



**Cadila Healthcare Ltd.**  
**Investor Presentation**  
February 2011

BSE : 532321

NSE : CADILAHC



# Our Vision

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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...

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# A Snapshot

- One of the oldest and the 5th largest in the Indian formulations market worth over Rs. 460 bn (*Source : ORG IMS MAT Dec-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 ~6% 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. 155 bn (~ \$ 3.5 bn)  
(14-Feb-10)      Zydus Wellness Ltd. > Rs. 22 bn (~ \$ 500 mn) (72% ownership)
- Declared the Emerging Company of the year by 'ET Award for Corporate Excellence 2010'

# Well integrated company and expanding Globally

Indian finished dosage formulations

International finished dosage formulations

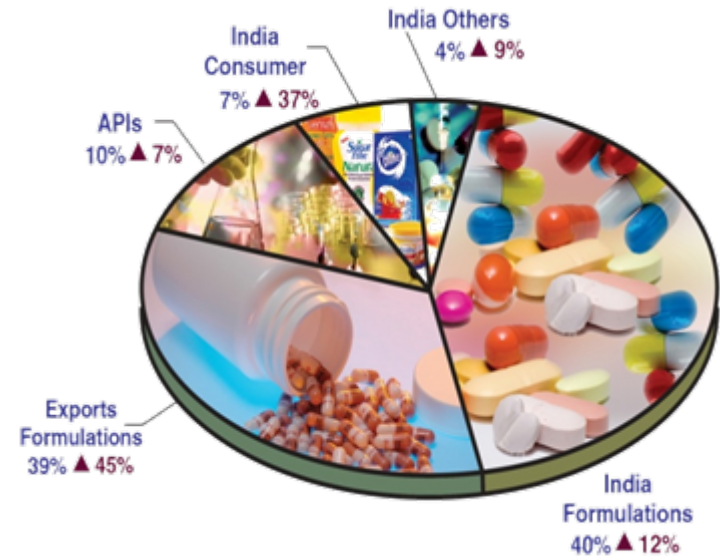
High end APIs + intermediates

Consumer Wellness

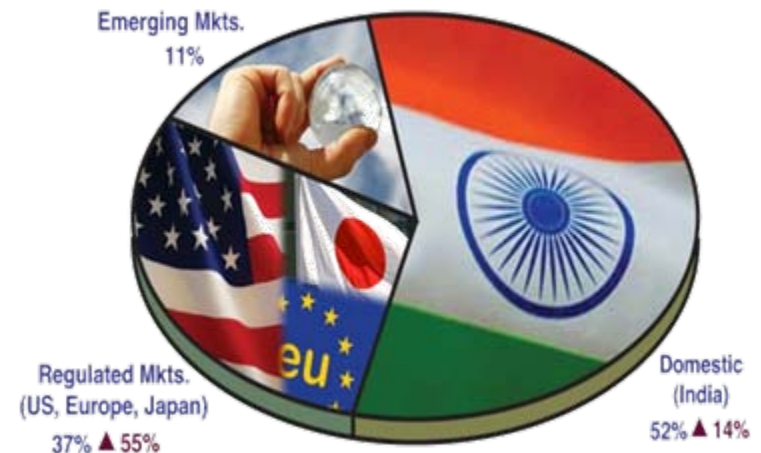
Manufacturing

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, USAFDA)**



**Cytotoxic Injectable  
For BSV JV**



**Transdermals Mfg., Moraiya**

# 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**



**Vaccine Technology Center,  
Moraiya**

## R&D



**Zydus Research Center,  
Moraiya**



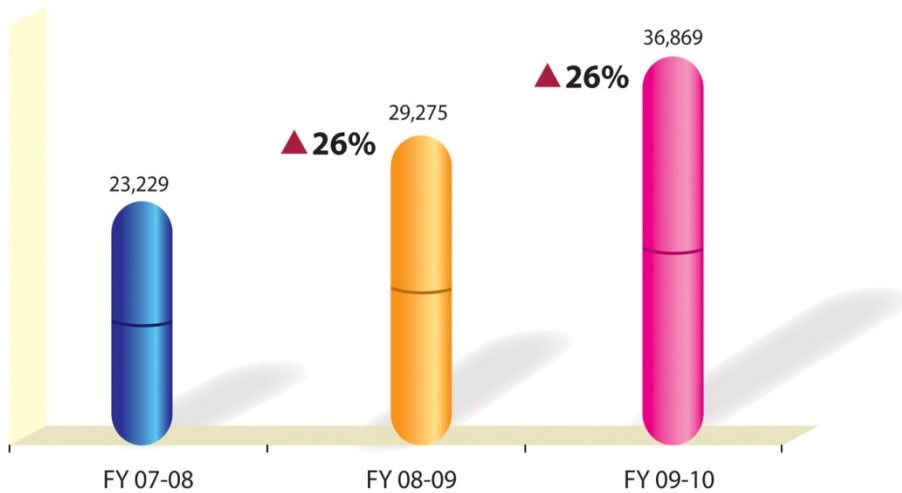
**Pharmaceutical Technology  
Center, Moraiya**



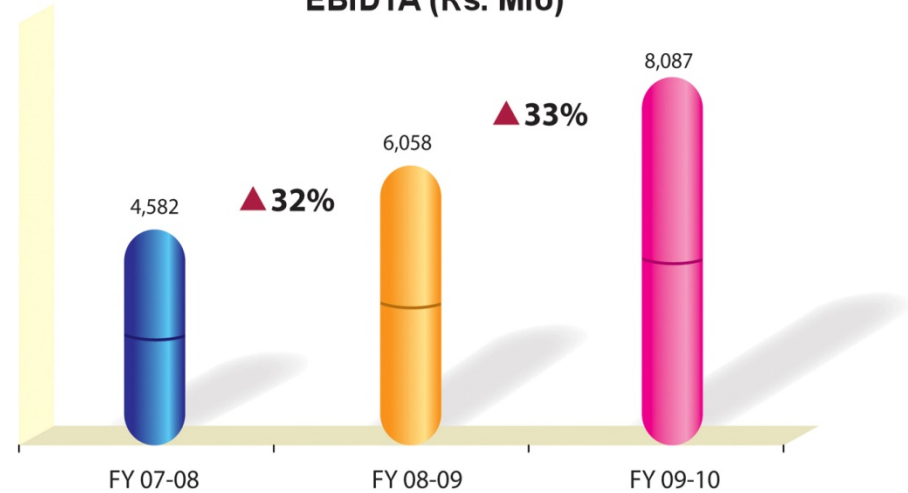
**API Process Research Center,  
Dabhasa**

# Financial highlights

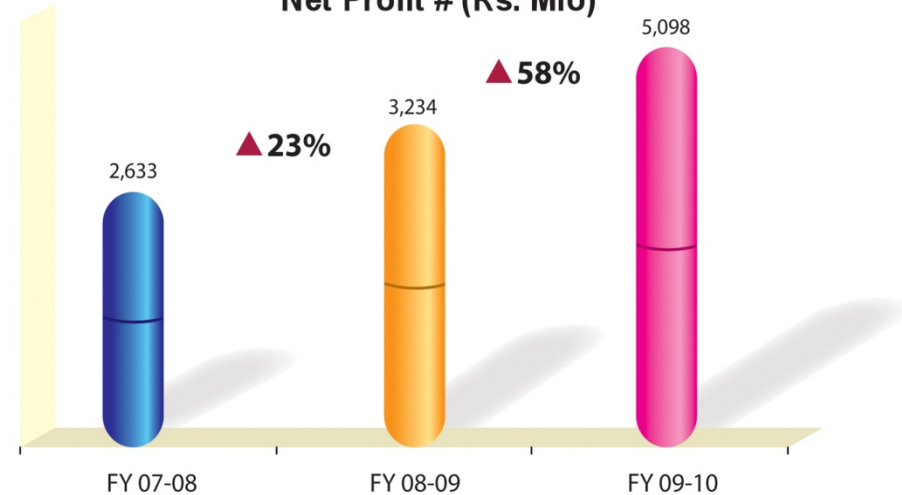
## Income from Operations (Rs. Mio)



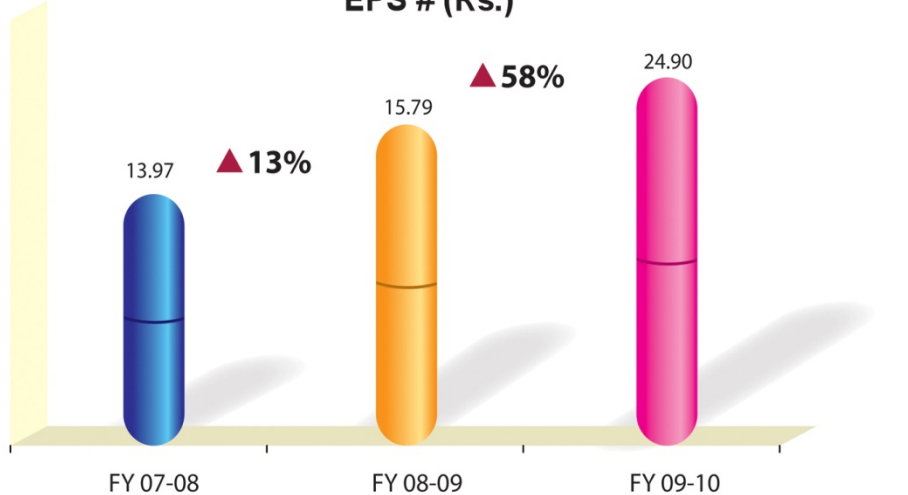
## EBIDTA (Rs. Mio)



## Net Profit # (Rs. Mio)



## EPS # (Rs.)

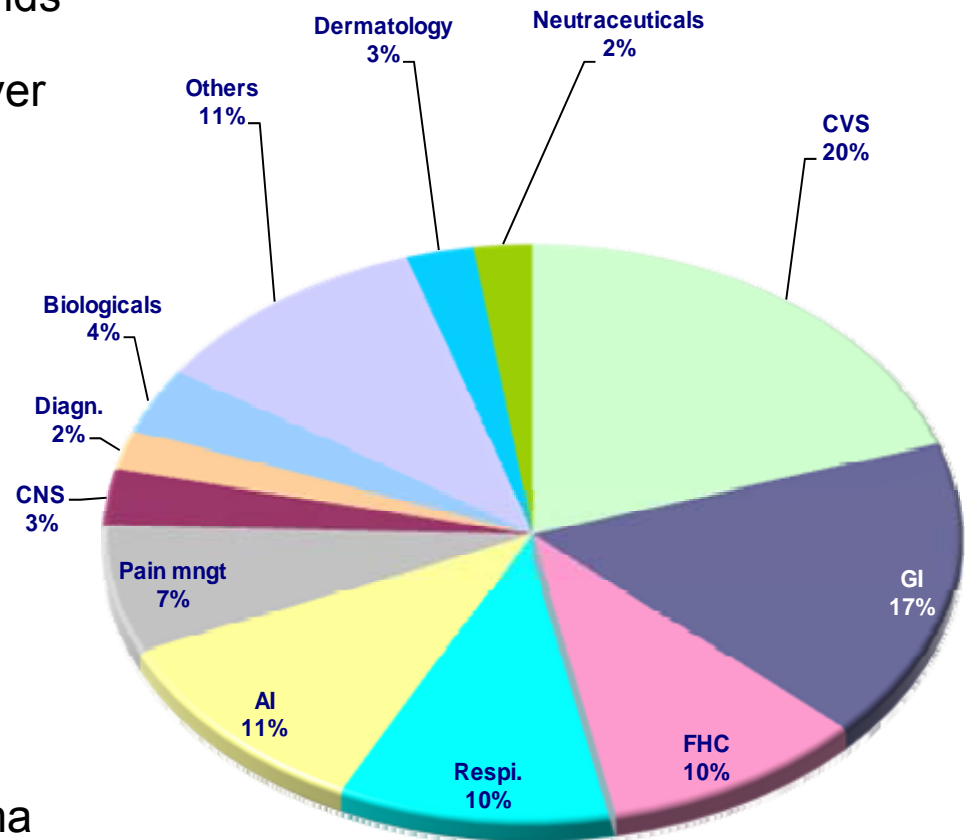


# Net Profit and EPS exclude Exceptional Items.

# 5th largest in Indian Pharma market with ~ Rs 17 bn sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory (*participated market segments*)
- 15 brands amongst country's top 300 brands
- New product launches – a key growth driver
  - Launched >50 new products and line extensions during Apr-Sep 10
  - 19 were first in India
- Dedicated task force of > 4400 people with therapeutic focus
- In-licensing arrangements with Bayer Schering Pharma, Boehringer Ingelheim, Nycomed, Baxter, Genzyme Inc.
- Recently entered into JV with Bayer Healthcare for sales and marketing pharma products in different therapeutic areas

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

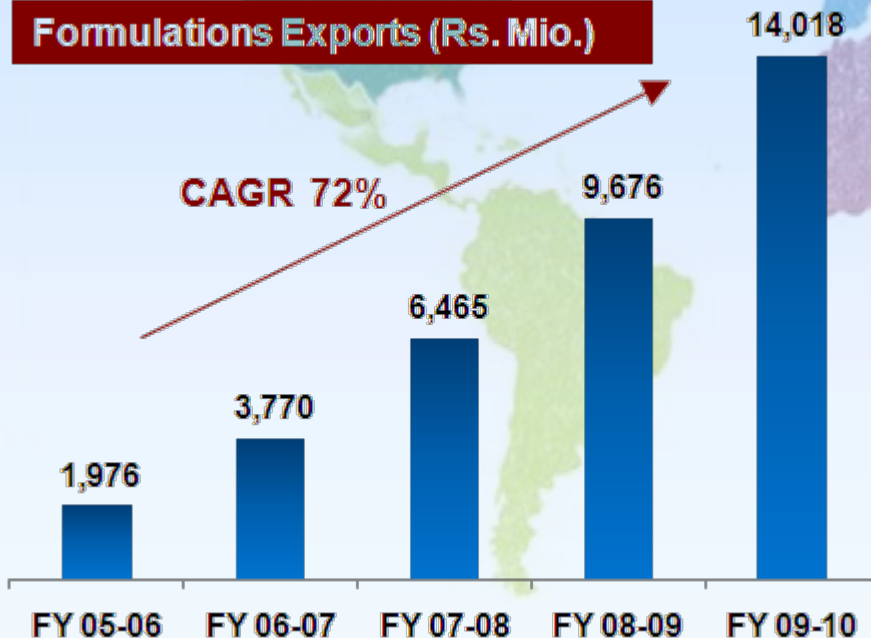


# International formulations : two-fold focus

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

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

### Formulations Exports (Rs. Mio.)



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

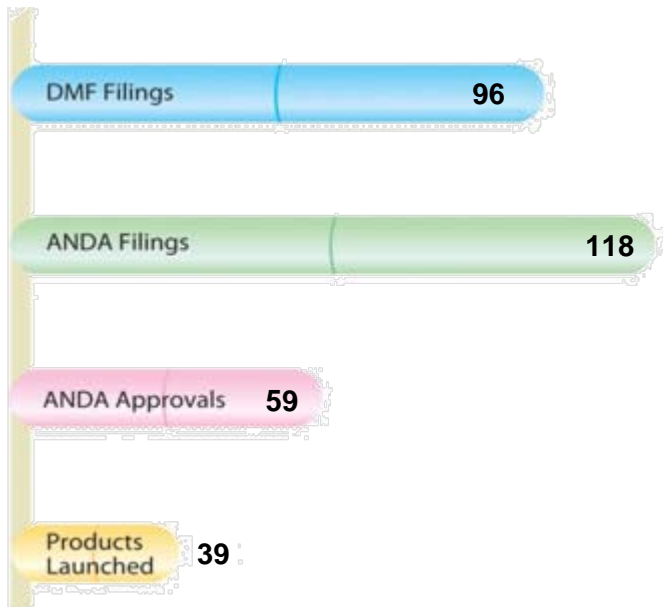
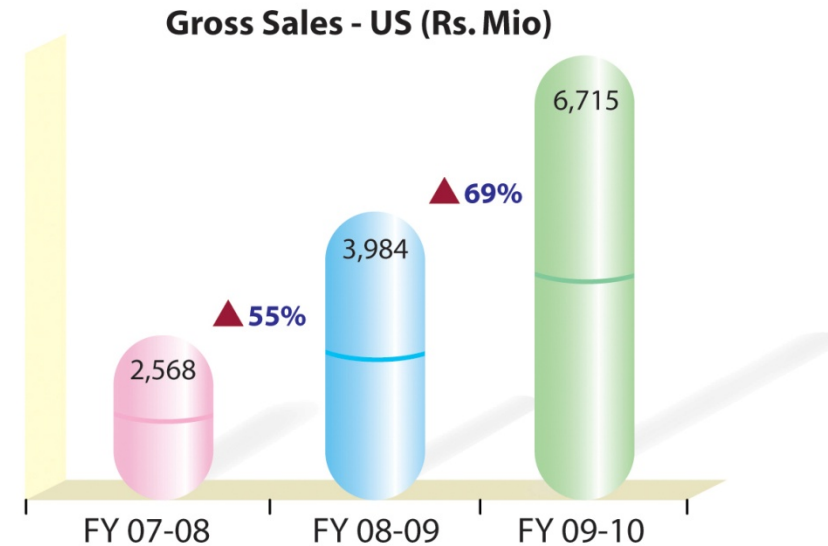
- ✓ Brazil –
  - Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.
  - Generics – Zydus Healthcare Brazil Ltda.
- ✓ Mexico - Zydus Pharmaceuticals México S.A.
- ✓ Emerging Markets
  - Asia Pacific- Sri Lanka, Myanmar, Taiwan, Philippines
  - South Africa - Simayla Pharma. Pty. Ltd.
  - Africa, 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”
- 39 products launched. 8 -10 products to be added every year
- 15 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 (15 so far)
- Plan to file 12 -15 ANDAs p.a.

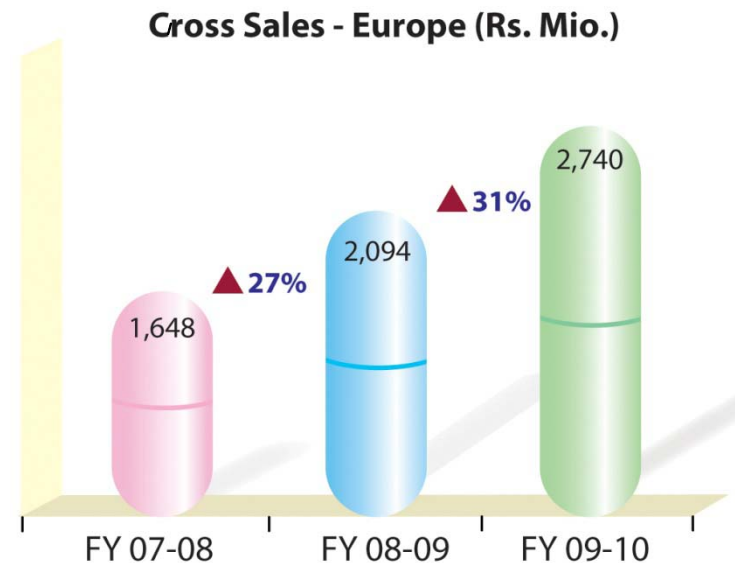
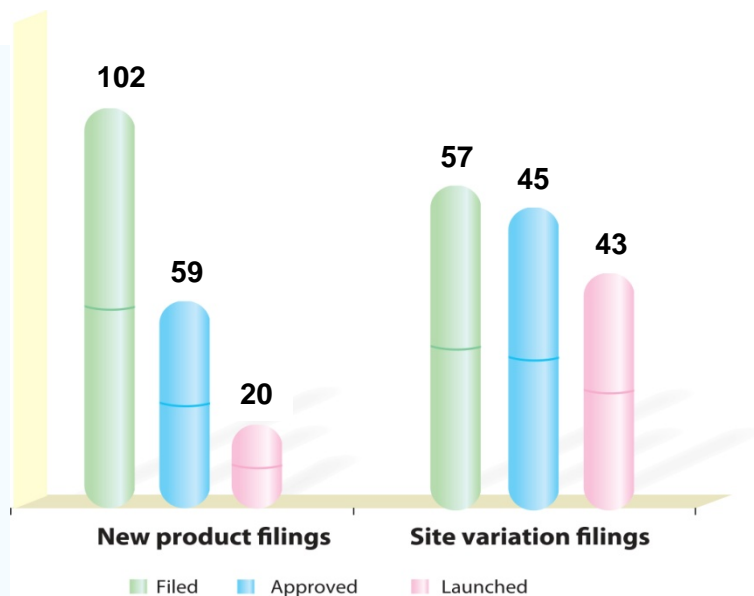
# Over 2.65 % market share in participated French market; 30 product launches in Spain

## Among top 10 in Euro 3 bn French generics market

- Launched >200 presentations (>90 molecules) in France
- Focusing on expanding market coverage thru new product launches incl. Day 1 opportunities
- 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 30 molecules in Spain so far
- Plan to increase portfolio to tap less penetrated market



## KEY STRENGTHS

- Leveraging India's low cost base – started supplying over 35% of France sales from India
- New product filings include 39 products for Spanish market

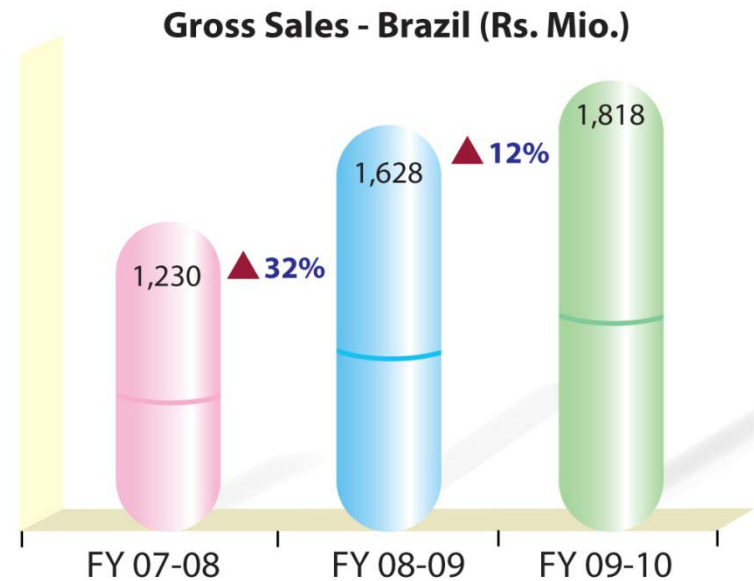
# Strategies for Japan : World's 2<sup>nd</sup> largest pharma market

- 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, now Zydus Pharma Japan) 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 >25 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%



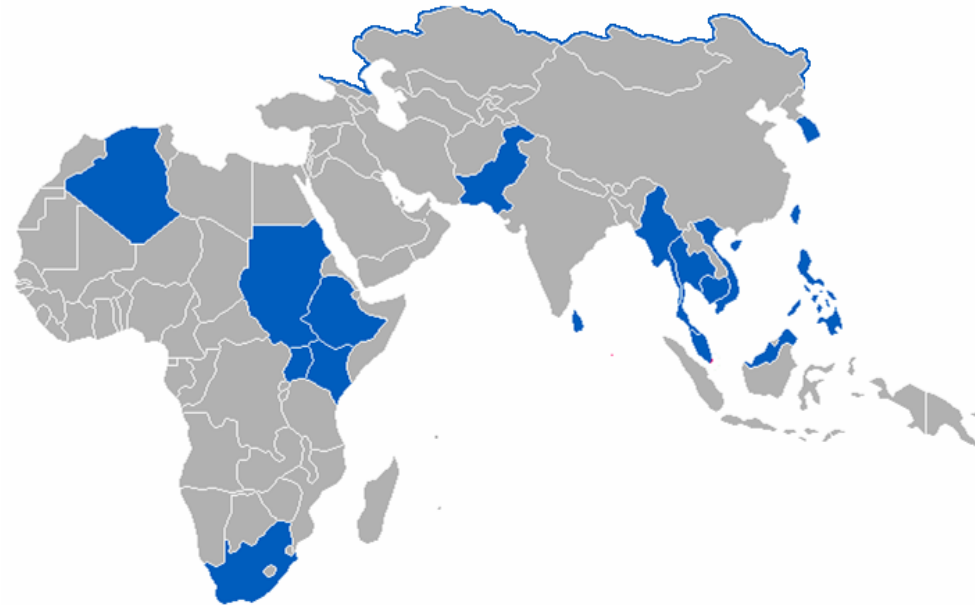
# Strategies for \$ 13bn Brazilian pharma market

- Set up Zydus Healthcare Brazil Ltda (100% subsidiary) to enter generics market in 2005-06
- Filed 63 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 ~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



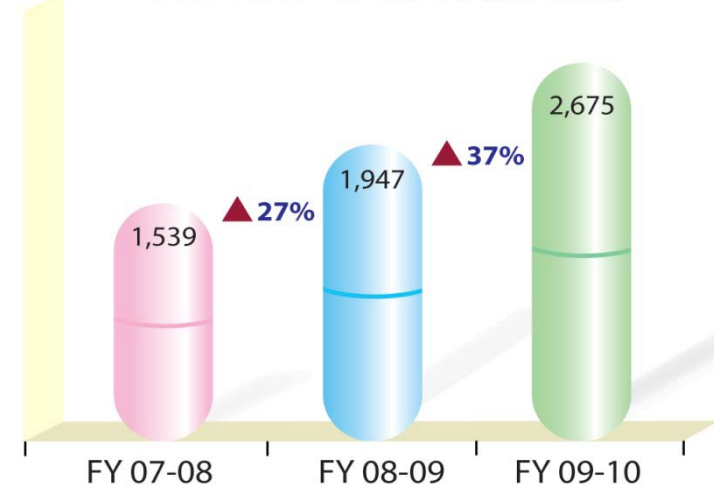
- Skincare product range with leadership in peel-offs, scrubs and face wash categories
- Growing at CAGR of > 35% in last 3 years



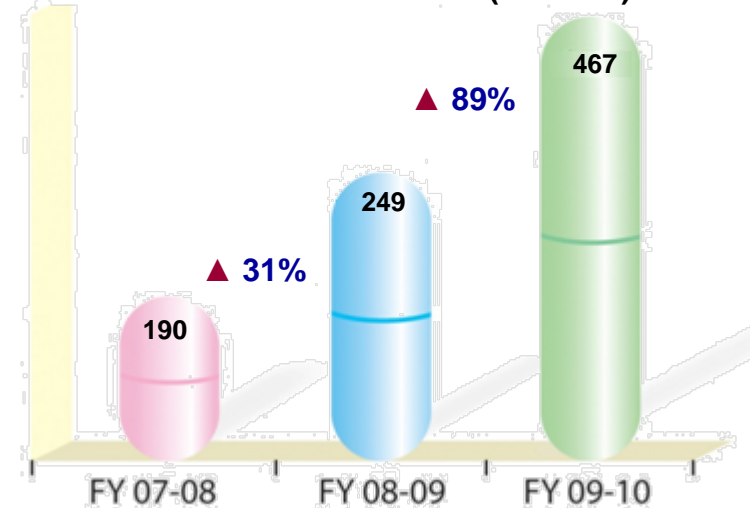
- India's largest selling margarine growing at CAGR of >25% in last 3 years

- 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.)

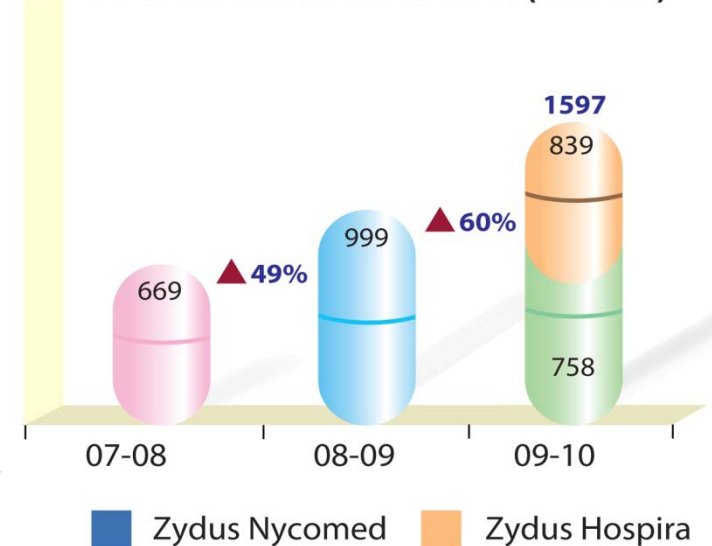


# Excludes Exceptional Items

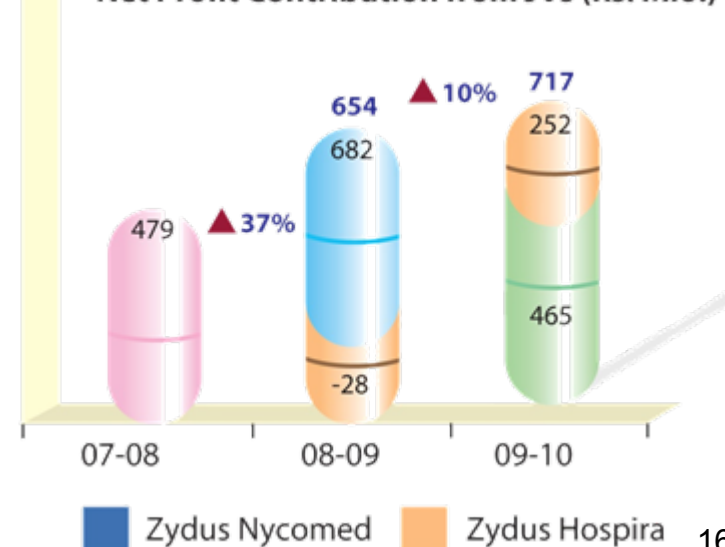
# Unlocking value through win-win alliances

- **Zyklus Nycomed JV – most successful contract manufacturing JV in India**
  - State-of-the-art mfg. facility for Pantoprazole key intermediates
  - Commissioned the expanded facility to manufacture complex high-end APIs for Nycomed
- **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
- **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

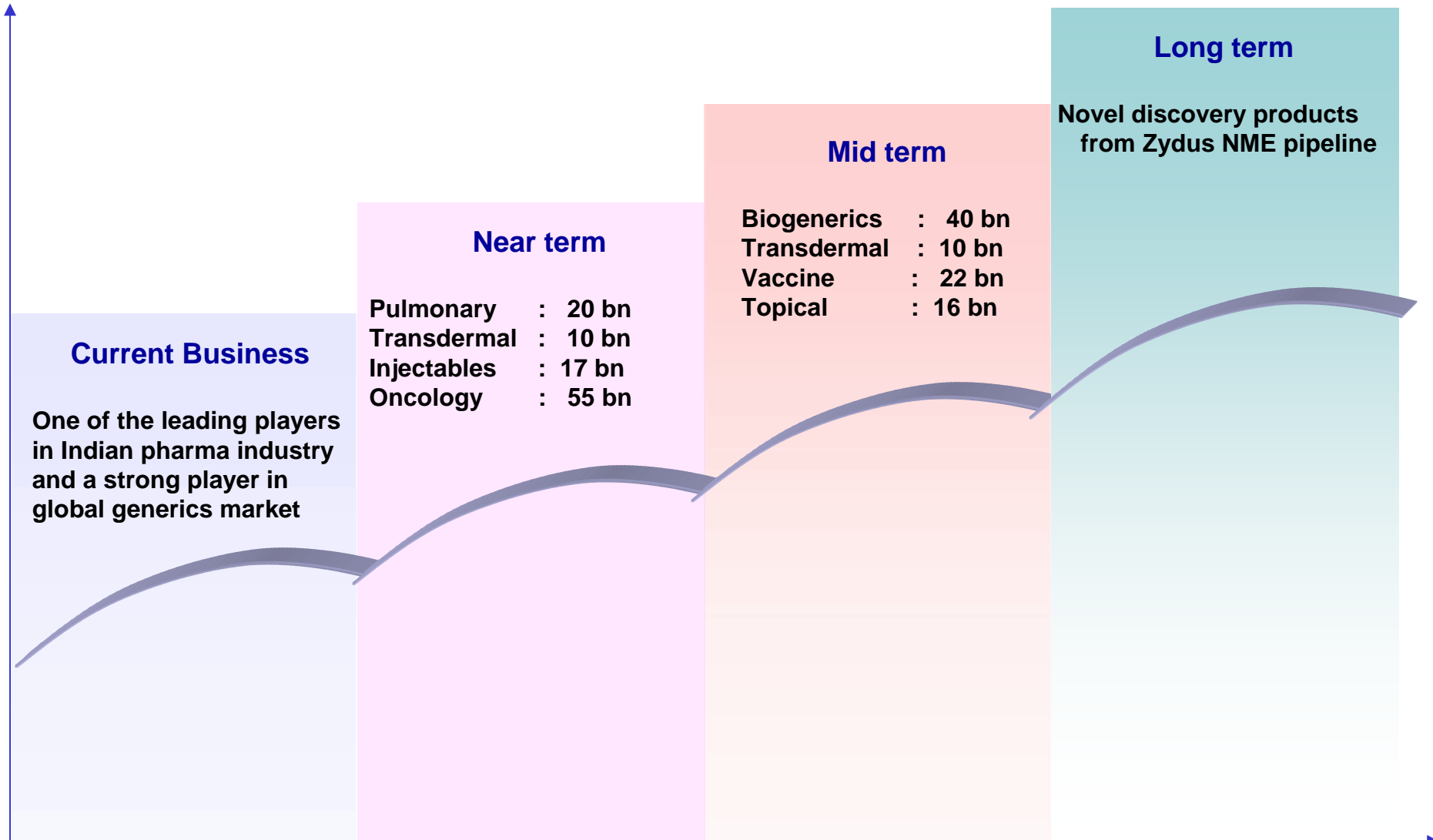
Sales Contribution from JVs (Rs. Mio.)



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 ~1050 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

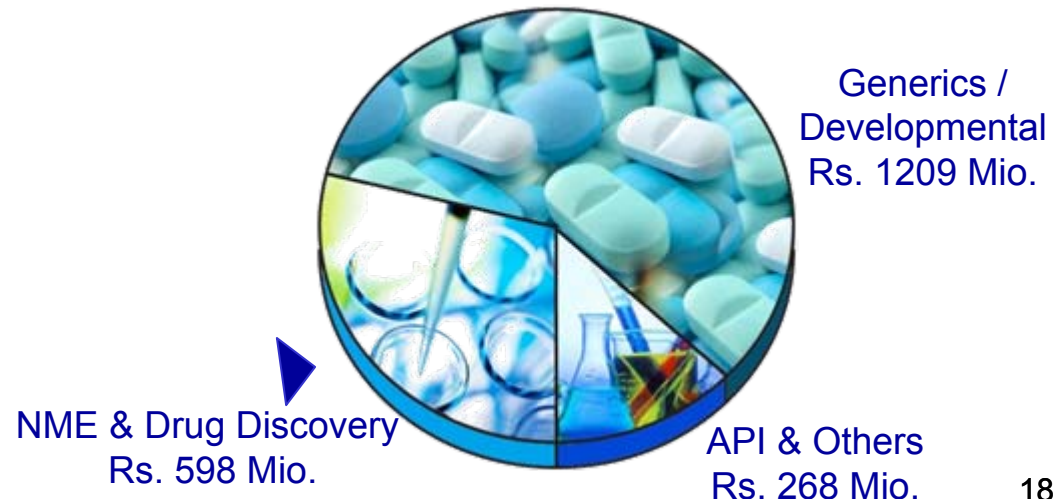
## API Process Research

- Located in Dabhasa, Gujarat
- Focus on Process Development

### *Talent Pool of ~1050 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<br>Discovery | Lead Optimis-<br>ation | Preclinical<br>Develop-ment | IND | Phase I | Phase II | Phase III | NDA |
|--------------------------|-------------------------|---------------------------|-------------------|------------------------|-----------------------------|-----|---------|----------|-----------|-----|
| ZYH1                     | PPAR alpha;<br>gamma    | Dyslipidemia              |                   |                        |                             |     |         |          |           |     |
| ZYI1                     | Multi-model             | Pain                      |                   |                        |                             |     |         |          |           |     |
| ZY01                     | CB-1 antagonist         | Obesity; Diabetes         |                   |                        |                             |     |         |          |           |     |
| ZYH2                     | PPAR alpha;<br>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<br>Plaque |                   |                        |                             |     |         |          |           |     |
| Collaborative<br>program | Selective GR<br>agonist | Inflammation              | With Karo Bio     |                        |                             |     |         |          |           |     |
| Collaborative<br>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
- 1<sup>st</sup> Indian co. to launch H1N1 vaccine
- Several other vaccines under different stages of development

# Key Financial Numbers – Apr-Dec 10

|                                       | Rs. Mio.      |               |              |
|---------------------------------------|---------------|---------------|--------------|
| Consolidated Profitability            | Apr-Dec 10    | Apr-Dec 09    | Growth y-y%  |
| Domestic Sales                        | 17,197        | 14,561        | 18.1%        |
| Exports Sales                         | 16,169        | 13,321        | 21.4%        |
| <b>Total Gross Sales</b>              | <b>33,366</b> | <b>27,883</b> | <b>19.7%</b> |
| <b>Total Income from Operations *</b> | <b>33,699</b> | <b>28,403</b> | <b>18.6%</b> |
| <b>EBIDT *</b>                        | <b>7,534</b>  | <b>6,193</b>  | <b>21.6%</b> |
| EBIDT % to Total Income               | 22.4%         | 21.8%         |              |
| <b>Net Profit *</b>                   | <b>4,955</b>  | <b>3,864</b>  | <b>28.3%</b> |
| Net Profit % to Total Income          | 14.7%         | 13.6%         |              |
| <b>EPS - not annualised (Rs.) *</b>   | <b>24.20</b>  | <b>18.87</b>  | <b>28.3%</b> |

| Consolidated Financial Position     | Dec-10        | Dec-09        | Change       |
|-------------------------------------|---------------|---------------|--------------|
| <b>Net Worth</b>                    | <b>21,599</b> | <b>16,285</b> | <b>32.6%</b> |
| <b>Net Debt (Ex Cash)</b>           | <b>7,717</b>  | <b>8,398</b>  | <b>-8.1%</b> |
| <b>Net Fixed Assets</b>             | <b>21,427</b> | <b>19,326</b> | <b>10.9%</b> |
| <b>Net Current Assets (Ex Cash)</b> | <b>9,443</b>  | <b>6,581</b>  | <b>43.5%</b> |

\* Excluding dossier licensing fees received from Abbott Labs.

# Safe Harbour Statement

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