

Zydus Cadila acquires Liva Healthcare, enters the 1500 cr. derma market

Ahmedabad, March 16, 2007

Zydus Cadila has acquired Mumbai-based, Liva Healthcare, a mid-sized, Indian Pharma Company with a Derma focussed product portfolio. The group has acquired 97.5% stake in the privately-held company. The all cash transaction will be funded through cash accruals and debt. With this strategic acquisition, Zydus Cadila establishes its presence in the Rs. 1500 crore derma segment which is the 7th largest therapeutic segment in the Indian pharma market.

The market for dermatology products has grown at CAGR of 14.1% over the last three years (*IMS ORG MAT Dec '06*). 11 of the 15 sub-therapeutic areas, constituting 76% of the Derma market, are registering double-digit growth. The acquisition jumpstarts the group's operations in this hitherto unexplored segment. Zydus' domestic formulation business contributes to over 50% of the group's turnover with as many as 17 brands amongst the top 300 pharma brands in India (*ORG Mat, Dec. 2006*). In the participated segments, the group is a leader in the cardiovascular, gastrointestinal, women's healthcare segments and has a strong presence in the respiratory, pain management and anti-infective segments.

Speaking on the acquisition, Chairman and Managing Director of Zydus Cadila Mr. Pankaj R. Patel said, "Our strategy over the last few years has also been to relentlessly focus and exploit opportunities for growth in the Indian pharma market. This acquisition unlocks great value for the group as it enables us to extend our expertise in a new therapy segment and cater to the needs of this segment. We see this as an opportunity to fortify our presence in the Indian pharma market and lead by extending our reach."

Liva Healthcare was rated as a rising star amongst the upcoming Indian pharma companies growing at more than 15% as per IMS (June 2006). A profit making company, Liva is likely to post sales in excess of Rs. 37 crores in 2006-07.

Derma products constitute 56% of Liva's therapeutic coverage. Liva also has a strong presence in the respiratory segment which accounts for 24% of its TA coverage. Top five brands of the company ~ Fusys, Nasoclear, Oflatoon, Clobetasole combinations and BTN contribute over 63% of Liva's sales. With 325 medical representatives and a nationwide reach, Liva has a strong equity with dermatologists, cosmetologists and physicians. The acquisition also includes Liva's GMP compliant manufacturing facility at Sinnar, near Nasik.

With a turnover of Rs. 1800 crore, Zydus Cadila is one of the leading pharmaceutical companies in India. On a path of accelerated growth, the group has been looking at long term revenue growth through both organic and inorganic route. Consolidating its operations, the group acquired Recon Healthcare in 2000, German Remedies Ltd., in 2001, Banyan Chemicals Ltd., a company with an USFDA approved API plant in 2002 and Alparma France in 2003. The group employs 6000 employees and has business operations in more than 40 countries worldwide.

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