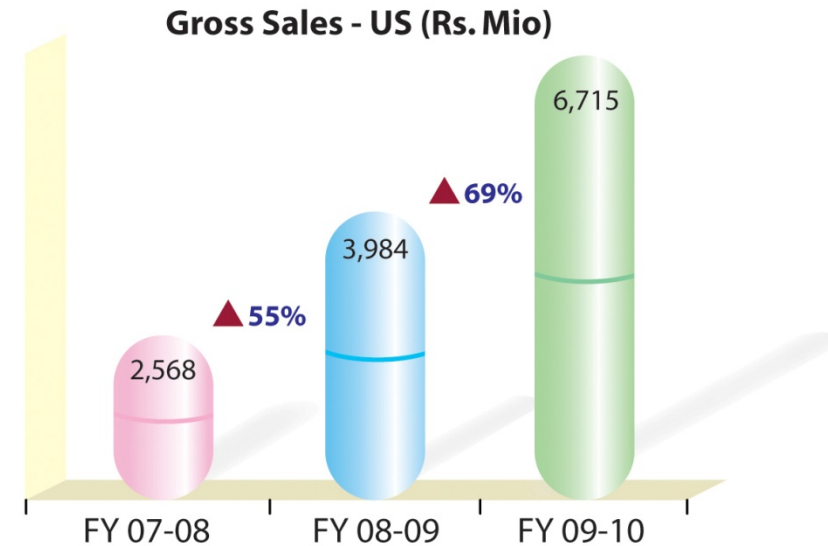
- ✓ Brazil –
 - Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.
 - Generics – Zydus Healthcare Brazil Ltda.
- ✓ Emerging Markets
 - Asia Pacific- Sri Lanka, Myanmar, Taiwan, Philippines
 - South Africa - Simayla Pharma. Pty. Ltd.
 - Africa, Mid East - Sudan, Uganda, Algeria

Product Portfolio

- ✓ Robust pipeline of new products across markets
- ✓ Initiatives to add specialty and niche dosage forms in the portfolio

Among the top 20 and one of the fastest growing generic companies in US

- Started operations in 2005 and adopted a “Customer Centric Model”
- 32 products launched. 8 -10 products to be added every year
- 12 products enjoy >20% market share
- “Preferred Supplier” for many customers
- Focusing on delivery based, difficult to make products, the next growth driver



KEY REGULATORY STRENGTHS

- A robust regulatory pipeline
- Over half of the products use own API
- Started filing ANDAs for Nasal (7 so far) and Parenterals (14 so far)
- Plan to file 12 -15 ANDAs p.a.

Over 2.65 % market share in participated French market; 27 product launches in Spain

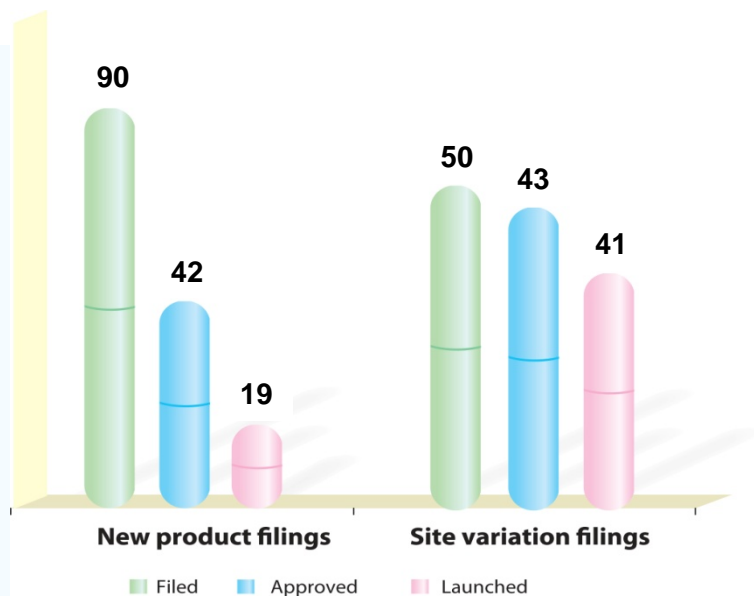
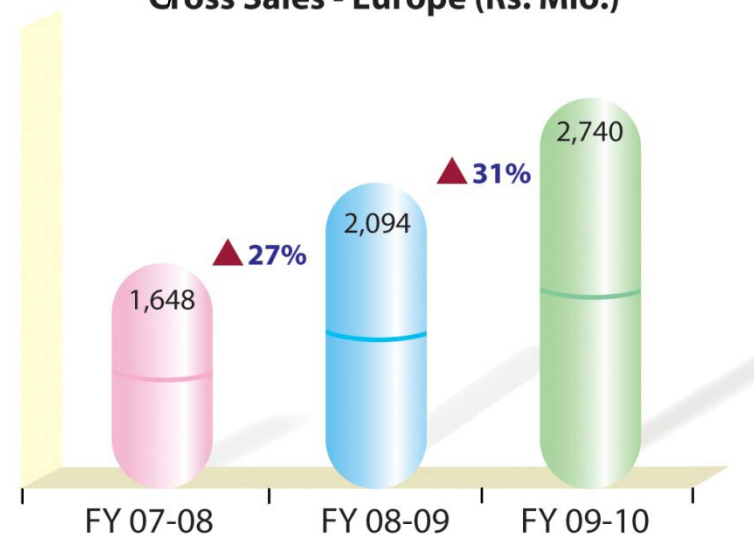
Among top 10 in Euro 2.5 bn French generics market

- Launched >160 presentations (~80 molecules) in France
- 8 Day-one launches among 14 launches in FY 09-10
- Continuous focus on enrichment of customer relations and portfolio expansion thru new launches

Acquired Laboratorios Combix in 2008 to enter Euro 0.7 bn Spanish market

- Launched 27 molecules in Spain so far
- Plan to increase portfolio to tap this less penetrated market

Cross Sales - Europe (Rs. Mio.)



KEY STRENGTHS

- Leveraging India's low cost base – started supplying over 35% of France sales from India
- New product filings include 30 products for Spanish market

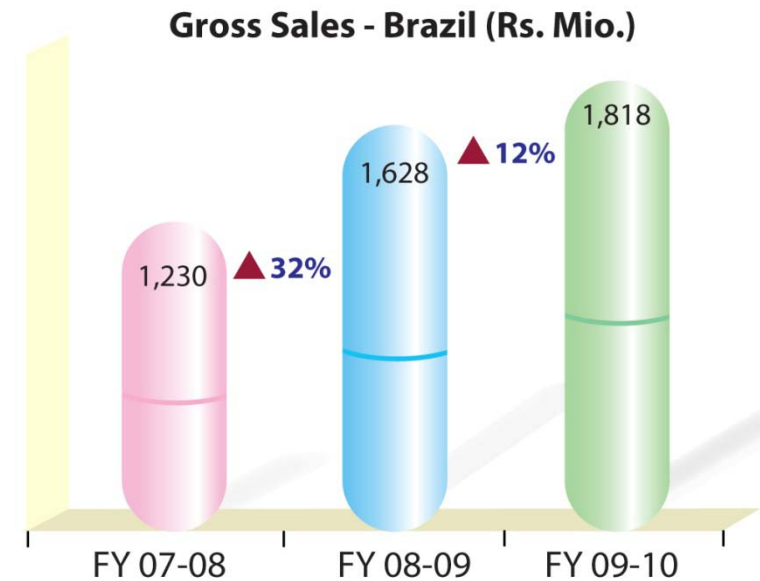
Strategies for Japan : World's 2nd largest pharma market

- Generic market valued at >\$ 3.5 bn, growing at ~12%, with very low generic penetration of ~6% in value terms, 19% in volume terms (*Source : IGPA*)
- Acquired Nippon Universal Pharma. Ltd. (NUP) with a marketing set-up and a small manufacturing facility in FY 07-08
- Plans to establish NUP as a generic player in Japan by introducing new products through in-licensing route as well product registrations from India
- Launched 24 new in-licensed products in last two years
- Dedicated field force of ~30 people to address the requirements of the customers
- Sales of Rs. 316 Mio. in FY 09-10, up 44%



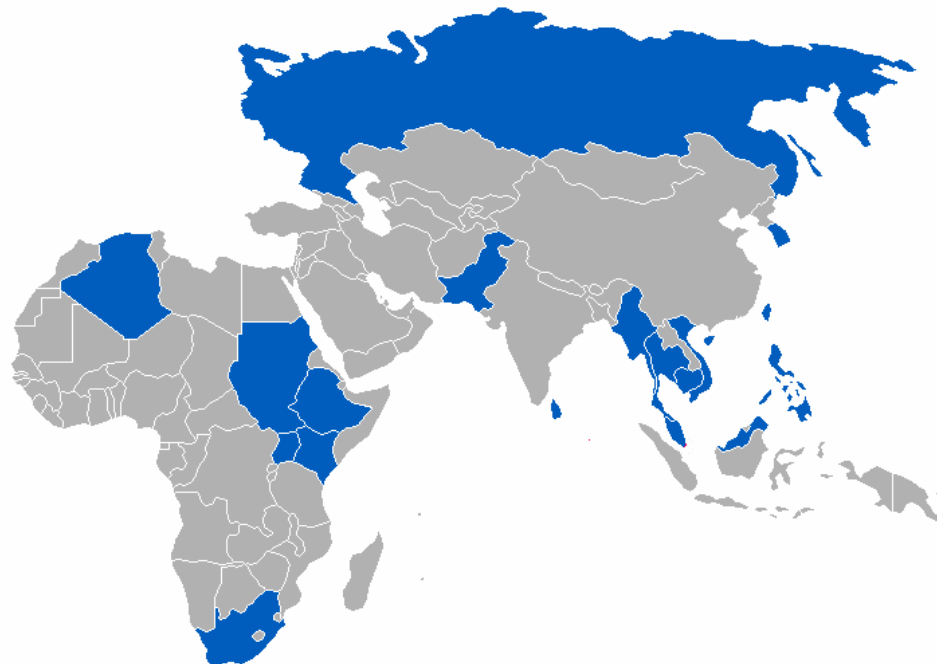
Strategies for \$ 13bn Brazilian pharma market

- Set up Zydus Healthcare Brazil Ltda (100% subsidiary) to enter generics market in 2005-06
- Filed 59 dossiers so far for generic and branded products from India, of which 20 have been approved.
- Launched 14 generic products so far
- Acquired Nikkho in 2007-08 to foray into the fast growing, profitable and sustainable branded generics segment
- A profit-making co., Nikkho has a mfg. facility and strong marketing and distribution network in Brazil
- Expanded the branded basket to over 25 products with launch of several new brands from India and a few acquired brands
- Planning to increase product portfolio in both branded and generics market with 8-10 launches every year



Achievements in the fast growing emerging markets

- Operations in over 20 semi / non regulated emerging markets of Asia Pacific, Africa and Middle East regions
- Focusing on rapidly growing markets of South Africa, Taiwan and Philippines
- No.1 Indian company in Uganda and Sudan and amongst top 3 Indian pharma cos. in Sri Lanka and Myanmar
- Acquired Simayla Pharma of South Africa, Africa's largest and only regulated market
- Plan to launch several new products in South Africa from the group's strong pipeline built from India and leverage Simayla's marketing capabilities
- Only Indian company to start operations in Taiwan successfully
- Registered CAGR of >20% over last 3 years with sales of Rs. 1590 Mio. in FY 09-10



Strong brand equity in highly potential consumer wellness segment in India

- ZyduS Wellness Ltd. – spearheading operations in consumer wellness segment
- Strong presence in niche categories



- India's largest selling sugar substitute with >80% market share (*Source : AC Nielsen*)
- Growing at CAGR of >25% in last 3 years, crossed sales of Rs. 1 bn in FY 09-10



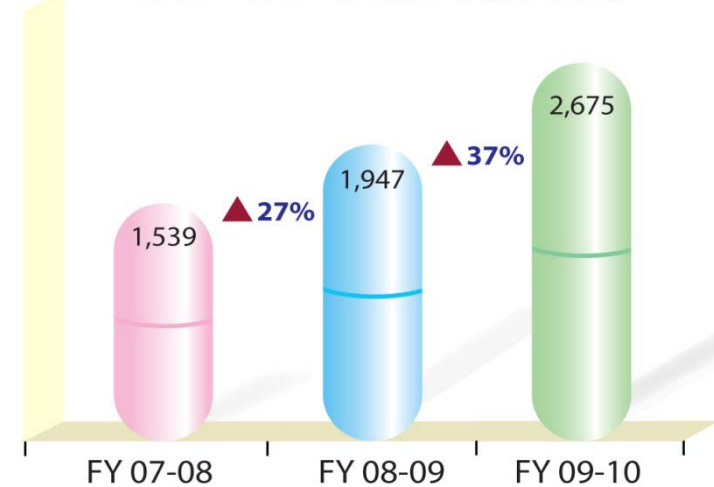
- Skincare product range with leadership in peel-offs, scrubs and face wash categories
- Growing at CAGR of > 35% in last 3 years



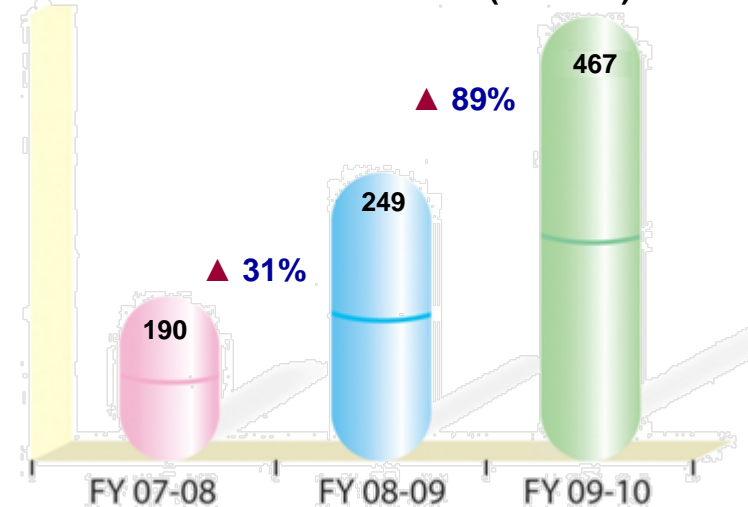
- India's largest selling margarine growing at CAGR of >25% in last 3 years

- Continuous thrust on category expansion through launch of newer variants, also exploring possibilities of launching new categories in wellness domain
- Aim to cross sales of Rs. 500 cr. by 2013

Gross Sales - Wellness (Rs. Mio.)



Net Profit # - Wellness (Rs. Mio.)



Excludes Exceptional Items

Unlocking value through win-win alliances

- **Zyklus Nycomed JV – most successful contract manufacturing JV in India**

- State-of-the-art mfg. facility for Pantoprazole intermediates
- Expanded scope - more APIs to be sourced by Nycomed from this JV

- **Zyklus Hospira - JV for oncology injectables**

- State-of-the-art cytotoxic facility in SEZ – approved by MHRA, USFDA, TGA and Health Canada
- Plan to manufacture 6 oncology products
- Commercial supplies for EU market commenced
- Full capacity utilisation expected by FY 11-12

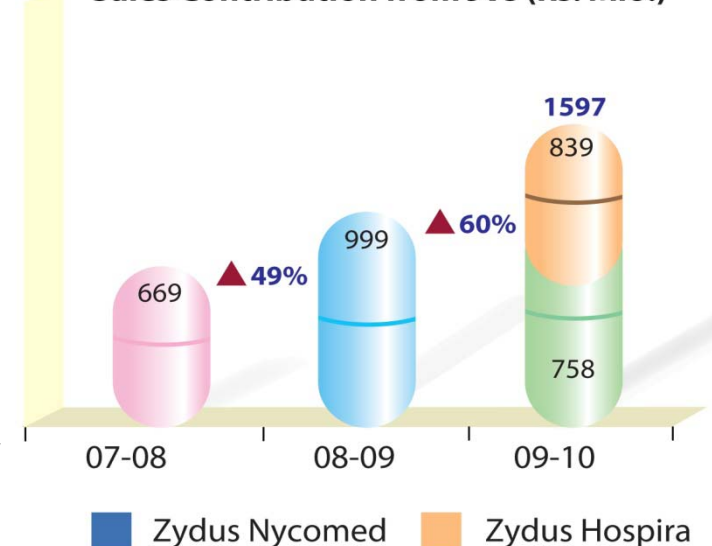
- **Zyklus BSV - JV for oncology NDDS**

- State-of-the-art mfg. plant in SEZ near Ahmedabad
- Launched NDDS product in India as *Nudoxa*

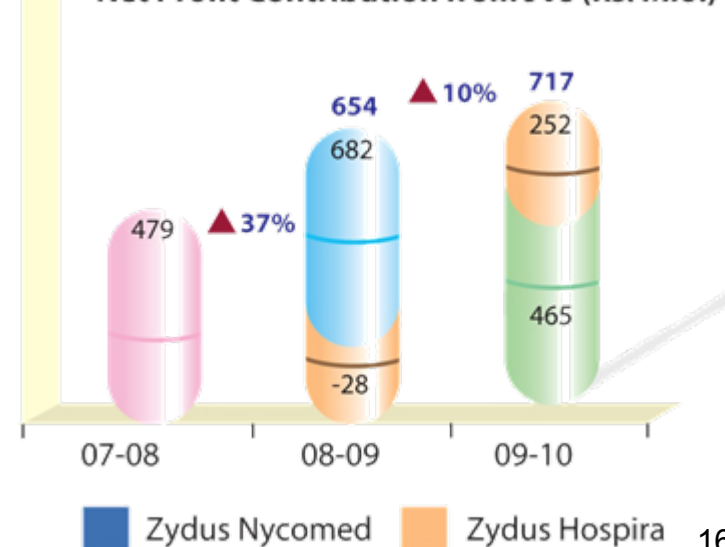
- **Strategic out-licensing deal with Abbott Labs**

- To license 24 products for 15 key emerging markets
- Option to include 40 additional products

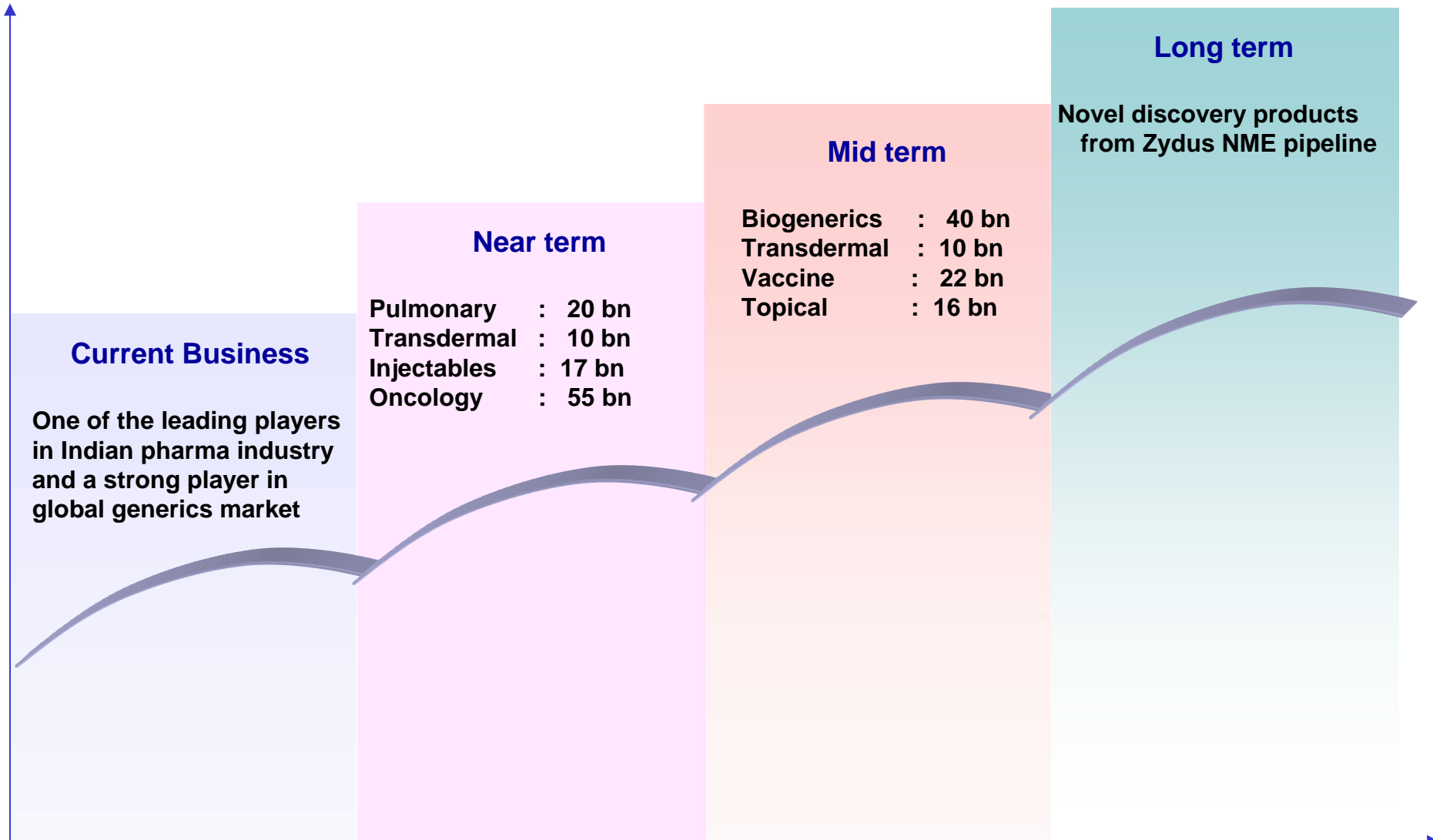
Sales Contribution from JVs (Rs. Mio.)



Net Profit Contribution from JVs (Rs. Mio.)



Ongoing Investment in Newer Portfolios Worth over \$ 180 bn



Note: Value indicated is estimated brand sale (\$)

A scientific talent pool of >950 and investing over 5.5% of the turnover on research

Zydus Research Centre (ZRC)

- Located in Ahmedabad
- Focus on NME Research, Biologicals & NDDS

Pharmaceutical Technology Centre (PTC)

- 2 centers – one located in Ahmedabad, another in Mumbai
- Focus on Finished Dosage Form Development & NDDS

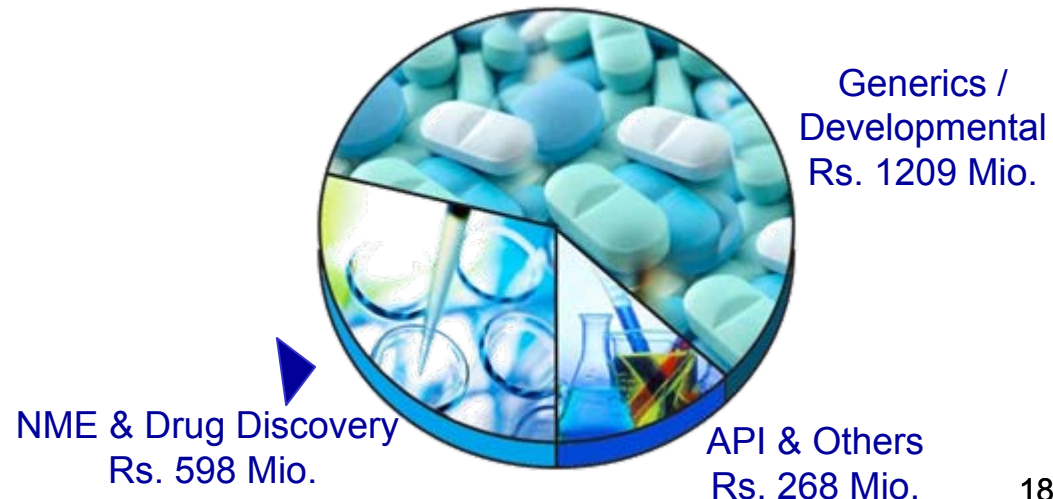
API Process Research

- Located in Dabhasa, Gujarat
- Focus on Process Development

Talent Pool of ~950 Scientists



R&D Investment : Rs. 2075 Mio. in FY 09-10



Dedicated facility for NME research : Zydu Research Centre

- Areas of focus:
Dyslipidemia, Diabetes, Obesity, Inflammation
- Facility for target identification to pre-clinical research / early clinical development
- Signed a new drug discovery and development pact with Eli Lilly and Co., focused on cardiovascular research
- Joint research with Karo Bio, Sweden for non-steroidal glucocorticoids
- Initiated NDDS product development based on Nanotechnology

Project	Target	Indication	Drug Discovery	Lead Optimisation	Preclinical Development	IND	Phase I	Phase II	Phase III	NDA
ZYH1	PPAR alpha; gamma	Dyslipidemia								
ZYI1	Multi-model	Pain								
ZY01	CB-1 antagonist	Obesity; Diabetes								
ZYH2	PPAR alpha; gamma	Diabetes								
ZYH7	PPAR alpha	Dyslipidemia								
ZYT1	TR beta agonist	Dyslipidemia								
ZYD1	GLP-1 agonist	Diabetes								
ZY0G1	GLP-1 agonist	Diabetes								
	Undisclosed	Diabetes								
	Undisclosed	Atherosclerotic Plaque								
Collaborative program	Selective GR agonist	Inflammation	With Karo Bio							
Collaborative program	Undisclosed	CVS	With Eli Lilly							

Biosimilars and Vaccines – The Next Big Opportunity

Biosimilars :

- Strong pipeline: 15 biosimilars and 2 novel products
- Strong IP position either through own patent or non-infringing processes
- 120 experienced scientists dedicated to Biosimilars programme
- End to end product development and manufacturing to be done in-house

Product	Expression Host	Development	CT	Launch
G-CSF	E. coli			
Peg G-CSF	E. coli			
IFN-a 2b	P. pastoris			
Peg IFN-a 2b	P. pastoris			
IFN-b 1b	E. coli			
EPO	CHO			
Prod 1	CHO			
Prod 2	E. coli			
Prod 3	E. coli			
Prod 4	CHO			
MAb 1	CHO			
Tenecteplase	CHO			
MAb 2	CHO			
MAb 3	CHO			
MAb 4	CHO			
Peg EPO	CHO			
Rabies Mabs	Murine			

Vaccines :

- Acquired Etna Biotech, Italy, engaged in vaccine research and development
- State-of-the-art Vaccine Technology Center under construction
- Developed high quality vaccine for H1N1 in-house
- 1st Indian co. to launch H1N1 vaccine
- Several other vaccines under different stages of development

Key Financial Numbers – Q1 2010-11

	Rs. Mio.		
Consolidated Profitability	Q1 2010-11	Q1 2009-10	Growth y-y%
Domestic Sales	5,675	4,758	19.3%
Exports Sales	5,007	4,138	21.0%
Total Gross Sales	10,682	8,896	20.1%
Total Income from Operations *	10,864	9,035	20.2%
EBIDT *	2,524	2,036	24.0%
EBIDT % to Total Income	23.2%	22.5%	
Net Profit # *	1,627	1,248	30.4%
Net Profit % to Total Income	15.0%	13.8%	
EPS - not annualised (Rs.) # *	7.95	6.09	30.4%
Consolidated Financial Position	Jun-10	Mar-10	Change
Net Worth	18,372	16,285	12.8%
Net Debt	7,404	8,398	-11.8%
Net Fixed Assets	19,752	19,326	2.2%
Net Current Assets	7,143	6,581	8.5%

Net Profit and EPS exclude Exceptional Items.

* Excluding dossier licensing fees received from Abbott Labs.

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