



Cadila Healthcare Ltd. Investor Presentation

June 2011



BSE : 532321

NSE : CADILAHC

Our Vision

Zydus shall be a leading global healthcare provider with a robust product pipeline;

Stepping beyond the billion,
we shall achieve sales of over \$3 bn by 2015 and
be a research-based pharmaceutical company by 2020...



A Snapshot

- One of the largest company in the Indian formulations market worth over Rs. 480 bn (*Source : ORG IMS MAT Mar-11*)
- Operations in US, Europe, Japan, Latin America, Asia Pacific, Africa and Middle East regions
- International sales in generic markets contribute to >42% of revenues, with > 55% 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 > 13,000 Zydans across 20 countries
- Market Cap : Cadila Healthcare Ltd. > Rs. 180 bn (~ \$ 4 bn)
(24-Jun-11) 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

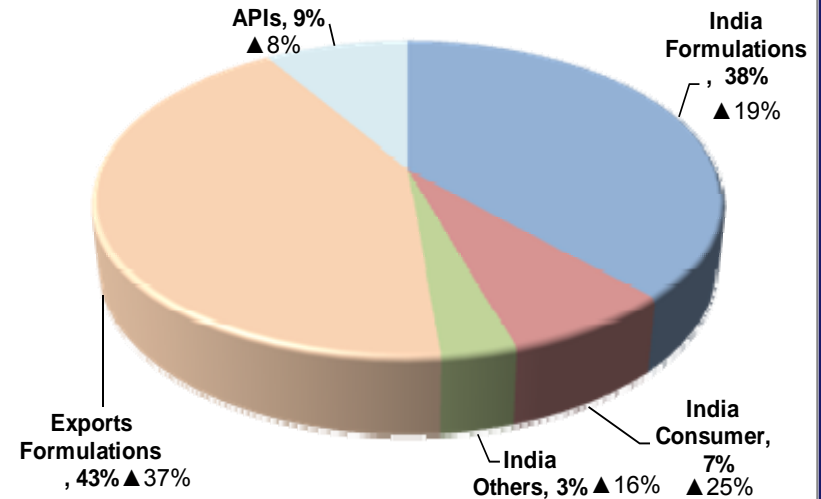
High end APIs + intermediates

Consumer Wellness

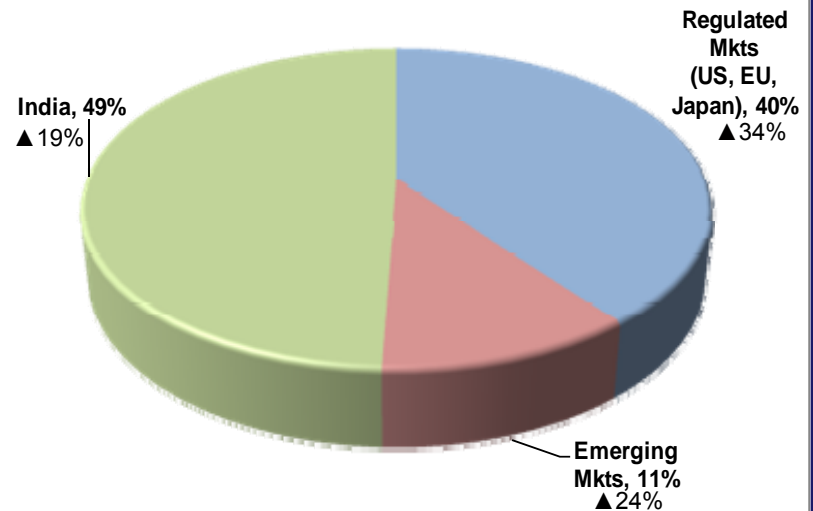
Manufacturing

Research and Development

Revenue break up (%) by segment (FY 10-11)



Revenue break up (%) by region (FY 10-11)



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**



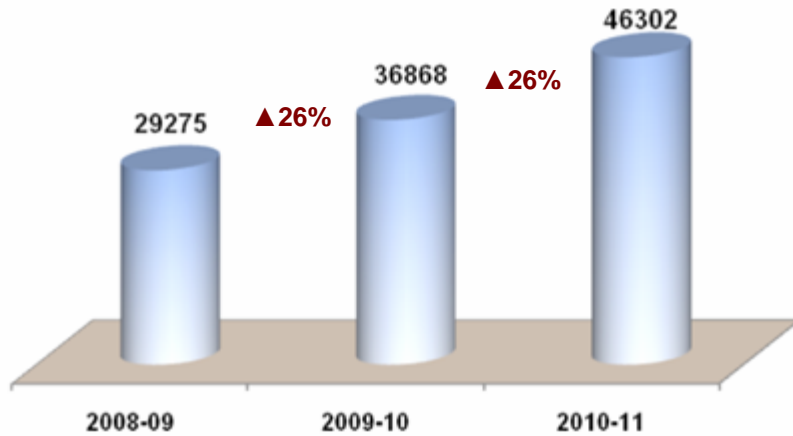
**Pharmaceutical Technology
Center, Moraiya**



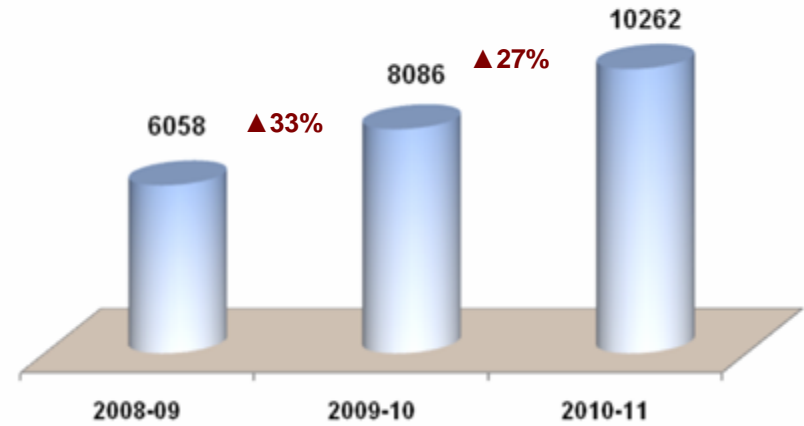
**API Process Research Center,
Dabhasa**

Financial highlights

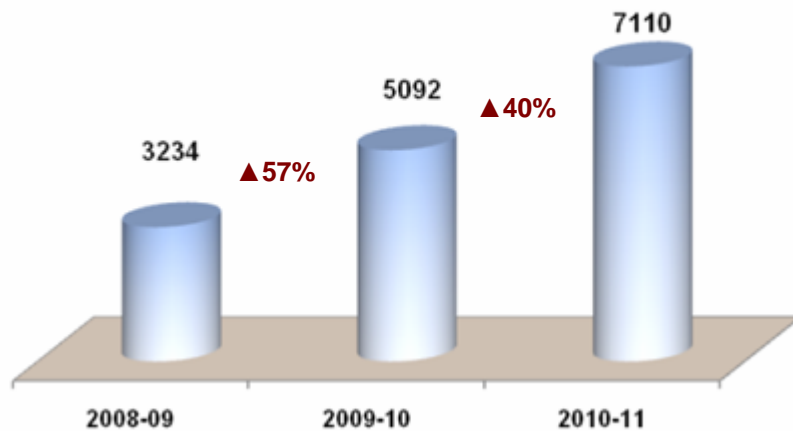
Income from Operations (Rs. Mio.)



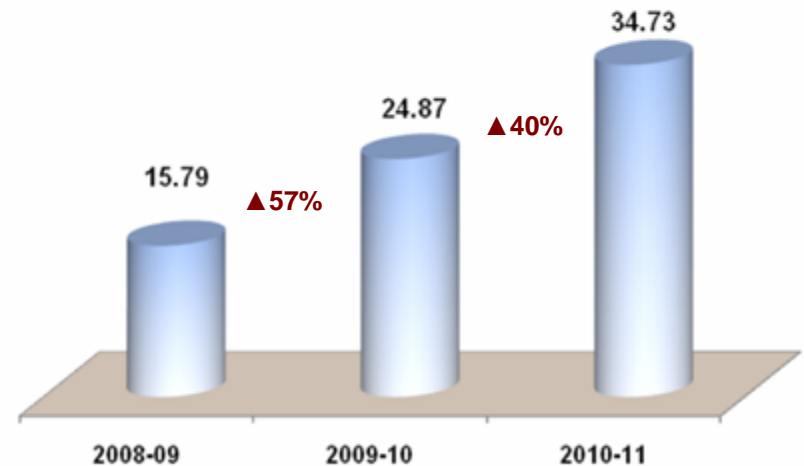
EBIDTA (Rs. Mio.)



Net Profit # (Rs. Mio.)



EPS # (Rs.)

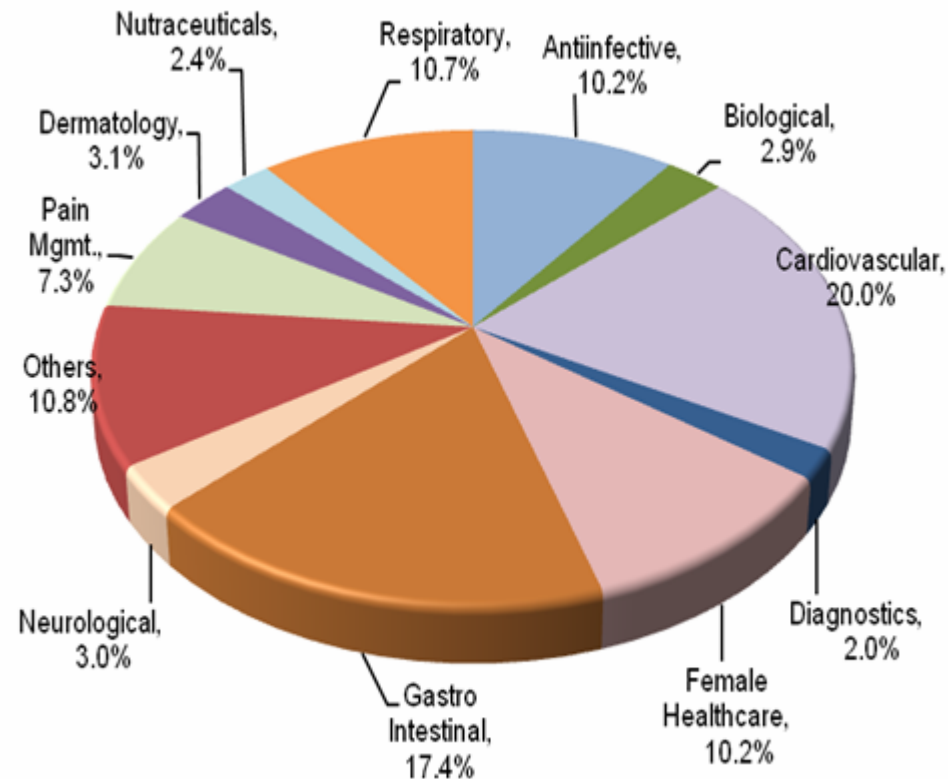


Net Profit and EPS exclude Exceptional Items.

One of the largest in Indian Pharma market with ~ Rs 18 bn sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory
(participated market segments)
- 17 brands amongst country's top 300 brands
- New product launches – a key growth driver
 - Launched >60 new products and line extensions in 2010-11
 - 24 were first in India
- Dedicated task force of > 4500 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 10-11)

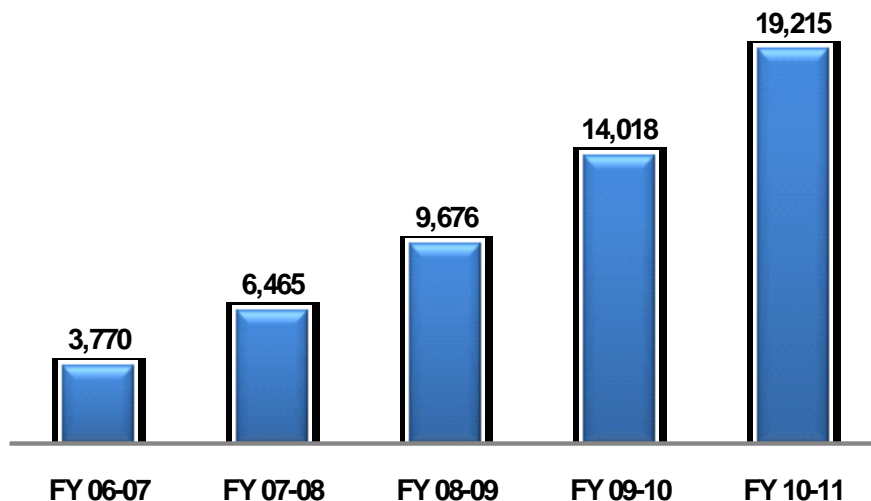


International formulations : two-fold focus

Focusing on developed generic markets (~32% 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 (~11% of global sales)

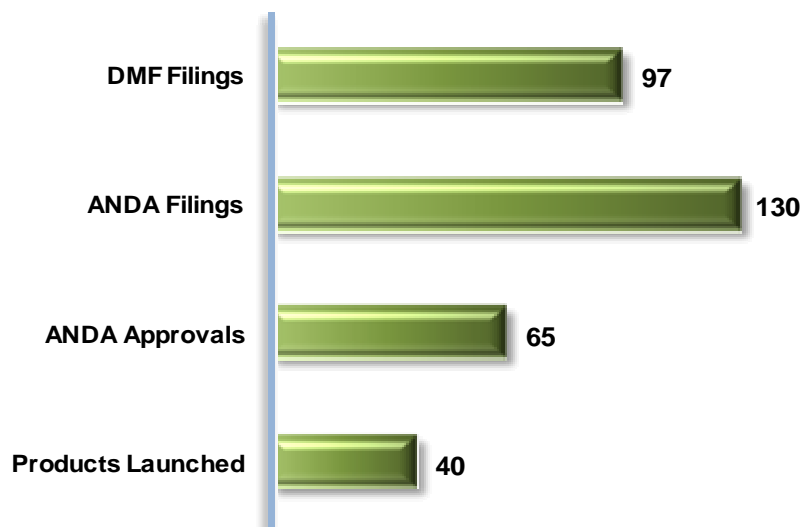
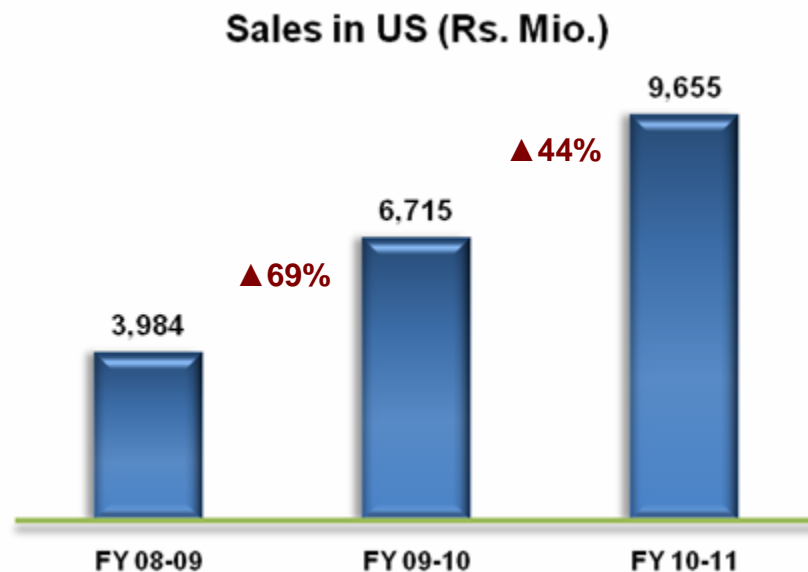
- ✓ Brazil –
 - Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.
 - Generics – Zydus Healthcare Brazil Ltda.
- ✓ Mexico - Zydus Pharmaceuticals México S.A.
- ✓ Emerging Markets
 - Asia Pacific- Sri Lanka, Myanmar, Taiwan, Philippines
 - South Africa - Simayla Pharma. Pty. Ltd.
 - Africa, Mid 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”
- Ranked 12th amongst the top US generic companies based on scripts (*Source : IMS*)
- Among the top three players in the market for nine out of the top ten products marketed
- “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 (5 so far) and Parenterals (18 so far)
- Plan to file 12 -15 ANDAs p.a.

9th largest generic company in France; among top 20 generic companies in Spain

Among top 10 in Euro 3 bn French generics market with over 2.5% market share

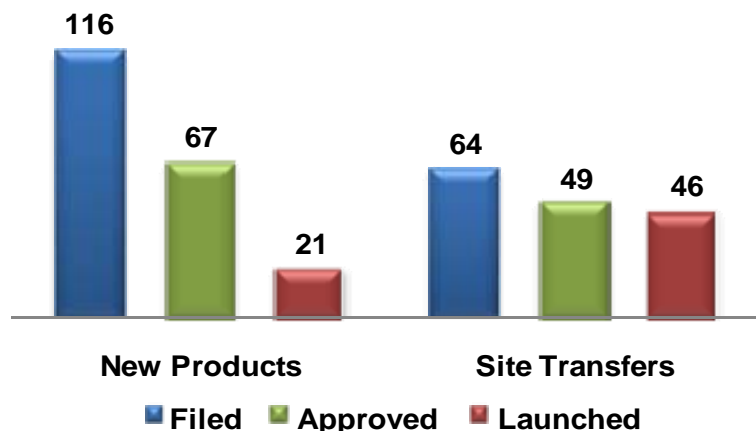
- Launched >200 presentations (>90 molecules) in France so far
- Focusing on expanding market coverage thru new product launches incl. Day 1 opportunities
- Recognized as one of the most reliable partner to deal with by the pharmacists – a result of continuous focus on enrichment of customer relations

Among top 20 in Euro 0.8 bn Spanish market

- Launched >35 molecules in Spain so far
- Plan to increase product portfolio to tap less penetrated market

Overall, registered sales of Rs. 2,755 Mio. in FY 10-11 in Europe, up by 13% in Euro terms

Regulatory pipeline from India

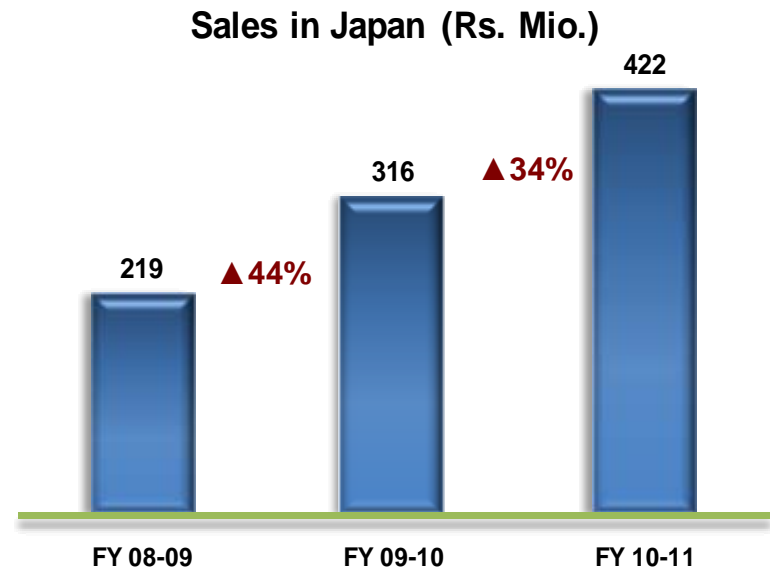


KEY STRENGTHS

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

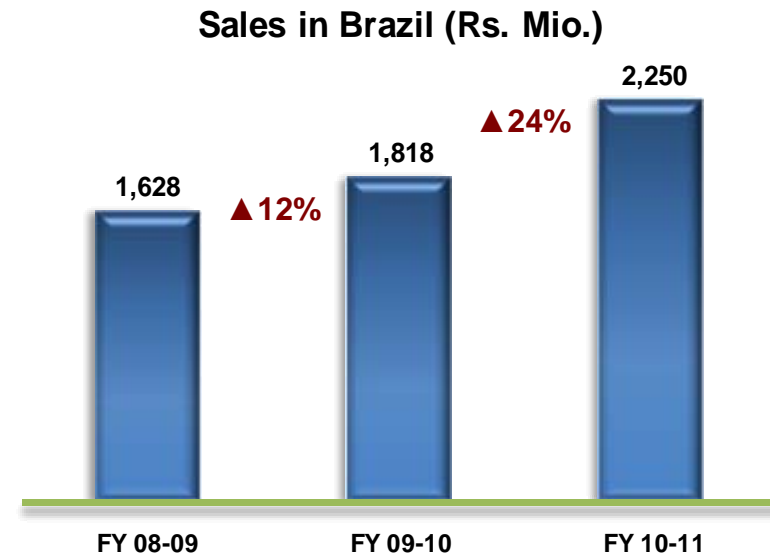
Strategies for Japan : World's 2nd largest pharma market

- Generic market valued at >\$ 3.5 bn, growing at over 10%, with low generic penetration of ~7% in value terms, 22% in volume terms (*Source : IGPA*)
- Acquired Nippon Universal Pharma. Ltd. (now Zydus Pharma Japan - ZPJ), with a marketing set-up and a small manufacturing facility
- Plans to establish ZPJ 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
- Recently launched Amlodipine in Japan to become first Indian company to get a marketing approval and launch a product manufactured in India
- Dedicated field force of >30 people to address the requirements of the customers



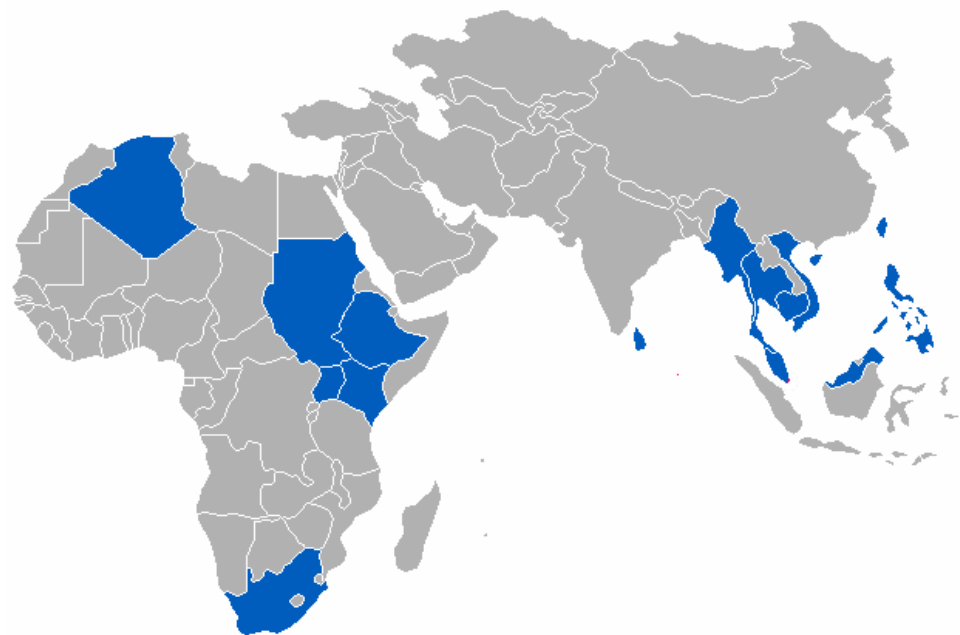
Strategies for \$ 13bn Brazilian pharma market

- Set up Zydus Healthcare Brazil Ltda. (100% subsidiary) to enter generics market in 2005-06
- Filed 64 dossiers so far for generic and branded products from India, of which 23 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 >25% over last 3 years with sales of Rs. 1980 Mio. in FY 10-11



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 >85% market share (*Source : AC Nielsen*)



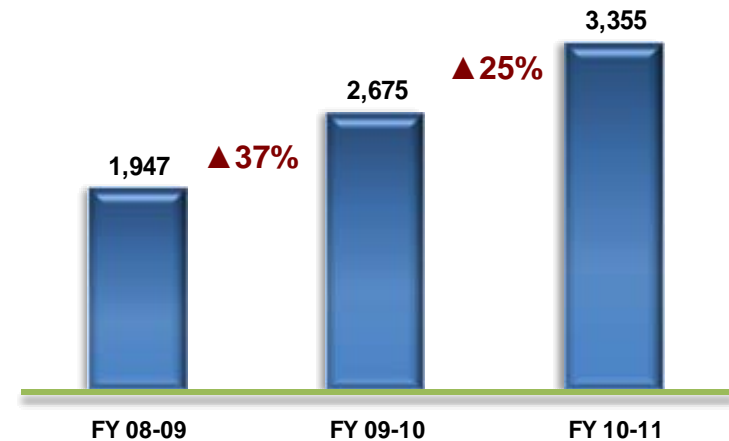
- Skincare product range with leadership in peel-offs, scrubs and face wash categories



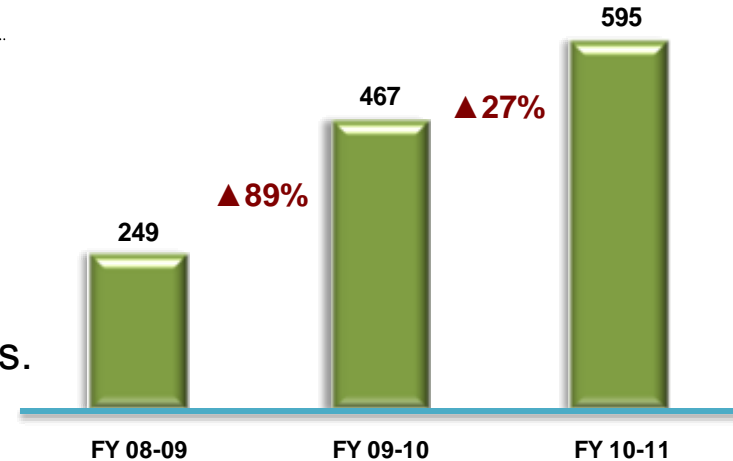
- India's largest selling margarine

- Continuous thrust on category expansion through launch of newer variants, also exploring possibilities of launching new categories in wellness domain
- Recently forayed into nutraceuticals space with launch of *Actilife* - a nutritional milk additive for adults.
- Aim to cross sales of Rs. 500 cr. by 2013

Sales - Zydus Wellness (Rs. Mio.)



Net Profit # - Zydus Wellness (Rs. Mio.)

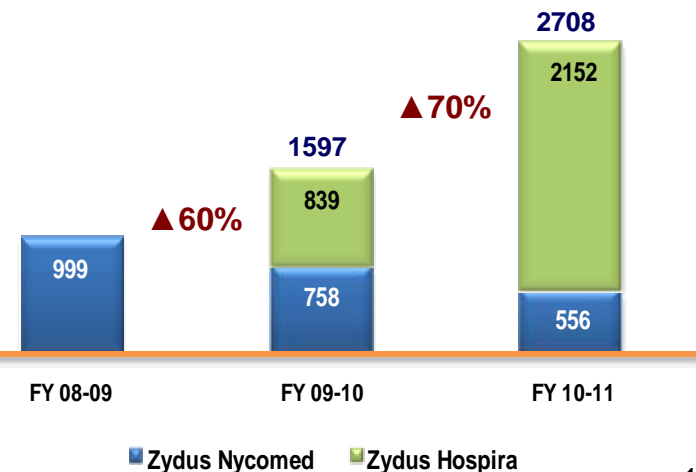


Unlocking value through win-win alliances

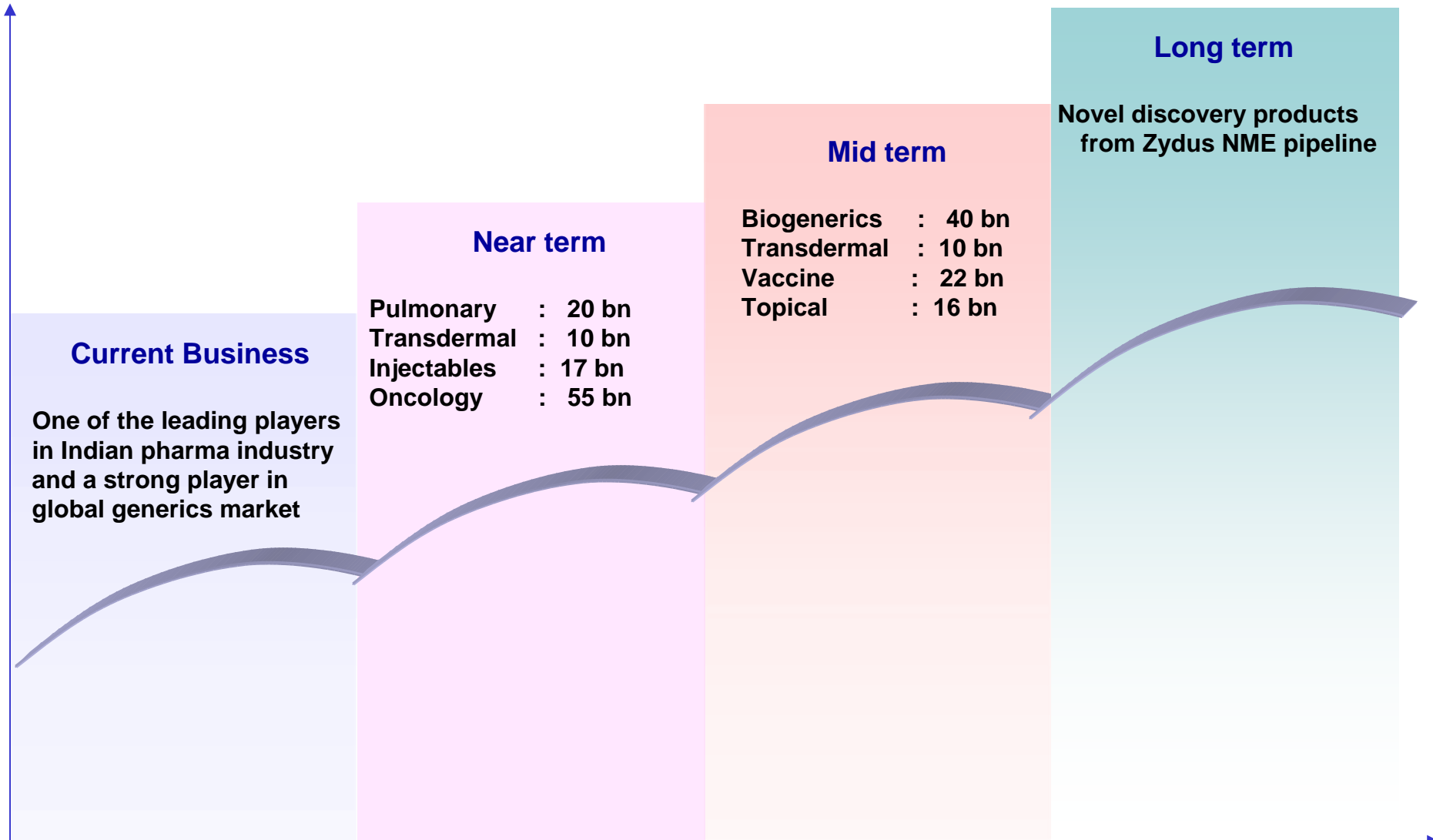
- **ZyduS Nycomed JV – most successful contract manufacturing JV in India**
 - State-of-the-art mfg. facility for Pantoprazole key intermediates
 - Commissioned the expanded facility to manufacture complex high-end APIs for Nycomed
- **ZyduS Hospira - JV for oncology injectables**
 - State-of-the-art cytotoxic facility in SEZ – approved by MHRA, USFDA, TGA and Health Canada
 - Plan to manufacture 6 oncology products
 - Commercial supplies for EU market commenced
- **ZyduS 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.)



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 6% of the turnover on research

Zydus Research Centre (ZRC) – Ahmedabad

- Focus on NME Research, Biologicals & NDDS

Pharmaceutical Technology Centre – Ahmedabad and Mumbai

- Focus on Finished Dosage Form Development & NDDS

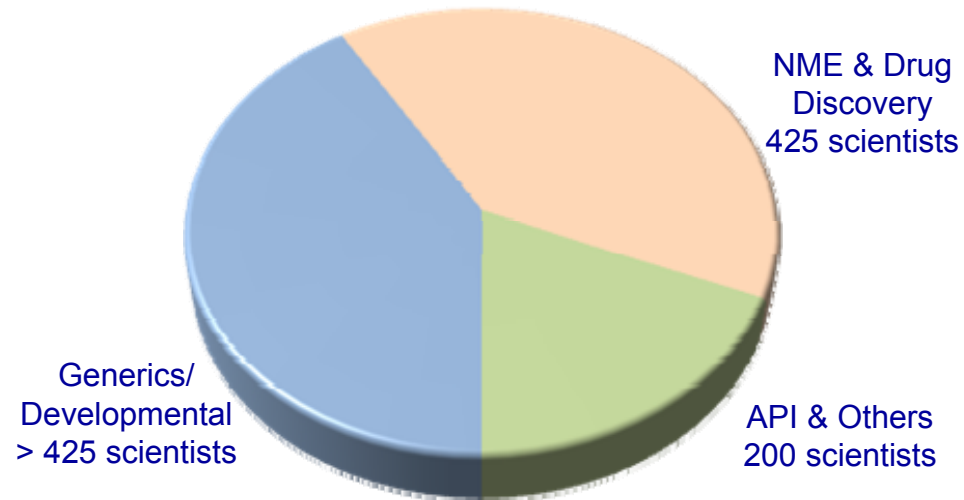
API Process Research – Dabhasa

- Focus on API Process Development

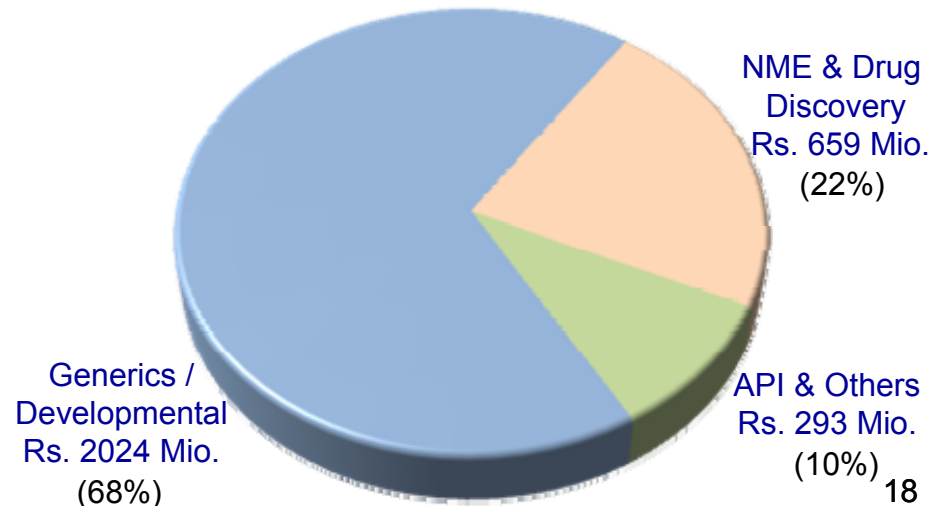
Vaccine Technology Center – Ahmedabad

- Focus on Vaccine Research & Development

Talent Pool of >1050 Scientists



R&D Investment : Rs. 2976 Mio. in FY 10-11



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 optimization	Pre-clinical development	IND	Phase I	Phase II	Phase III	NDA
ZYH1	PPAR alpha : gamma	Dyslipidemia								
ZYH2	PPAR alpha: gamma	Diabetes								
ZYH7	PPAR alpha	Dyslipidemia								
ZYH1	Multi-modal	Pain								
ZYO1	CB-1 antagonist	Obesity								
ZYT1	TR-beta agonist	Dyslipidemia								
ZYOG1	Oral GLP-1 agonist	Diabetes Obesity								
ZYD1	GLP-1 agonist	Diabetes Obesity								
ZYGL241	Oral GLP-1 agonist	Diabetes Obesity								
ZYBK1	Glucokinase activator	Diabetes								
ZYG19	GPR-119 agonist	Diabetes								
ZYPH0907	PTH agonist	Osteoporosis								

Biosimilars and Vaccines – The Next Big Opportunity

Biosimilars :

- Strong pipeline: 17 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 mfg. to be done in-house at the dedicated facility

Product	Indication	Cloning	Process Devp.	Pre-Clinical Devp.	Regulatory Permission	Clinical Devp.	Mktg. Authorisation
G-CSF	Oncology						
Peg G-CSF	Oncology						
IFN α -2b	Infectious diseases						
Peg IFN α -2b	Infectious diseases						
IFN β 1b	Multiple Sclerosis						
EPO	Oncology/Nephrology						
Prod 1	Nephrology						
Teriparatide	Osteoporosis						
Prod 2	Diabetes						
Prod 3	Rheumatoid Arthritis						
MAB 1	Oncology/RA						
MAB 2	Inflammation						
MAB 3	Oncology						
MAB 4	Oncology						
Prod 4	AMI						
Prod 5	Fertility						
Prod 6	Fertility						
MAB 5	Rabies						
PEG-EPO	Nephrology						

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 – FY 2010-11

Rs. Mio.

Consolidated Profitability	2010-11	2009-10	Growth y-y%
Domestic Sales	22,324	18,724	19.2%
Exports Sales	22,887	17,418	31.4%
Total Gross Sales	45,211	36,142	25.1%
Total Income from Operations	46,302	36,868	25.6%
EBIDT	10,262	8,086	26.9%
EBIDT % to Total Income	22.2%	21.9%	
Net Profit #	7,110	5,092	39.6%
Net Profit % to Total Income	15.4%	13.8%	
EPS - not annualised (Rs.) #	34.73	24.87	39.6%

Excl. Exceptional Items

Rs. Mio.

Consolidated Financial Position	Mar-11	Mar-10	Change
Net Worth	21,715	16,183	34.2%
Net Debt (Ex Cash)	8,021	8,398	-4.5%
Net Fixed Assets	22,636	19,326	17.1%
Net Current Assets (Ex Cash)	8,689	6,581	32.0%
Fixed Assets Turnover	2.15	1.98	0.17
Net Debt to Equity	0.37	0.52	-0.15
Return on Net Worth	37.5%	35.9%	1.6%
Return on Cap. Employed	24.5%	21.1%	3.4%

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