

Zydus' US subsidiary enters into an asset purchase agreement in the US

Ahmedabad, June 17, 2011

Zydus Pharmaceuticals USA Inc., through its subsidiary Zyneshier Pharmaceuticals USA LLC has entered into an agreement to acquire the assets of the US based pharmaceutical company Neshier Pharmaceuticals Inc. Neshier operates as the generic subsidiary of KV Pharmaceutical, based at St. Louis, Missouri, USA. The financial details of the agreement are undisclosed.

Neshier has considerable expertise in niche therapies which have development or production barriers, such as controlled release medications or DEA-controlled substances. The broad-based assets purchase agreement includes assets and assumption of certain liabilities, Neshier's existing and pipeline ANDAs, certain manufacturing facilities and a full fledged research and development lab. With this, Zydus will now be able to manufacture and distribute generic controlled substances in the US market, which otherwise cannot be imported. The market for controlled substances medications in the US is estimated at \$7 bn.

Speaking on the development, Chairman and Managing Director of Zydus Cadila, Mr. Pankaj R. Patel said, "We have always looked at value-accruing opportunities and we believe that this new development gives us access to a difficult-to-develop product pipeline, expertise and infrastructure that will add value to our operations in the US. It also presents the right fit as it helps us strengthen our generic operations in the US with technology-distinguished specialty generics."

The acquired ANDA pipeline comprising 8 existing filings and 5 products under development present a tremendous market potential as they belong to high growth, niche segments which have a combined estimated market size of over \$ 2.1 bn.

The agreement also encompasses supply and technical services agreements by which certain products of KV Pharmaceutical will be manufactured by Zyneshier Pharmaceuticals USA LLC.
