Familiarization

A presentation to

Independent Directors

of

Cadila Healthcare Limited
Though there are no requirements under the Companies Act, 2013 and Rules made thereunder, clause 49 [II][B][7] of the Listing Agreement provides that “the Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. through various programmes.
Outline of the Presentation:

This presentation covers the following:

• Roles of the Independent Directors,
• Responsibilities of the Independent Directors,
• Nature of Industry in which the Company functions,
• Brief on Company, its subsidiaries and JVs,
• Company’s manufacturing facilities,
• Business model of the Company,
• Disclosures and
• Internal Control System.
Building effective board governance:

Defining Key Board Roles:
- Board Chairman,
- Chief Executive Officers – MD and DMD,
- Board of Directors - Non-Executive Directors and Independent Directors.

Putting in place Board governance:
- Board committees to support decision process,
- Supporting functions to regulate processes,
- Delegated authorities for management.

Ensuring proper oversight and supervision:
- Management reporting and public disclosures,
- Assurance processes and controls.
Primary role:

• Provide overall leadership to the board, lead the management team and report to the Board.

Functions:

• Principal link between board and management team,
• Responsible for Board Agenda and work plan,
• Work with board committee Chairpersons,
• Involved in selection and induction of new directors
• Participate in discussions with investors, key stakeholders.
• Responsible for performance of management team,
• Formulate Corporate Strategy, annual business plan and budget,
• Responsible for corporate and financial objectives,
• Formulate major corporate polices,
• Ensure continuous improvements in services and products,
• Responsible for Company’s long term sustainability,
• Manage relations with investors, major customers and regulators.
**Roles of Independent Directors:**

- Independent judgment on Company’s strategy, performance, risk management, resources, key appointments and standards of conduct,
- Objective view in the evaluation of the performance of the Board and Management,
- Scrutinize the performance of the management in meeting agreed goals and the objectives,
- Monitor the reporting of the performance,
- Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible,
- Safeguard the interests of all stakeholders,
- Balance the conflicting interests of the stakeholders,
- Determine the appropriate levels of remuneration of Executive Directors, KMP and Senior Management,
- Prime role in appointment / removal of ED, KMP and Senior Management,
Responsibilities and Duties:

- Induction of an appropriate person as a member on the Board,
- Update and refresh skills, knowledge and familiarity with the Company regularly,
- Seek clarifications or amplifications on any matter,
- Take and follow appropriate professional advice and opinion of outside experts, if necessary,
- Attend meetings of the Board of Directors and Committees,
- Participate constructively and actively in the Board / Committees meetings,
- Strive to attend the general meetings of the Company,
- Ensure any concerns is minuted, where he / they does/do not agree on any proposal,
- Keep themselves well informed about the Company and the external environment in which the Company operates,
- Support fair functioning Board or Committee,
- Ensure adequate discussions, while approving Related Party Transactions in the interest of the Company,
Ascertain and ensure that the Vigil Mechanism is functional and person uses it is not prejudicially affected,

• Report concerns about unethical behavior, actual or suspected fraud, or Company Code of Conduct or ethical policy,

• Avoid disclosure of any confidential information, commercial secrets, technologies, sales promotion plans or any unpublished price sensitive information unless such disclosures are approved by the Board or required under the law,

✔ Abide by the Company’s Code of Conduct and
✔ Avoid any speculative or insider trading in the securities of the Company.
✓ Cadila Healthcare Limited, a flagship Company of Zydus Cadila Group is engaged in the business of manufacturing, marketing, distribution and research and development of Drugs and Pharmaceuticals. The business of the Company falls under “Pharmaceutical Industry”.
✓ The Company has set up manufacturing facilities in India and abroad. Details of manufacturing facilities are provided in next slides.
✓ The Company has state of the art Research and Development facility on the outskirts of Ahmedabad, where about 1200 scientists are employed. The Chairman and Managing Director heads the R&D activities.
✓ The Company has eight Indian subsidiaries and twenty four overseas subsidiary Companies. Details of each subsidiary Company is provided in separate slides.
✓ The Company has strong marketing and distribution channel. For sales in Indian market, Clearing and Forwarding agents are appointed across India and in most of the States of the Country.
## Important milestones:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1995</td>
<td>Company incorporated by Late Shri Ramanbhai B. Patel and Shri Pankaj R. Patel.</td>
</tr>
</tbody>
</table>
| 2. | 2000 | • Maiden Initial Public Offering [IPO] and listing on Stock Exchange,  
• Joint Venture with Byk Gulden GmbH, Germany [then Nycomed and now Takeda] and with Ambalal Sarabhai |
| 3. | 2001 | Acquisition of 27% stake in German Remedies Limited followed by two open offers. |
| 4. | 2003 | • Merger of German Remedies Limited and other four companies,  
• Acquisition of AL pharma [France business]  
• Incorporated Zydus Pharma USA |
| 5. | 2005 | Joint Venture with Mayne Pharma [now Hospira] and Bharat Serums and Vaccines. |
| 6. | 2006 | • First Bonus Issue [1:1],  
• Acquisition of majority stake in Carnation Nutra [name changed to Zydus Wellness]. |
## Important milestones:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Milestones</th>
</tr>
</thead>
</table>
| 7.      | 2007 | • Acquisition of Liva Healthcare Limited. [merged with Cadila],  
• Acquisition of Nippon Universal Pharma, Japan  
• Zydus Noveltech, a JV Company incorporated [85:15] with Dr. Sharad Kumar Govil, a technocrat. |
| 8.      | 2008 | • Acquisition of Simayla Pharma, South Africa  
• Acquired Laboratories Combix, Spain |
| 9.      | 2009 | • Demerged Consumer business in Zydus Wellness  
• Zydus Technologies Ltd., a JV Company incorporated [85:15] with Dr. Sharad Kumar Govil to develop and manufacture NDDS products |
| 10.     | 2010 | • Second bonus issue [2:1],  
• First to launch of H1N1 Vaccine for swine flue,  
• Joint Venture with Bayer Pharma, Germany. |
<p>| 11.     | 2011 | • Acquisition of Nesher Pharma, USA |
| 12.     | 2013 | • Merger of Zydus Animal Health, Liva Healthcare and Zydus Pharmaceuticals, wholly owned subsidiaries and incorporated Liva Pharmaceuticals Ltd [Injectable] |</p>
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Location</th>
<th>Address</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>District Ahmedabad</td>
<td>Ahmedabad</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Ponda, Goa</td>
<td>Kundai Industrial Estate, Ponda Goa</td>
<td>Formulation manufacturing facility. Acquired at the time of acquisition of erstwhile German Remedies Limited.</td>
</tr>
<tr>
<td></td>
<td>Pradesh</td>
<td>Pradesh</td>
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</table>
## Manufacturing facilities in India: 2/3

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Location</th>
<th>Address</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Dabhasha, Near Baroda</td>
<td>Village – Dabhasha Taluka Padra District Baroda</td>
<td>API manufacturing facilities.</td>
</tr>
<tr>
<td>6.</td>
<td>Ekalbara, Dabhasha, Near Baroda</td>
<td>Block No. 162 Ekalbara, Umraya Road Village Dabhasha.</td>
<td>API manufacturing facilities.</td>
</tr>
<tr>
<td>7.</td>
<td>Zyfine and Topical Plant</td>
<td>Block No. 265, 266 Village Changodar, Taluka Sanand, Dist. Ahmedabad</td>
<td>API manufacturing and topical plant.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Location</td>
<td>Address</td>
<td>Remarks</td>
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<tr>
<td>9.</td>
<td>SEZ Unit</td>
<td>Plot No. 1/1A and 2 Pharmez, Village Matoda Taluka Sanand, District Ahmedabad</td>
<td>Tablet manufacturing unit.</td>
</tr>
</tbody>
</table>
Reactor

Centrifuge

Dryer

Powder Processing (Milling/Sifting/Blending)

Key Starting Material / Intermediate

Solvent

Solvent - reuse

Mother Liquor – Solvent Recovery Plant

Active Pharmaceutical Ingredients For Packing

Key Starting Material / Intermediate

API Process Chart
Formulation Manufacturing Process Chart

Product Name: Tamsulosin HCL Capsules USP 0.4 mg
Batch Size: 1400000 Capsules

Dispensing

Sifting of dispensed materials

Granulation (RMG)

Extrusion (1.0mm mesh) and Spherodization (2.00 mm pitch)

Drying (Fluid bed dryer)

Sifting of pellets (16#, 35#)

Pre blending (Egg shell blender 2000L)

Polymer coating (Wurster coater 800)

Capsule filling

Packing (Bottle packing)

Sifting of pellets (16#, 30#)

Microcrystalline cellulose (30#)
Talc (60#)

Tamsulosin HCL
Microcrystalline cellulose
Talc
Polysorbate 80
Eudragit L30D-55
Purified Water

Eudragit L30D-55
Triacetin
Talc
Purified Water

Talc

Empty hard gelatin Capsule:
Capsule green/Peach size “2” printed with ‘ZA-18’ and ‘0.4mg’ in black ink
### Accreditation of Indian manufacturing / other facilities:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Unit</th>
<th>Accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Moraiya</td>
<td>ISO 14001 and OHSAS 18001</td>
</tr>
<tr>
<td>2.</td>
<td>Ankleshwar Unit – 1 and Unit - 2</td>
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</tr>
<tr>
<td>3.</td>
<td>Baddi, HP</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Ponda, Goa</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Zydus Biologics</td>
<td>ISO 14001 and OHSAS 18001</td>
</tr>
<tr>
<td>7.</td>
<td>Dabhasa, Baroda</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Zyfine</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Zydus Research Centre</td>
<td>ISO 14001 and OHAS 18001</td>
</tr>
</tbody>
</table>
Shareholding Pattern of Cadila Healthcare Limited:

Issued, Subscribed and Fully paid-up capital
[204,748,520 Equity Shares of Rs. 5/- each.]

Promoters Holding
74.79%

Public
25.21%

1. Foreign Institutional Investors [FIIs] 6.68%
2. Bodies Corporate 4.48%
3. Insurance Companies 3.89%
4. Mutual Funds 3.80%
5. NRIs / OCBs 0.34%
6. Financial Institutions / Banks 0.22%
7. Public – others 5.80%
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Indian Subsidiary</th>
<th>Nature of activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Zydus Technologies Limited, Ahmedabad</td>
<td>Company holds 85% stake. The Company is engaged in the business of development of NDDS products and has not yet started its commercial activities.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Indian Subsidiary</td>
<td>Nature of activity</td>
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<td>4, 5 and 6</td>
<td><strong>Dialforhealth India Limited [DIL], Dialforhealth Greencross Limited [DGL] and Dialforhealth Unity Limited [DUL], Ahmedabad.</strong></td>
<td><strong>DIL and DGL are WOS, whereas the Company holds 55% stake in DUL. All these companies are engaged in the business of retail pharmacy having shops in different States of India.</strong></td>
</tr>
<tr>
<td>7.</td>
<td><strong>German Remedies Limited, Ahmedabad.</strong></td>
<td><strong>WOS having 2% stake in Zydus Healthcare, Sikkim a partnership firm.</strong></td>
</tr>
<tr>
<td>8.</td>
<td><strong>Liva Pharmaceuticals Limited, Ahmedabad</strong></td>
<td><strong>WOS setting up injectable project near Baroda.</strong></td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
</tr>
<tr>
<td>--------</td>
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</tr>
<tr>
<td>1.</td>
<td>Zydus International Private Limited [ZIPL], Ireland</td>
<td>WOS in Ireland, which is a Special Purpose Vehicle Company holds investments in fellow subsidiaries abroad.</td>
</tr>
<tr>
<td>4.</td>
<td>Zydus Worldwide DMCC, Dubai.</td>
<td>WOS in Dubai (1) to do business in EMB (2) to file and own new products and (3) to hold investments in fellow subsidiary in Dubai.</td>
</tr>
<tr>
<td>5.</td>
<td>Zydus Discovery DMCC, Dubai</td>
<td>WOS in Dubai incorporated recently for holding the NCE and other global products.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
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<tr>
<td>6.</td>
<td>Zydus Netherlands BV, the Netherlands</td>
<td>WOS of ZIPL, which is also a Special Purpose Vehicle Company holding investments in fellow subsidiaries.</td>
</tr>
<tr>
<td>7.</td>
<td>ZAHL BV, the Netherlands</td>
<td>WOS of the Company. Acquired as a structure at the time of acquisition of Bremer. Proposed to be merged.</td>
</tr>
<tr>
<td>8.</td>
<td>ZAHL Europe BV, the Netherlands</td>
<td>WOS of ZAHL BV holds investments in Bremer. Proposed to be merged.</td>
</tr>
<tr>
<td>9.</td>
<td>Zydus Pharmaceuticals USA, Inc., USA</td>
<td>WOS of ZIPL engaged in the business of distributing pharmaceutical products in USA.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
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<tr>
<td>10.</td>
<td>Zydus Healthcare USA LLC, USA</td>
<td>WOS of ZIPL, which is engaged in the business of API business in USA.</td>
</tr>
<tr>
<td>11.</td>
<td>Zydus Noveltech Inc., USA</td>
<td>Company holds 85% shares, balance held by Dr. Sharad Govil, a technocrat. The Company provides regulatory assistance to ZTL, India.</td>
</tr>
<tr>
<td>12.</td>
<td>Nesher Pharmaceuticals USA LLC, USA</td>
<td>WOS of Zydus Pharma, USA engaged in manufacturing formulations in USA.</td>
</tr>
<tr>
<td>13.</td>
<td>Hercon Pharmaceuticals LLC, USA</td>
<td>WOS of Zydus Noveltech engaged in the manufacture and marketing of transdermal products</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
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<tr>
<td>15.</td>
<td>Simayla Pharmaceuticals Pty. Ltd., South Africa</td>
<td>WOS of Zydus Healthcare, South Africa. It was an acquired entity and presently not carrying any business activities.</td>
</tr>
<tr>
<td>16.</td>
<td>Script Management Services Pty. Ltd., South Africa</td>
<td>WOS of Zydus Healthcare, South Africa maintaining the data base of Pharmacies and providing software services to parent entity.</td>
</tr>
<tr>
<td>17.</td>
<td>Bremer Pharma GmbH, Germany</td>
<td>WOS of ZAHL Europe BV, engaged in manufacturing and marketing animal health products in Germany and other countries.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
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</tr>
<tr>
<td>19.</td>
<td>Laboratories Combix SL, Spain</td>
<td>WOS of ZNBV, the Netherlands engaged in the business of marketing and distribution of pharmaceutical products in Spain.</td>
</tr>
<tr>
<td>20.</td>
<td>Etna Biotech SRL, Italy</td>
<td>WOS of ZIPL engaged in the business of research activities.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
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</tr>
<tr>
<td>22.</td>
<td>Zydus Pharma Japan Company Ltd., Japan</td>
<td>WOS of ZIPL. It is in the process of winding up as a strategic decision of management to exit from Japan market.</td>
</tr>
<tr>
<td>23.</td>
<td>Zydus Pharmaceuticals Mexico SA De CV, Mexico</td>
<td>WOS of ZIPL engaged in the business of marketing and distribution of pharmaceutical products in Mexico.</td>
</tr>
<tr>
<td>24.</td>
<td>Zydus Pharmaceuticals Mexico Service Company SA De CV, Mexico</td>
<td>WOS of ZIPL providing services to Zydus Pharma Mexico.</td>
</tr>
</tbody>
</table>
### Overseas manufacturing facilities:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Location</th>
<th>Address</th>
<th>Remarks</th>
</tr>
</thead>
</table>
| 1.      | Brazil   | Zydus Nikkho Pharmaceutica Ltda.  
Rua Jaime Perdigao, 431/445 – Ilha do Governador, CEP – 21920-240,  
Rio de Janeiro, RJ – Brazil. | Formulation unit. |
| 2.      | Germany  | Bremer Pharma GmbH  
Werkstr. 42, 34414 Warburg,  
Germany | Veterinary Products |
| 3.      | USA      | Nesher Pharmaceuticals  
13910-13912, St. Charles Rock Road,  
St. Louis. State – MO | Formulation unit. |
| 4.      | USA      | Hercon Pharmaceuticals LLC  
101, Sinking Spring Lane, Emigsville,  
PA 17318 – USA | R&D and manufacturing facility. |
The Company has very strong relationships with its JV partners.

The following are the joint ventures at present:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Details of JV</th>
<th>Business activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>50:50 JV with Takeda Pharmaceuticals Company Pvt. Ltd., Japan in the name of Zydus Takeda Healthcare Pvt. Limited, Mumbai.</td>
<td>100% EOU having manufacturing facilities at Vashi, Navi Mumbai.</td>
</tr>
<tr>
<td>2.</td>
<td>50:50 JV with Hospira Inc., USA in the name of Zydus Hospira Oncology Private Limited, Ahmedabad.</td>
<td>Set up unit in Pharmez, SEZ, near Ahmedabad to manufacture oncology injectable products.</td>
</tr>
<tr>
<td>3.</td>
<td>50:50 JV with Bayer Schering Pharma AG, Germany in the name of Bayer Zydus Pharma Private Limited, Mumbai.</td>
<td>Markets finished formulations in India.</td>
</tr>
<tr>
<td>4.</td>
<td>Company has 96% share in Zydus Healthcare, a partnership firm. 2% each held by German Remedies Limited and Cadila Healthcare Staff Welfare trust.</td>
<td>Set up a formulation manufacturing facilities in Sikkim.</td>
</tr>
</tbody>
</table>
## Manufacturing facilities of JVs and Partnerships:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of JV / Partnership</th>
<th>Location of Plant</th>
<th>Accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Zydus Wellness, Sikkim – a partnership firm</td>
<td>South Sikkim</td>
<td>Consumer Products - ISO 14001 &amp; OSHSAS 18001</td>
</tr>
<tr>
<td>Zydus Technologies Limited</td>
<td>Zydus Hospira</td>
<td></td>
<td></td>
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<tr>
<td>---------------------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Zydus Healthcare, Sikkim</td>
<td>Zydus Takeda, Mumbai</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• **Research:** The R&D Centre is carrying out new drug discovery research in Cardio-metabolic, inflammation, pain and oncology therapeutic areas.

• **Product Development:** The Company has Pharmaceutical Technology Center [PTC] mainly engaged in new drugs development and regulatory approvals. The Company has set up PTC at Ahmedabad and Thane in Maharashtra.

• **API:** API facilities are carrying out research in Active Pharmaceutical Products and manufacturing facilities cater to captive requirements as well as market demand. The sale is normally on direct marketing basis as well as through agents.

• **Formulation:** The formulation manufacturing facilities are recognized by various rating agencies and are the main sources of supply to various overseas markets as well as Indian market for some products.

• **Sourcing:** The company relies on its partnership firm which has manufacturing facilities in Sikkim for Indian formulation market. The partnership enjoys North-East backward area benefits and incentives. The company also procures products for Indian markets on Loan License and on P2P basis.

• **Marketing:** The Company has set up a strong marketing and distribution channel for Indian and overseas markets. C&F Agents are appointed in almost all states of the Country for smooth clearing, forwarding and handling of finished formulations in Indian market. The Company has dedicated team of marketing headed by experienced and knowledgeable executives. For overseas markets the company relies on its overseas subsidiaries and also distributors (especially for emerging markets).
• The Company provides regular intimation to the Stock Exchange about various events taking place in the Company, which are material in nature.

• The Company makes all statutory disclosures in its Annual Report and considers the views and observations of all Independent Directors before it is finalized and circulated to the stakeholders.

• The Company has robust system of compliance and a detailed compliance report is presented to the Directors.

• The Company provides sufficient information and material as a part of board agenda to take an informed decision.

• The Chairman and CFO make presentations at every audit/board meeting and the Chairman also makes presentation at the meeting of shareholders about the Company, its progress and challenges.
• The Audit Committee has appointed an independent internal auditors and their reports on observations are presented and discussed at length at every Audit Committee meeting. The audit programs of internal auditors are finalized after taking into consideration the areas proposed by the members of the Audit Committee.

• The Statutory Auditors provide their limited review reports at every quarterly meeting, which gives satisfaction to the Directors about the compliance of accounting standards and principles.

• The Company has robust governance system and the management reviews the businesses and supportive functions at periodic review meetings.
Organisation-wide SOPs and policies to govern and control various operations
• Strong IT systems – SAP, in-house developed automated workflows
• Regular audit of internal controls and adherence to the SOPs and policies – by external independent auditors (E&Y) and internal team (Mgmt. Audit team)
• Rigorous cost controls – budgeting and concurrence systems
• Robust review and monitoring systems for business performance and health of the business –
  – monthly MPRMs, ZEB meetings,
  – Quarterly SBRs, ZMC meetings
  – annual CAM
  – Periodic capex committee meetings
• Risk management – regular review of critical risks, identification of mitigation plans and monitoring of implementation thereof by Risk Management Committee
• Operation of vigil mechanism and whistler blower policy,
Thank You!
Celebrating 25 Years of Growth & Innovation
Familiarization

A presentation to

Independent Directors

of

Cadila Healthcare Limited

(Part 2)
Why this presentation?

Regulation 25(7)-SEBI Listing Regulations, 2015

Mandatory for every listed company to familiarize the Independent Directors through various programmes about the listed Company, including their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. through various programmes.

This presentation is further to the presentation made during February, 2015.
Outline of the Presentation

This presentation covers-

• Roles of the Independent Directors,
• Responsibilities of the Independent Directors,
• Nature of industry in which the Company functions,
• Brief details about the Company, its subsidiaries and JVs,
• Company’s manufacturing facilities,
• Business model of the Company,
• Disclosures and
• Internal Control System.
Board Governance Framework:

Shareholders

Board of Directors
- Strategies, objectives and value creation

Key Areas of Responsibility

Information and Communication

Chairman

Board Meetings

Company Secretary

Reporting & Disclosure

Governance System and Controls

Board operations
- Strategy
- Corporate Policies & Procedures
- Board Governance Instruments
- Monitoring and Evaluation

Board Committees
- Audit Committee
- Nomination and Remuneration Committee
- Other Committees
- Executive Committee

CEO & Management
- Internal Controls & Assurance

Combined Assurance Model
- Internal Audit
- External Audit
- Other Assurance Providers
- Management
Roles of Independent Directors:
(for information)

- Independently judge Company’s strategy, performance, risk management, resources, key appointments and standards of conduct,
- Objectively evaluate the performance of Board and Management,
- Scrutinizing performance of management in meeting agreed goals and objectives,
- Monitoring reporting of performance,
- Satisfying themselves on integrity of financial information and that financial controls and systems of risk management are robust and defensible,
- Safeguarding interests of stakeholders,
- Balancing conflicting interests of stakeholders,
- Determining appropriate levels of remuneration of Executive Directors and Senior Management,
- Play prime role in appointment / removal of MD, ED and Senior Management.
Responsibilities and Duties:
(for information) 1/2

- Induct appropriate persons as members on Board,
- Update and refresh skills, knowledge and familiarity with Company regularly,
- Seek clarifications or explanations on any matter,
- Take and follow appropriate professional advice and opinion of outside experts, if necessary,
- Attend meetings of the Board and Committees,
- Participate constructively and actively in Board / Committees meetings,
- Strive to attend the general meetings of the Company,
- Ensure any concerns is minuted, where he / she / they agree / do not agree on any proposal,
- Keep themselves well informed about the Company and external environment in which Company operates,
- Support fair functioning of Board or Committee,
- Ensure adequate discussions, while approving Related Party Transactions ("RPTs") in interest of Company,
Ascertain and ensure that Vigil Mechanism is functional and person using it, is not prejudicially affected,

Report concerns about unethical behavior, actual or suspected fraud, or Company Code of Conduct or ethical policy,

Avoid disclosure of any confidential information, commercial secrets, technologies, sales promotion plans or any unpublished price sensitive information unless such disclosures are approved by Board or required under law,

Abide by the Company’s Code of Conduct and

Avoid any speculative or insider trading in securities of Company.
Cadila Healthcare Limited, a flagship Company of Zydus Cadila Group is engaged in the business of manufacturing, marketing, distribution and research and development of Drugs and Pharmaceuticals. The business of the Company falls under “Pharmaceutical Industry”.

The Company has set up manufacturing facilities in India and abroad. Details of manufacturing facilities are provided in next slides.

The Company has state of the art Research and Development facility on the outskirts of Ahmedabad. The Chairman heads the R&D activities. There are around 1,450 scientists who are employed in India.

The Company has 15 Indian subsidiaries, 25 overseas subsidiary Companies and 1 partnership firm. Details of each subsidiary company is provided in separate slides.

The Company has strong marketing and distribution channel. For sales in Indian market, Clearing and Forwarding agents are appointed across India and in most of the States of the Country.
## Corporate restructuring since 2015 (change in capital, merger, acquisition / takeover, etc.):

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2015</td>
<td>• Split of shares-Face Value from FV of Rs. 5/- to Re. 1/-&lt;br&gt;• Acquired 50% stake of BSV Pharma Private Limited&lt;br&gt;• Delisted equity shares from Ahmedabad Stock Exchange</td>
</tr>
<tr>
<td>2.</td>
<td>2016</td>
<td>• Acquired animal healthcare business of Zoetis&lt;br&gt;• Zydus Healthcare, Sikkim, a partnership firm converted into a company&lt;br&gt;• Merged Zydus Healthcare Limited (ZHL) with German Remedies Limited and then changed the name of GRL to ZHL&lt;br&gt;• Decided to set-up second unit of ZHL in Sikkim</td>
</tr>
<tr>
<td>3.</td>
<td>2017</td>
<td>• Acquired Sentynl Therapeutics Inc., USA&lt;br&gt;• Merged Biochem Pharmaceutical Industries Limited into ZHL&lt;br&gt;• Demerged India Human Formulations Business into ZHL&lt;br&gt;• Restructured the holding structure of foreign entities&lt;br&gt;• Mr. Pankaj R. Patel ceased to be the Managing Director and appointed Dr. Sharvil Patel in his place</td>
</tr>
</tbody>
</table>
## Corporate restructuring since 2015 (change in capital, merger, acquisition / takeover, etc.):

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
</table>
| 4       | 2018 | • Acquired Acme Pharmaceuticals Private Limited  
• Sold Bremer Pharma GmbH, Germany  
• Divested 25% shares from Bayer Zydus Pharma Private Limited, a JV company  
• Acquired 51% stake of Windlas Healthcare Private Limited (Windlas) |
| 5       | 2019 | • Dissolved two Dutch Companies namely ZAHL BV and ZAHL Europe BV  
• Zydus Wellness Limited (ZWL) acquired Heinz India Private Limited (HIPL)  
• Converted Zydus Wellness-Sikkim, a partnership firm into a company-Zydus Nutritions Limited (ZNL)  
• Merged HIPL into ZNL and then changed the name of ZNL to Zydus Wellness Products Limited (ZWPL)  
• Shifted to new Corporate office  
• Acquired Dr. Sharad Govil’s stake and his firm in Zydus Technologies Limited and Zydus Noveltech Inc., USA |
## Corporate restructuring since 2015 (change in capital, merger, acquisition / takeover, etc.):

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>2019</td>
<td>- Demerged Generic and Spectrum Division of ZHL into Acme Pharmaceuticals Private Limited and then changed its name to German Remedies Pharmaceuticals Private Limited</td>
</tr>
</tbody>
</table>
| 7       | 2020 | - Merged Zydus Technologies Limited, Alidac Pharmaceuticals Limited, Liva Pharmaceuticals Limited and Dialforhealth India Limited, the four subsidiaries with the Company  
- Transferred Animal Healthcare Business of CHL to Zydus Animal Health and Investments Limited (ZAHL) for strategic objectives  
- Exited the investment in Windlas  
- Successfully completed Phase I and II clinical trials and received approval for Phase III clinical trials for “ZyCov-D”-a vaccine, indigenously developed for prevention of infection due to COVID-19. Hon’ble PM visited the site |
### Major financial activities (since 2015)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2019</td>
<td>• To fund HIPL acquisition, ZWL issued shares through pref. issue (Rs. 2,575 crores) and NCDs (Rs. 1,500 crores)</td>
</tr>
</tbody>
</table>
| 2.      | 2020 | • Issued and listed NCDs of Zydus Foundation of Rs. 185 crores  
  • Raised funds in ZWL-Rs. 350 crores through pref. issue and Rs. 650 crores through QIP  
  • Bought back NCDs of Rs. 1,500 crores in ZWL  
  • Raised funds of Rs. 625 crores through Commercial Papers |
## Major compliance activities (since 2015)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2018</td>
<td>• Commenced e-voting facility at the venue of AGM</td>
</tr>
<tr>
<td>2.</td>
<td>2020</td>
<td>• Due to Covid pandemic and as permitted by MCA, held Annual General Meetings through Video Conference</td>
</tr>
</tbody>
</table>
## Manufacturing facilities in India: (added after 2015)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Location</th>
<th>Address</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Injectable, Waghodia, Vadodara</td>
<td>Survey Nos. 4346/B and 434/1/K, Jarod, Waghodia, Vadodara-391510</td>
<td>Manufacturing of injections</td>
</tr>
<tr>
<td>2.</td>
<td>Animal Health Unit, Haridwar</td>
<td>Plot No. F-1/1, Sector 6B, IIE SIIDCUL, Haridwar-249403</td>
<td>Manufacturing of animal healthcare products</td>
</tr>
<tr>
<td>3.</td>
<td>Formulation Unit, SEZ, Matoda</td>
<td>Plot No. 1B, Pharmez, Village Matoda, Taluka Sanand, District Ahmedabad</td>
<td>Manufacturing of NDDS products</td>
</tr>
<tr>
<td>4.</td>
<td>Formulation Unit, SEZ, Matoda</td>
<td>Plot No. 1A, Pharmez, Village Matoda, Taluka Sanand, District Ahmedabad</td>
<td>Manufacturing of non-oncology injectables</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Location</td>
<td>Address</td>
<td>Remarks</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>1.</td>
<td>Zydus Research Centre (NCE &amp; Biotech), Moraiya</td>
<td>Survey No. 396/403, Sarkhej Bavla N. H. No. 8A, Moraiya, Ahmedabad-382213</td>
<td>R &amp; D Centres</td>
</tr>
<tr>
<td>2.</td>
<td>Pharmaceutical Technology Centre (PTC), Thane</td>
<td>Plot No. A-106, 107, Road Number 21, Nehru Nagar, Wagle Industrial Estate, Thane West, Thane-400604</td>
<td>R &amp; D Centres</td>
</tr>
<tr>
<td>3.</td>
<td>API Dabhasa</td>
<td>Village-Dabhasa Taluka Padra District Baroda</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>VTC R&amp;D, Changodar</td>
<td>Plot No. 23,25/P, 37, 40/P, 42 to 47, Sarkhej-Bavla NH No. 8A, Changodar, Sanand, Ahmedabad-382213</td>
<td></td>
</tr>
</tbody>
</table>
API Process Chart

Key Starting Material / Intermediate

Reactor

Solvent

Centrifuge

Solvent - reuse

Dryer

Mother Liquor - Solvent Recovery Plant

Powder Processing (Milling/Sifting/Blending)

Active Pharmaceutical Ingredients For Packing
Formulation Manufacturing Process Chart

Product Name: Tamsulosin HCL Capsules USP 0.4 mg  
Batch Size: 1400000 Capsules

Microcrystalline cellulose (30#)  
Talc (60#)

Tamsulosin HCL  
Microcrystalline cellulose  
Talc  
Polysorbate 80  
Eudragit L30D-55  
Purified Water

Eudragit L30D-55  
Triacetin  
Talc  
Purified Water

Sifting of pellets (16#, 30#)

Talc

Empty hard gelatin Capsule: Capsule green/Peach size “2” printed with ‘ZA-18’ and ‘0.4mg’ in black ink

Dispensing

Sifting of dispensed materials

Granulation (RMG)

Extrusion (1.0mm mesh) and Spherodization (2.00 mm pitch)

Drying (Fluid bed dryer)

Sifting of pellets (16#, 35#)

Pre blending (Egg shell blender 2000L)

Polymers coating (Wurster coater 800)

Capsule filling

Packing (Bottle packing)
Manufacturing units in India (added after 2015):

Technologies Plant, SEZ

Alidac SEZ Plant

Injectable Plant at Baroda

Oncology Plant, SEZ
Shareholding Pattern of Cadila Healthcare Limited:

Issued, Subscribed and Fully paid-up capital
[102,37,42,600 Equity Shares of Re. 1/- each.]

Promoters Holding
74.88%

Public
25.12%

1. Foreign Portfolio Investors [FPIs] 4.38%
2. Alternate Investment Funds 0.17%
3. Insurance Companies 4.58%
4. Mutual Funds 7.27%
5. NRIs / OCBs 0.34%
6. Financial Institutions / Banks 0.49%
7. Public – others 7.89%
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Indian Subsidiary</th>
<th>Nature of activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Zydus Animal Health and Investments Limited, Ahmedabad (ZAHL)</td>
<td>WOS of ZHL. ZAHL is in the business of manufacturing and marketing animal healthcare products and holding investments in subsidiary companies.</td>
</tr>
<tr>
<td>3.</td>
<td>German Remedies Pharmaceuticals Private Limited, Ahmedabad (GRPPL)</td>
<td>WOS of ZHL. GRPPL is in the business of manufacturing and marketing of pharmaceutical products.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Indian Subsidiary</td>
<td>Nature of activity</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4.</td>
<td>Zydus Pharmaceuticals Limited, Ahmedabad (ZPL)</td>
<td>WOS of CHL. ZPL is in the process of setting up manufacturing facilities in SEZ for human formulations.</td>
</tr>
<tr>
<td>5.</td>
<td>Zydus Foundation, Ahmedabad (ZF)</td>
<td>WOS of CHL. ZF is carrying out CSR activities. (Hospital and Medical College in Dahod)</td>
</tr>
<tr>
<td>6.</td>
<td>Zydus VTEC Limited, Ahmedabad (ZVL)</td>
<td>WOS of CHL. ZVL is recently incorporated for carrying out vaccines manufacturing business of the Company.</td>
</tr>
<tr>
<td>7.</td>
<td>Zydus Strategic Investments Limited, Ahmedabad (ZSIL)</td>
<td>WOS of CHL. ZSIL is incorporated to hold investments of CHL.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Indian Subsidiary</td>
<td>Nature of activity</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>8.</td>
<td>Liva Nutritions Limited, Ahmedabad (LNL)</td>
<td>WOS of ZWL. At present, LNL does not carry any business activities.</td>
</tr>
<tr>
<td>9.</td>
<td>Liva Investment Limited, Ahmedabad (LIL)</td>
<td>WOS of ZWL. At present, LIL does not carry any business activities.</td>
</tr>
<tr>
<td>11.</td>
<td>Violio Healthcare Limited, Ahmedabad (VHL)</td>
<td>WOS of ZAHL. At present, VHL does not carry any business activities.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of the Foreign Subsidiary</td>
<td>Nature of activity</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1.</td>
<td>Zyvet Animal Health Inc., USA</td>
<td>WOS of Zydus Pharmaceuticals USA Inc. (ZPUI), engaged in distribution of pharmaceutical products in USA.</td>
</tr>
<tr>
<td>2.</td>
<td>Sentynl Therapeutics Inc., USA</td>
<td>WOS of ZPUI, engaged in marketing of pharmaceutical products in USA.</td>
</tr>
<tr>
<td>3.</td>
<td>Viona Pharmaceuticals Inc., USA</td>
<td>WOS of ZAHL, engaged in distribution of animal health products in USA.</td>
</tr>
<tr>
<td>4.</td>
<td>Zydus Wellness International DMCC, Dubai</td>
<td>WOS of ZWL, engaged in trading of consumer products in UAE.</td>
</tr>
</tbody>
</table>
Overseas manufacturing facilities (added after 2015):

<table>
<thead>
<tr>
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</tr>
</thead>
</table>
• **Research:** The R&D Centre is carrying out new drug discovery research in Cardio-metabolic, inflammation, pain and oncology therapeutic areas.

• **Product Development:** The Company has Pharmaceutical Technology Center [PTC] mainly engaged in new drugs development and regulatory approvals. The Company has set up PTC at Ahmedabad and Thane in Maharashtra.

• **API:** API facilities are carrying out research in Active Pharmaceutical Products and manufacturing facilities to cater to captive requirements as well as market demand. The sale is normally on direct marketing basis as well as through agents.

• **Formulation:** The formulation manufacturing facilities are recognized by various regulatory agencies and are the main sources of supply to various overseas markets as well as Indian market for some products.

• **Sourcing:** The company relies on its manufacturing facilities in Sikkim for India formulation market, which enjoys North-East backward area benefits and incentives. The company also procures products for Indian markets on Loan License and on P2P basis.

• **Marketing:** The Company has set up a strong marketing and distribution channel for Indian and overseas markets. C&F Agents are appointed in almost all states of the Country for smooth clearing, forwarding and handling of finished formulations in Indian market. The Company has dedicated team of marketing headed by experienced and knowledgeable executives. For overseas markets the company relies on its overseas subsidiaries and also distributors (especially for emerging markets).
• The Company provides regular intimation to the Stock Exchanges about various events taking place in the Company, which are material in nature.

• The Company makes all statutory disclosures in its Annual Report and considers the views and observations of all Independent Directors before it is finalized and circulated to the stakeholders.

• The Company has robust system of compliance and a detailed compliance report is presented to the Directors.

• The Company provides sufficient information and material as a part of board agenda to take an informed decision.

• The Managing Director and the CFO make presentations at every audit/board meeting and the Managing Director also makes presentation at the meeting of shareholders about the Company, its progress and challenges.
The Audit Committee has appointed a firm of independent internal auditors and their reports on observations are presented and discussed at length at every Audit Committee meeting. The audit programs of internal auditors are finalized after taking into consideration the areas proposed by the members of the Audit Committee and Board.

The Statutory Auditors provide their limited review reports at every quarterly meeting, which give satisfaction to the Directors about the compliance of accounting principles, standards and guidelines.

The Company has a robust governance system and the management reviews the businesses and supportive functions at periodic review meetings.
Internal Control System:

- Organisation-wide SOPs and policies to govern and control various operations
- Strong IT systems-SAP, in-house developed automated workflows
- Regular audit of internal controls and adherence to the SOPs and policies-by external independent auditors (E&Y) and internal team (Mgmt. Audit team)
- Rigorous cost controls-budgeting and concurrence systems
- Robust review and monitoring systems for business performance and health of the business-
  - monthly MPRMs, one to one meetings
  - Half Yearly Review meetings
  - annual CAM
  - Periodic capex committee meetings
- Risk management-regular review of critical risks, identification of mitigation plans and monitoring of implementation thereof by Risk Management Committee
- Operation of vigil mechanism and whistler blower policy
Thank You!