



Cadila Healthcare Ltd.
Investor Presentation
November 2009

Zy+us
dedicated to *life*

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. 370 bn (*Source : ORG IMS MAT Sep-09*)
- Operations in US, Europe, Japan, Latin America, Asia Pacific, Africa, Middle East and CIS regions
- International sales in generic markets contribute to over 33% of revenues
- 60% growth in formulation exports in last 5 years
- Market leader in niche Indian consumer healthcare market with strong brands
- Innovation driven – investing over 6% of revenues p.a. on NME, Biological and NDDS research and Generics development

Priorities achieved : 2008-09

Strategic forays in key markets

- ✓ Acquired Laboratorios Combig to enter Spain and acquired majority stake in Simayla Pharmaceuticals, South Africa

Continued research focus

- ✓ Invested over 6% of revenue on research. Filed IND ZYT1 with DCGI and USFDA

Strengthening the regulatory pipeline

- ✓ 19 ANDAs & 14 DMFs filed during the year (Cumulative 92 ANDA and 76 DMFs filings)

Unlocking value in the consumer business

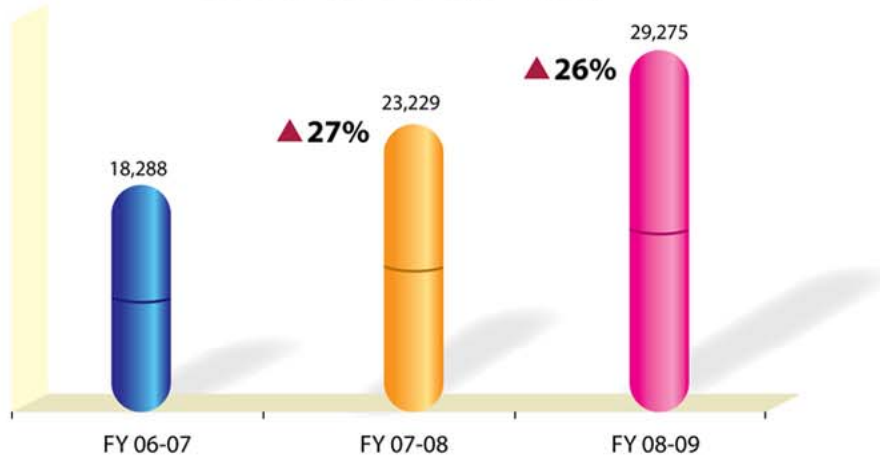
- ✓ Restructured the consumer business & integrated it into Carnation. The company is now renamed as Zydus Wellness Ltd.

Building win-win partnerships

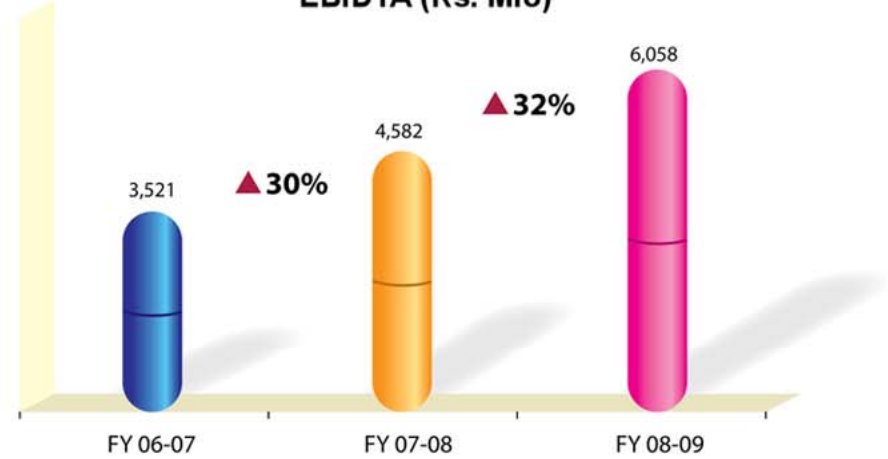
- ✓ Signed pact with Eli Lilly for drug discovery and development in the CVS segment
- ✓ Hospira JV all geared up to start commercial operations from Q1 FY 09-10 (already started)

Financial highlights

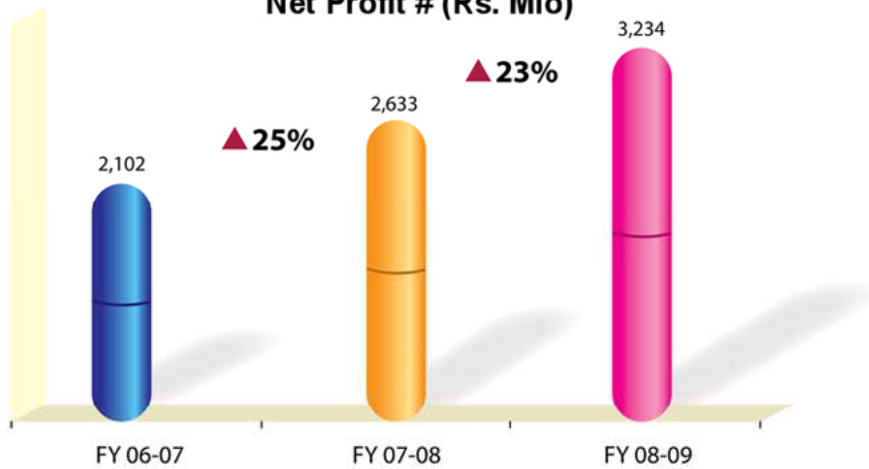
Operating Income (Rs. Mio)



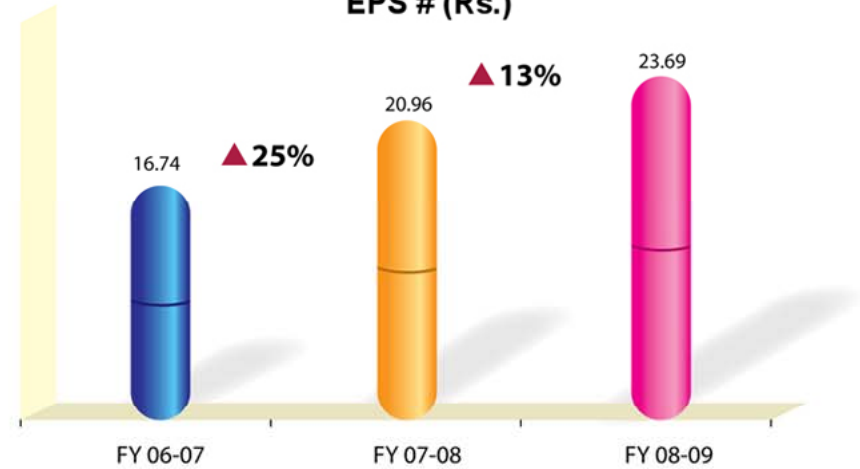
EBIDTA (Rs. Mio)



Net Profit # (Rs. Mio)



EPS # (Rs.)



Net Profit and EPS excludes Exceptional Items

State of the art facilities and infrastructure



**Finished Dosage Form,
Goa**



**Finished Dosage Form,
Sikkim**



**Finished Dosage Form,
Baddi**



**API, Dabhasa
(USFDA approved)**



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



**API, Ankleshwar
(USFDA Approved)**



Fine Chemicals, Moraiya



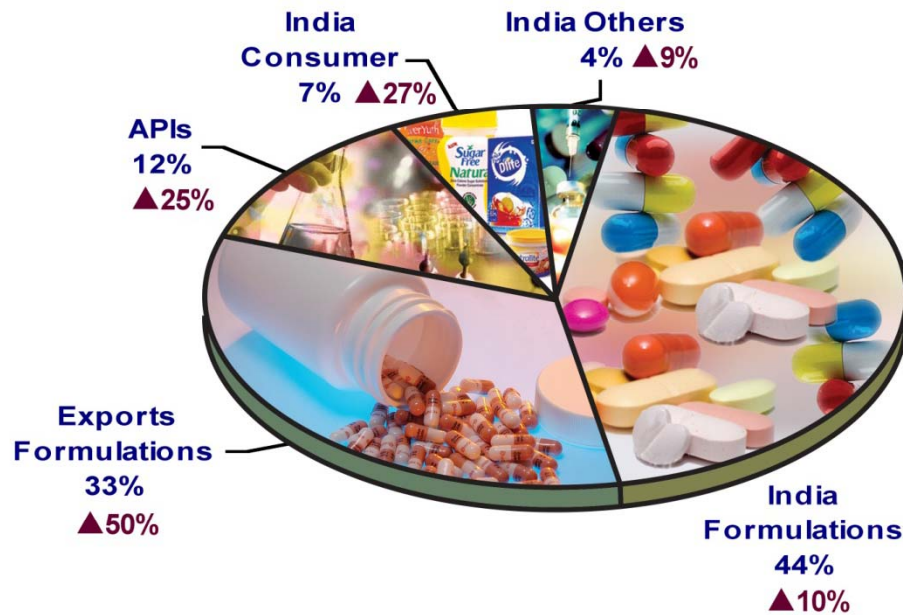
**Pantoprazole Intermediates
for Nycomed JV**



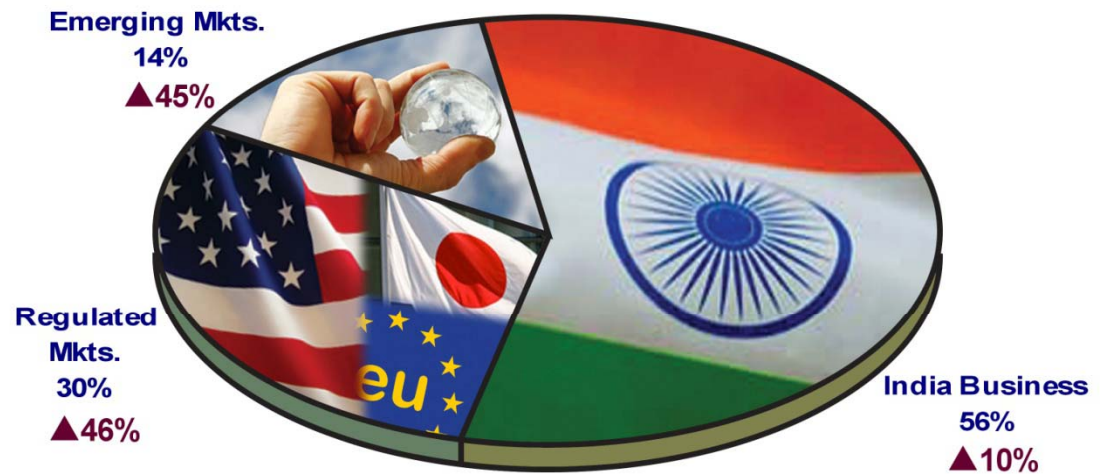
**Cytotoxic Injectables
for Hospira JV**

Core business areas and Revenue break-up (FY 08-09)

Revenue break-up by segment



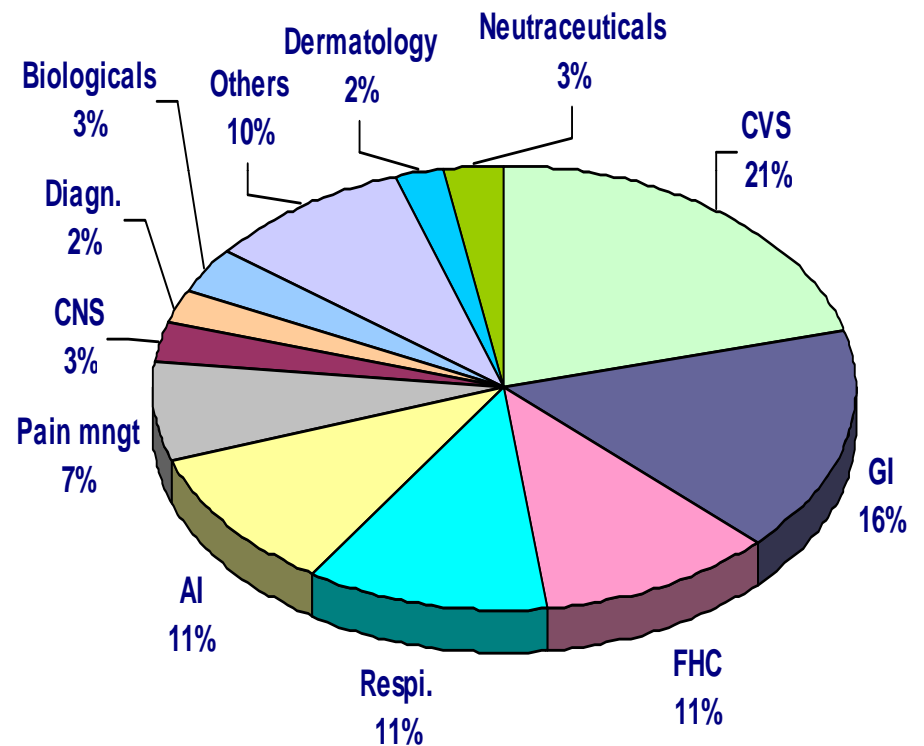
Revenue break-up by region



5th largest in Indian Pharma market with ~ Rs 14 bn sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory (*participated market segments*)
- 15 brands feature amongst the top 300 brands
- New product launches – a key growth driver
 - Launched >25 new products and >30 line extensions in FY 08-09, of which **15 were first in India**
 - Launched ~15 new products and line extensions each in H1 09-10, of which **5 were first in India**
- Dedicated task force for Nutraceuticals, Rheumatology, Diagnostics and COPD segments
- Tapping the rural market – the next growth driver

Therapeutic Area-wise Sales Break-up of Branded Formulations (FY 08-09)



Note : All figures and market related information sourced from ORG IMS MAT Sep-09

International formulations : two-fold focus

Focusing on developed generic markets which constitute 22 % of global sales

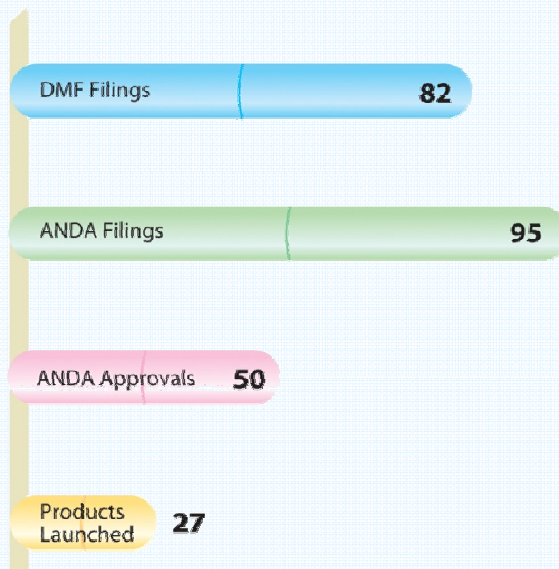
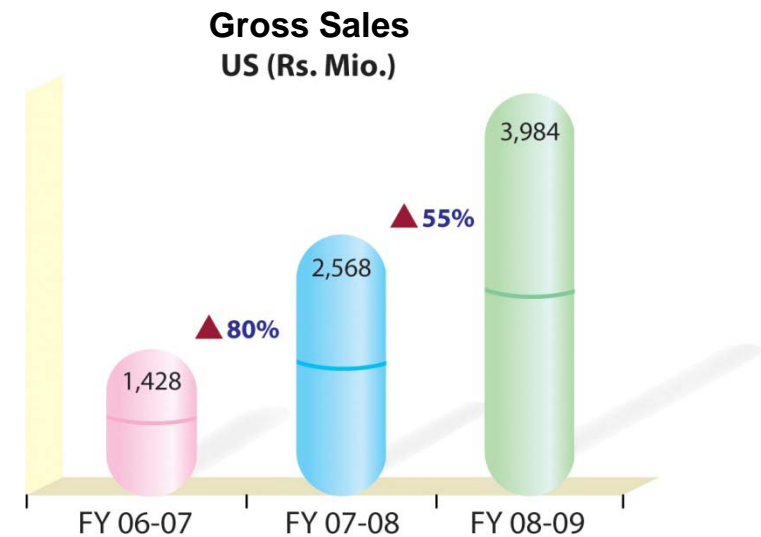
- ✓ US - Zydus Pharmaceuticals USA Inc.
- ✓ Europe
 - France - Zydus France SAS
 - Spain - Laboratorios Combix
- ✓ Japan –
Nippon Universal Pharmaceuticals Ltd.

Driving growth in emerging markets which contribute to 11 % 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 Pharmaceuticals Pty. Ltd.
 - Africa, Middle East - Sudan, Uganda, Algeria
 - CIS - Russia, Ukraine

One of the fastest growing generic companies in US

- Started operations in 2005 and adopted a “Customer Centric Model”
- 27 products launched. 8 -10 products to be added every year
- Products enjoy 5 - 25% market share
- Focusing on delivery based, difficult to make products, the next growth driver



KEY STRENGTHS

- A robust regulatory pipeline
- Over half of the products use own API
- Started filing ANDAs for Aerosols (4 so far) and Parenterals (9 so far)
- Plan to file 12 -15 ANDAs p.a.

Over 2.5 % market share in participated French market; 24 product launches in Spain

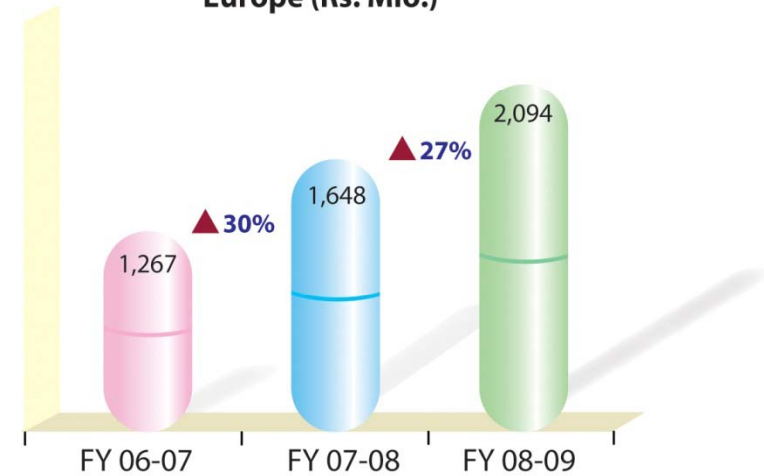
Strong presence in Euro 2.3 bn French market

- Rated one of the fastest growing companies in France by IMS
- Launched >150 presentations (~75 molecules) in France
- 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

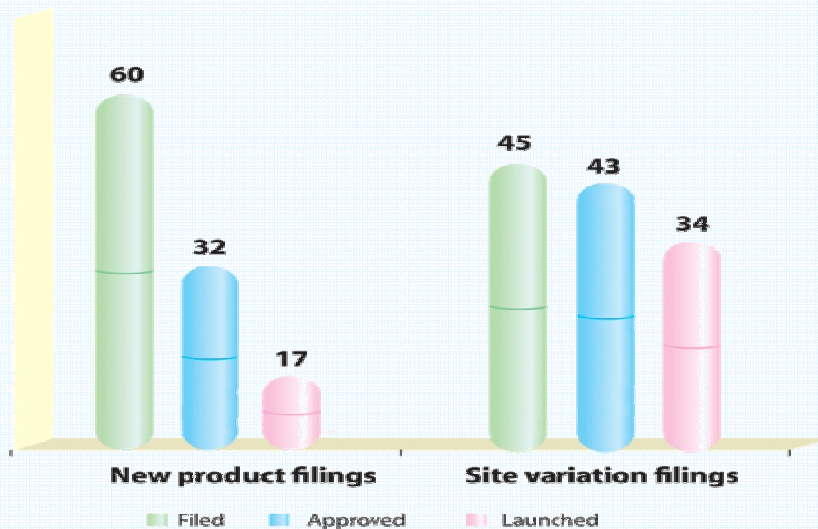
- Launched 27 molecules in Spain so far
- Plan to increase portfolio to tap this less penetrated market

Gross Sales Europe (Rs. Mio.)



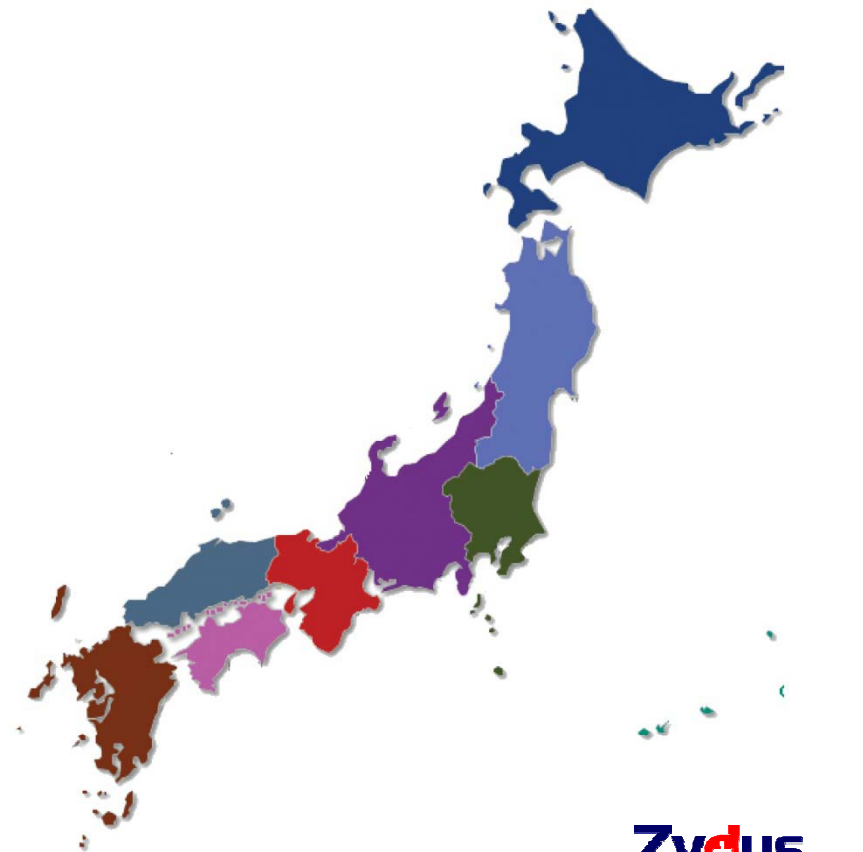
KEY STRENGTHS

- Leveraging India's low cost base – started supplying over 30% of France sales from India
- New product filings include 10 products for Spanish market



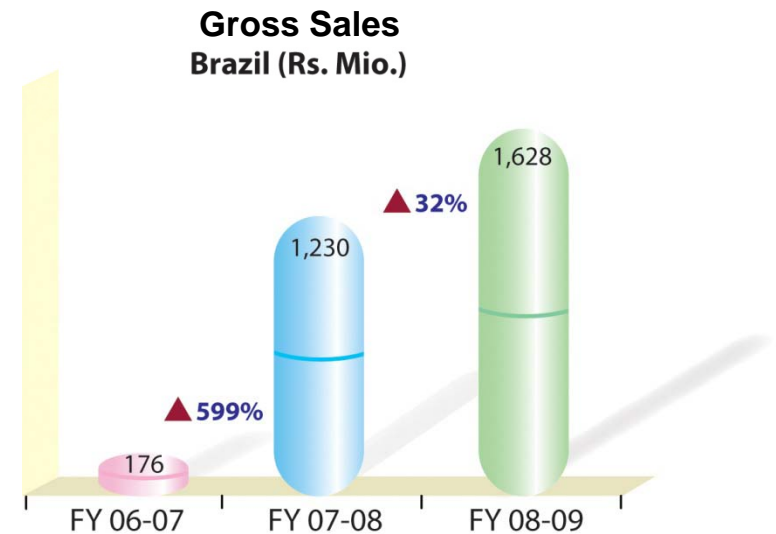
Strategies for world's 2nd largest market valued at \$3bn : Japan

- Market valued at \$ 3 bn, growing at ~12%, with very low generic penetration of ~5% in value terms, 17% 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 20 new in-licensed products in FY 08-09
- Sales of Rs. 219 Mio. in FY 08-09, up 339%



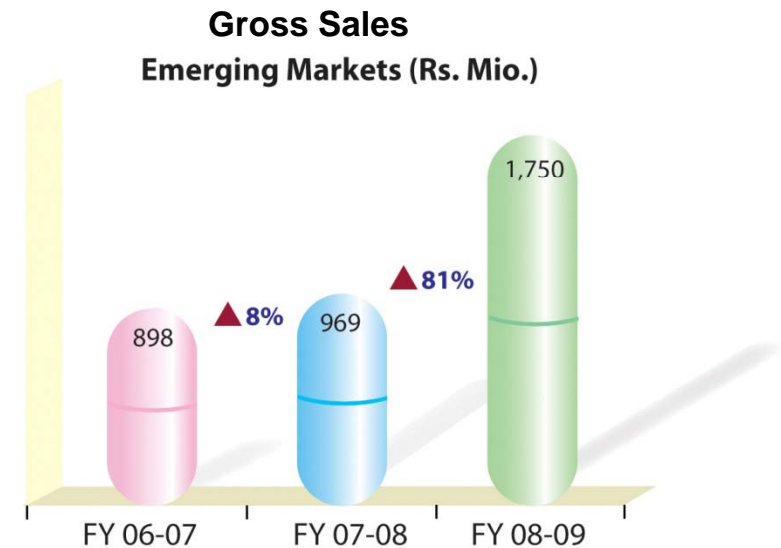
Achievements in the \$ 12bn Brazilian pharma market growing at 15-18% p.a.

- Set up Zydus Healthcare Brazil Ltda (100% subsidiary) to enter generics market in 2005-06
- Filed 49 dossiers so far for generic and branded products from India, of which 19 have been approved. Launched 16 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 20 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



Exports to emerging markets grew by >30% in last 4 years

- Operations in over 20 semi / non regulated emerging markets of Asia Pacific, Africa, Middle East and CIS regions
- Focusing on rapidly growing markets of Russia, 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 majority stake in Simayla Pharma of South Africa, Africa's largest and only regulated market valued at \$2.8 bn
- Simayla was rated the fastest growing and No.1 new product launch generic company in South Africa
- Plan to launch several new products in South Africa from the group's strong pipeline built from India and leverage Simayla's marketing capabilities



Zydus Wellness – A market leader with iconic and niche consumer brands



Restructured consumer business with de-merger of consumer business from Cadila Healthcare into Carnation in FY 08-09.

Company now renamed as Zydus Wellness Ltd.

A pioneer in the low calorie sweetener segment and a trendsetter in skincare products



- *Sugar Free* – India's largest selling sugar substitute with market share of over 82% (Source : AC Nielsen).
- Growing at CAGR of 25% for last 3 years, the brand recorded sales of Rs. 778 Mio. in FY 08-09

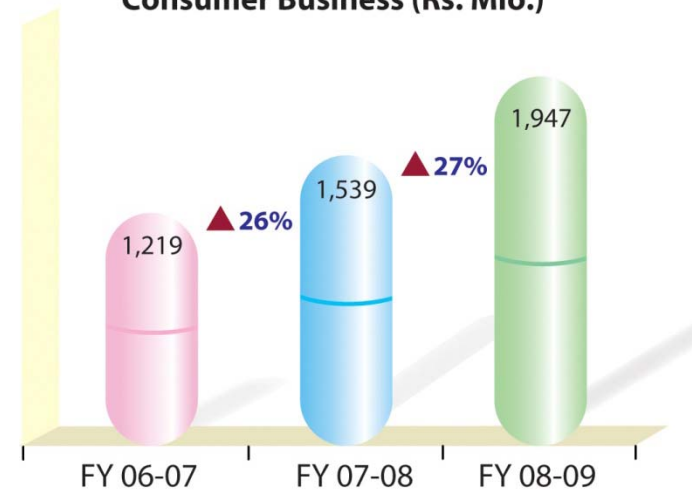


- *Everyuth* range of skincare products are also category leaders, growing by 25% for last 3 years and crossed sales of Rs. 500 Mio. in FY 08-09



- Recently launched *Menz* – a skincare range for Men
- Acquired *Nutralite*, India's largest selling margarine in FY 06-07
- Revamped brand *Nutralite*, which grew by over 25% y-o-y post acquisition and crossed sales Rs. 660 Mio. in FY 08-09

Consumer Business (Rs. Mio.)

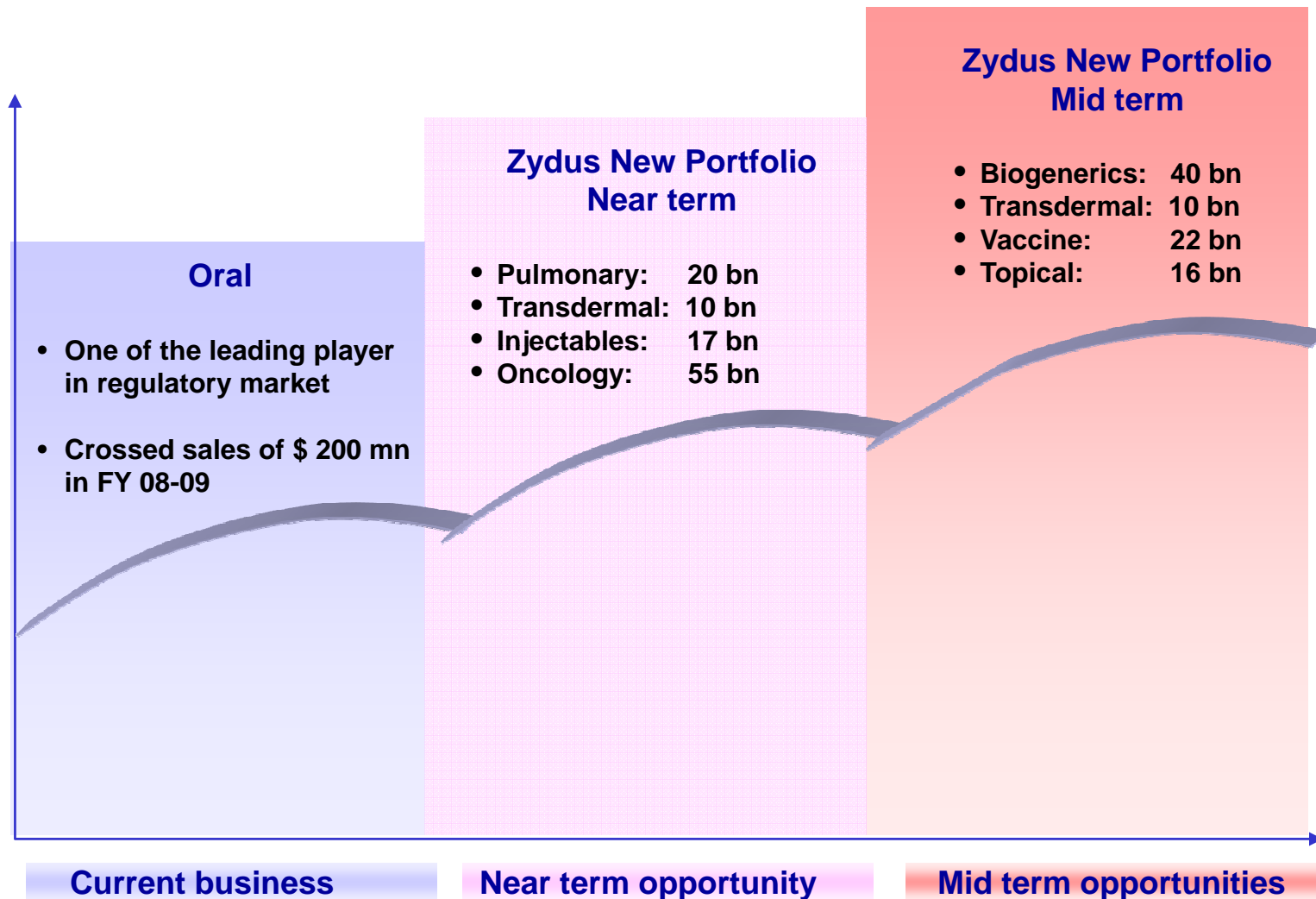


Unlocking value through win-win alliances

- **Zydus Nycomed JV – most successful contract manufacturing JV in India**
 - State-of-the-art API mfg. plant for Pantoprazole intermediates
 - Expanded scope - more APIs to be sourced by Nycomed from this JV
- **Zydus Hospira - JV for oncology injectables (Generics)**
 - State-of-the-art cytotoxic facility located in an SEZ near Ahmedabad
 - Plan to manufacture 6 oncology products
 - Commercial production and supplies for EU market commenced in May-09
 - Full capacity utilisation expected by FY 11-12
- **Zydus BSV - JV for oncology NDDS**
 - State-of-the-art mfg. plant in SEZ near Ahmedabad
 - Launched NDDS product in India in 2008 as *Nudoxa*
- 41 other contracts with innovator and generic MNCs with peak revenue potential of over \$ 50 Mio.



Ongoing Investment in Newer Portfolios Worth over \$ 180 bn



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

A scientific talent pool of 850 and investing over 6% 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

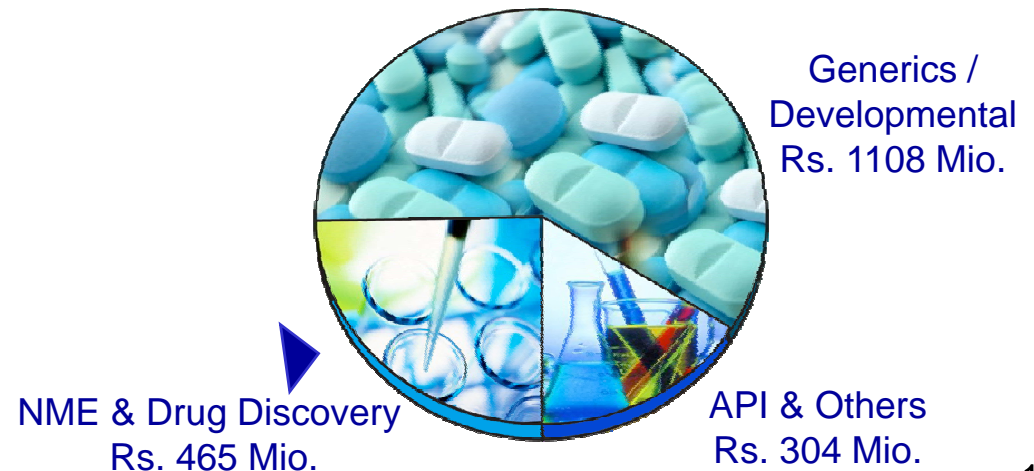
API Process Research

- Located in Dabhasa, Gujarat
- Focus on Process Development

Talent Pool of ~850 Scientists

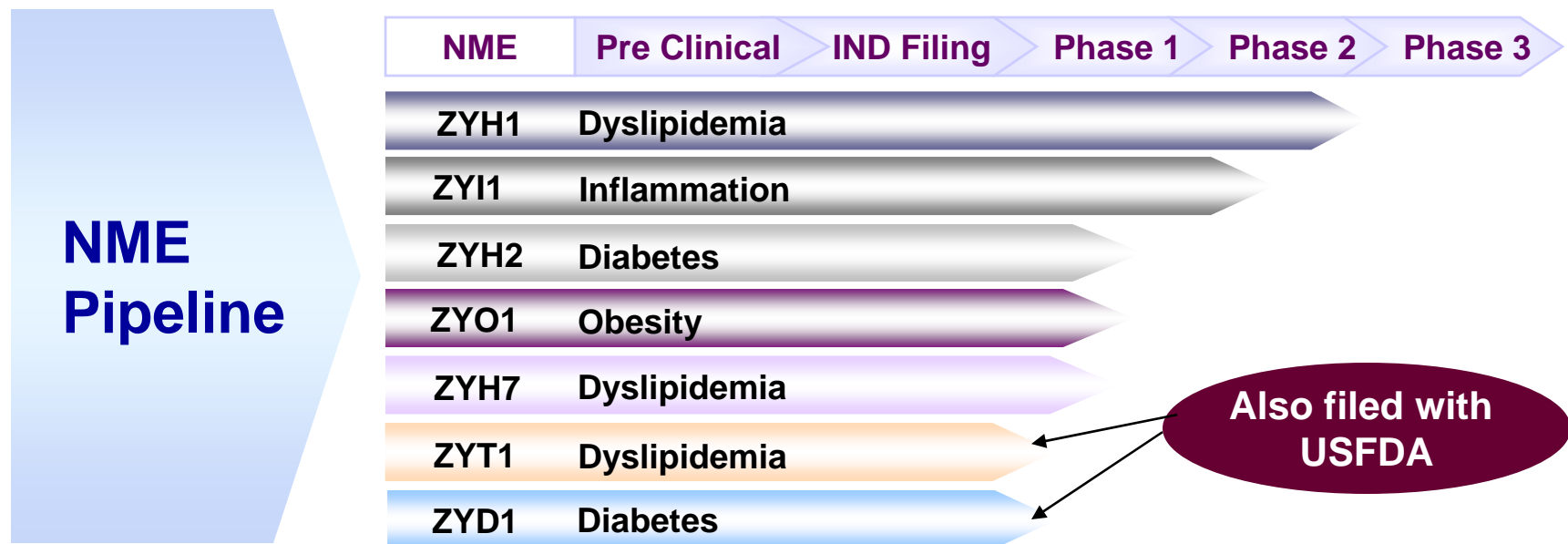


R&D Investment : Rs. 1877 Mio. in FY 08-09



Dedicated facility for NME research : Zydus Research Centre

- Areas of focus: Dyslipidemia, Diabetes, Obesity, Inflammation
- Facility for target identification to pre-clinical research / early clinical development
- 2nd company in India to be accredited by AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care)
- Signed a new drug discovery and development pact with Eli Lilly and Company, focused on cardiovascular research
- Time span of up to 6 years, potential milestone payments of up to \$ 300 Mio. on licensing of molecules to Eli Lilly and royalties on sales of successful compounds



Highlights : H1 FY 09-10 Results

Consolidated	Rs. Mio.		
	H1 09-10	H1 08-09	Growth y-y%
Domestic Sales	9,770	8,717	12.1%
Exports Sales	8,376	5,847	43.3%
Total Gross Sales	18,146	14,564	24.6%
Total Operating Income	18,493	14,550	27.1%
EBIDT	4,093	3,142	30.3%
EBIDT % to Total Income	22.2%	21.6%	
Net Profit #	2,597	1,862	39.5%
Net Profit % to Total Income	14.0%	12.8%	
EPS (Rs.) #	19.03	13.64	39.5%

Consolidated	Sep-09	Mar-09
Net Worth	14,895	12,352
Net Debt	8,912	10,157
Net Fixed Assets	18,078	17,187
Net Current Assets	7,074	6,179

Net Profit and EPS excludes Exceptional Items

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