



Cadila Healthcare Ltd.
Investor Presentation

August 2011

Zy+us
dedicated to *life*

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...



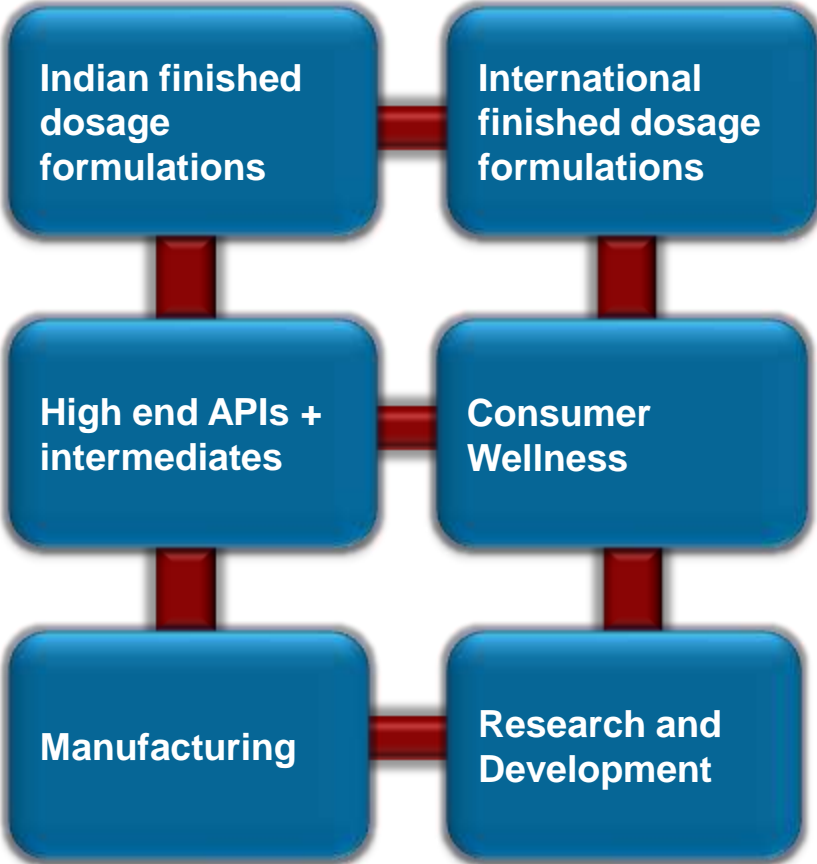
A Snapshot

- One of the largest company in the Indian formulations market
- Operations in US, Europe, Japan, Latin America, Asia Pacific, Africa and Middle East regions
- Market leader in niche Indian consumer wellness market with strong brands
- Win-win alliances with global pharmaceutical players
- Best-in-class manufacturing facilities, supply chain infrastructure and economies of scale
- Proven and scalable capabilities, infrastructure and teams for
 - Product development, including for difficult and differentiated generis
 - Innovative R&D spanning across NCEs, Novel Biologics and Vaccines

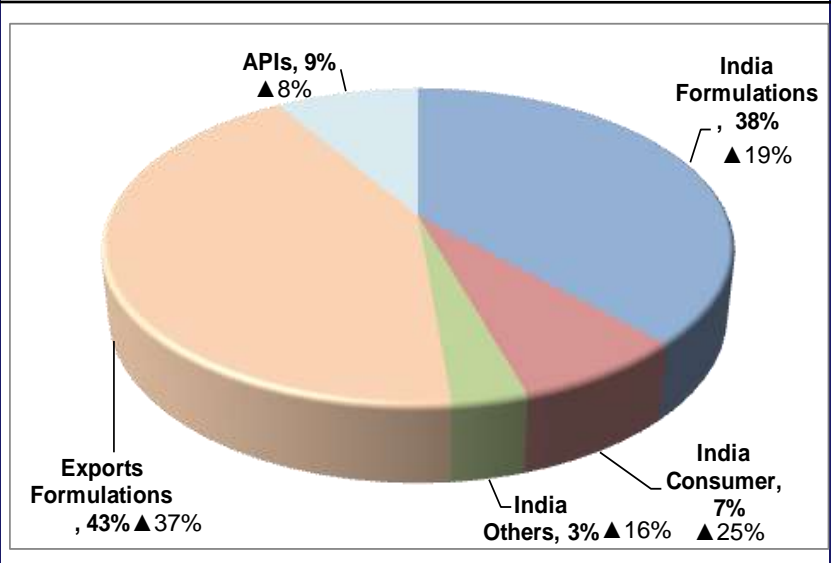
Zydus in Numbers

- **59** years of operational excellence
- **\$1 bn+** in Revenues, **\$ 4 bn+** in Market Cap
- **25+** markets with sales and marketing reach
- **15+** mfg. sites including **4** for complex products, producing **~12** bn pills/year
- **13,000+** people across the globe, with scientific talent pool of >1050 for R&D
- **~6%** of revenues invested every year on R&D
- **17** brands among top 300 brands in India
- **300+** product registrations every year across USA, Europe, Japan and emerging markets
- **~51** Mio. prescriptions dispensed with Zydus generics in USA
- **2** leading awards (Emerging Co. for 2010 by ET and fastest growing company by Forbes)
- **12+** NCE programs in pipeline with 5 in clinical development for global markets
- **17** Biosimilars and **2** novel biologics in development for India and global markets

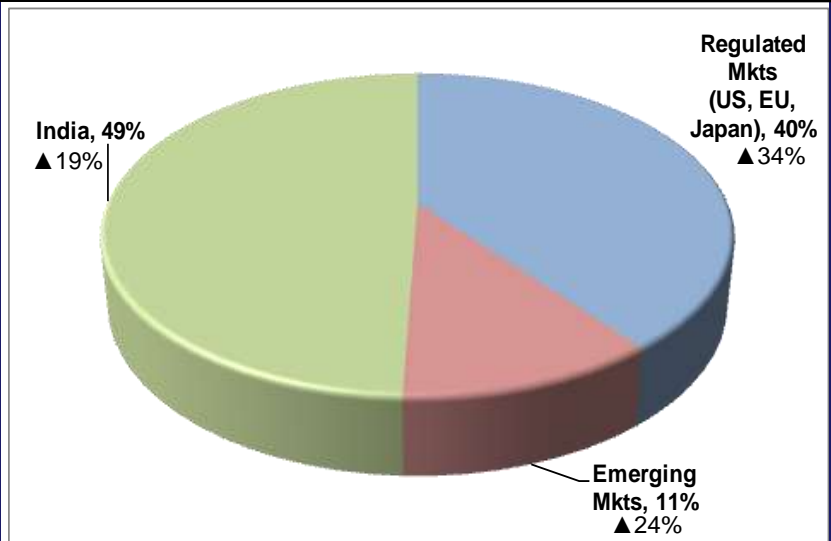
Well integrated company and expanding globally



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)



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



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



Finished Dosage Form, Sikkim



Finished Dosage Form, Goa



**Biologics Active Substances,
Changodar**



Finished Dosage Form, Brazil



**API, Ankleshwar,
(USFDA Approved)**



**API, Dabhasa
(USFDA approved)**



**Oncology API, Changodar
(USFDA Approved)**

State of the art facilities and infrastructure (2/2)

Facilities for complex products



**Vaccine Technology Center
Ahmedabad**



**Topical Formulations Mfg.,
Ahmedabad**



**Transdermal Mfg.,
Moraiya**

Facilities for Partners



**Pantoprazole Intermediates
for Nycomed JV**



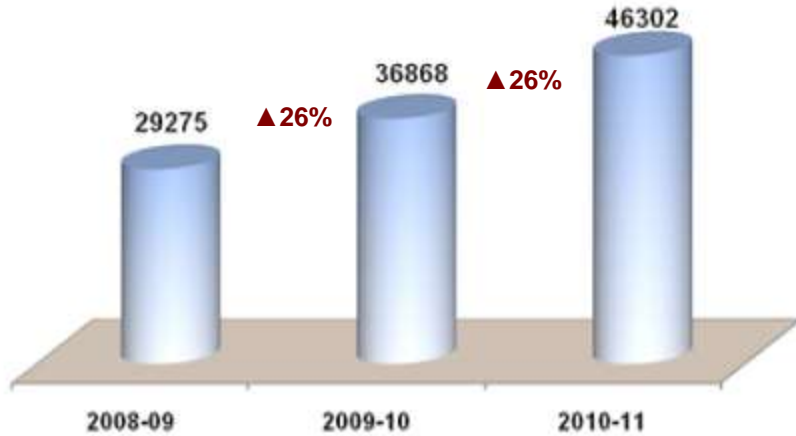
**Cytotoxic Injectable for
Hospira JV (MHRA, USFDA)**



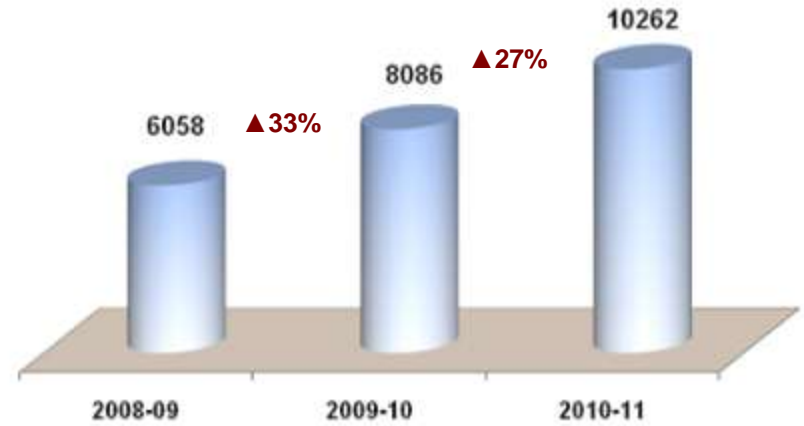
**Cytotoxic Injectable
For BSV JV**

Financial highlights

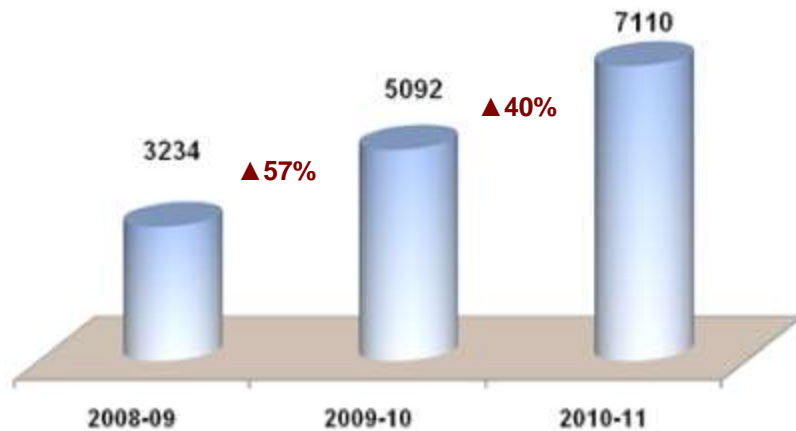
Income from Operations (Rs. Mio.)



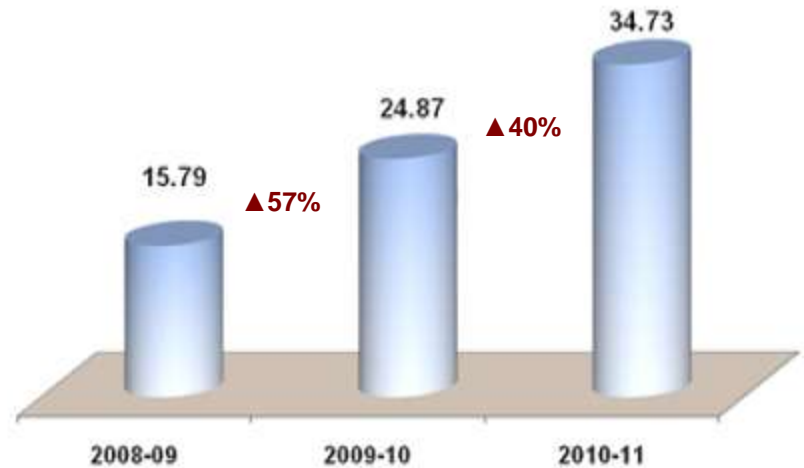
EBIDTA (Rs. Mio.)



Net Profit # (Rs. Mio.)



EPS # (Rs.)

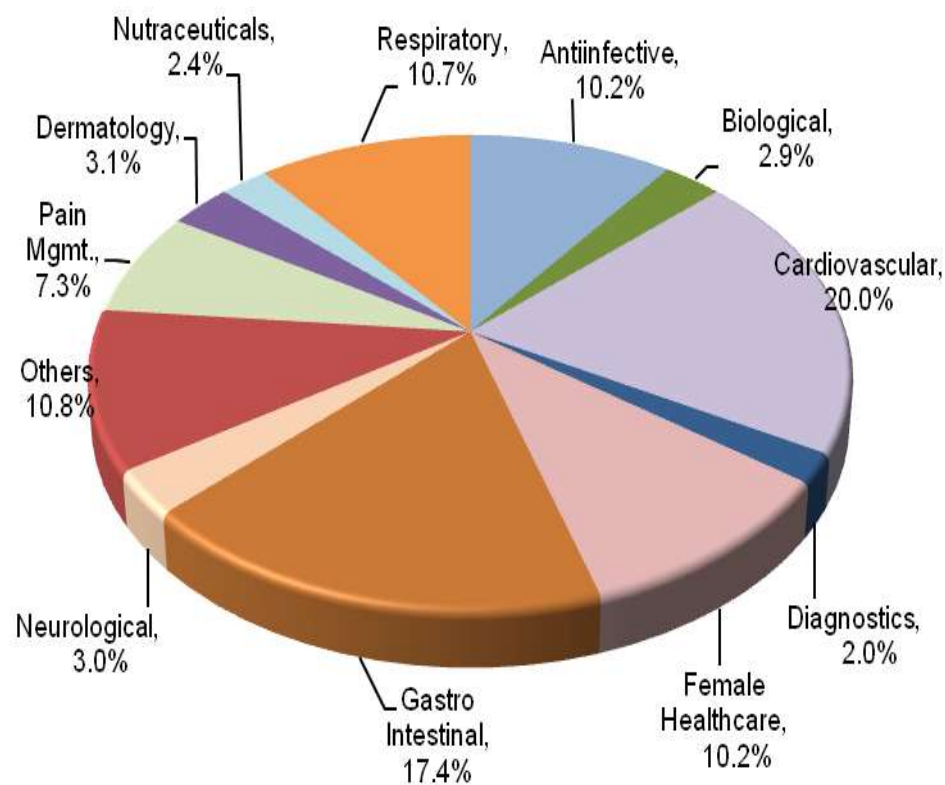


Net Profit and EPS exclude Exceptional Items.

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*)
- Continuous focus on increasing penetration in the chronic therapies, which currently account for >55% of the total portfolio
- 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.

Therapeutic Area-wise Sales Break-up of Branded Formulations (FY 10-11)



International formulations : two-fold focus

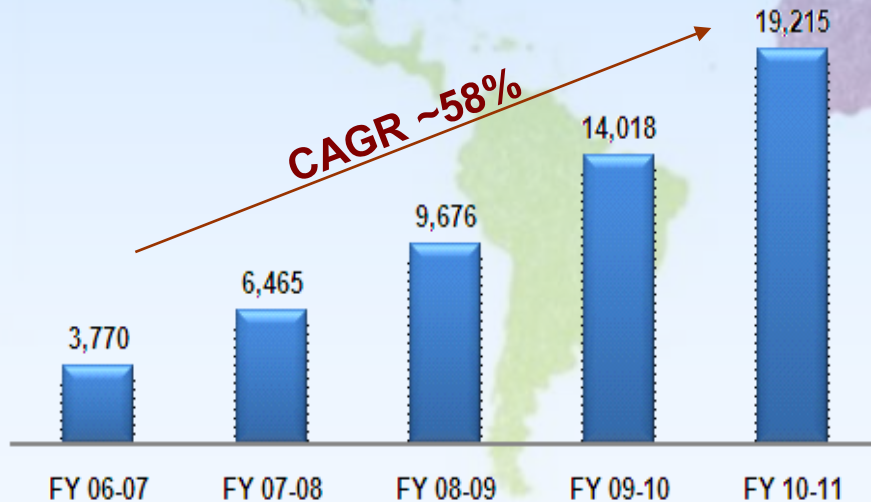
Focusing on developed generic markets (~32% of global sales)

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

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

Formulations Exports (Rs. Mio.)

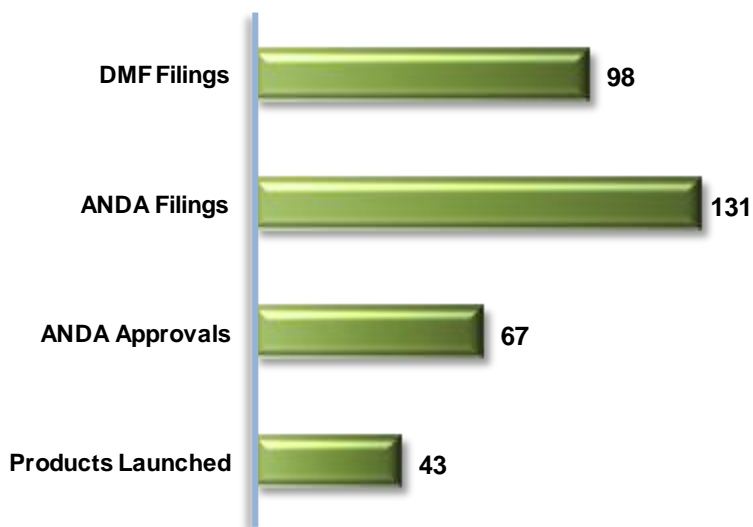
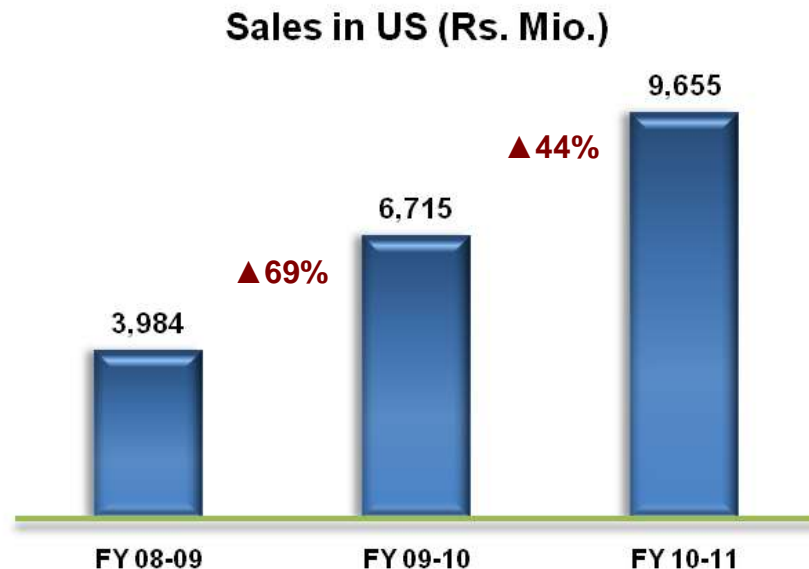


Product Portfolio

- ✓ 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

- 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
- Focusing on delivery based, difficult to make products, the next growth driver
- Recently entered into agreement to acquire assets of Neshor Pharma Inc. to enter \$ 7bn controlled substances market



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, incl. 14 for contract mfg.)
- 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

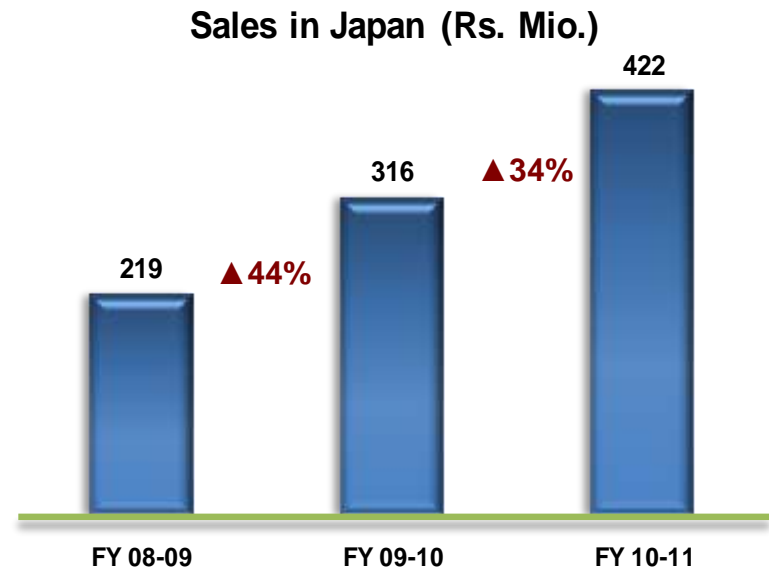


KEY STRENGTHS

- Leveraging India's low cost base – started supplying over 35% of France sales from India
- New product filings include 50 products for Spanish market

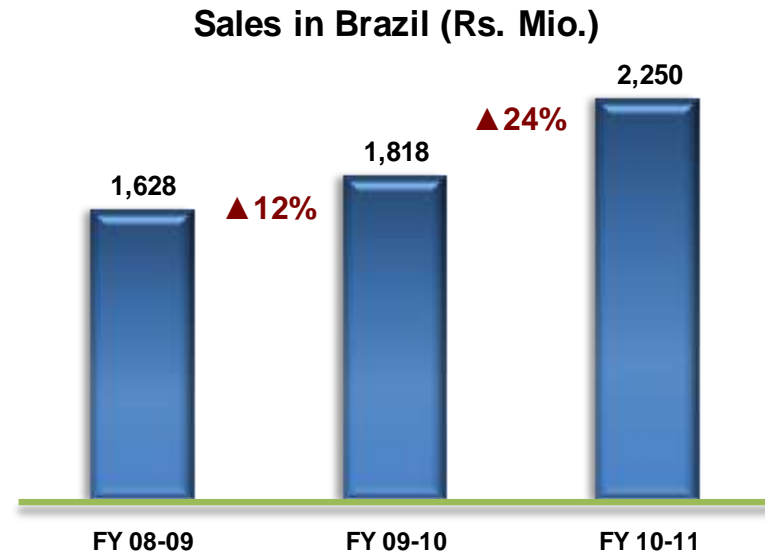
Strategies for Japan : World's 2nd largest pharma market

- 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



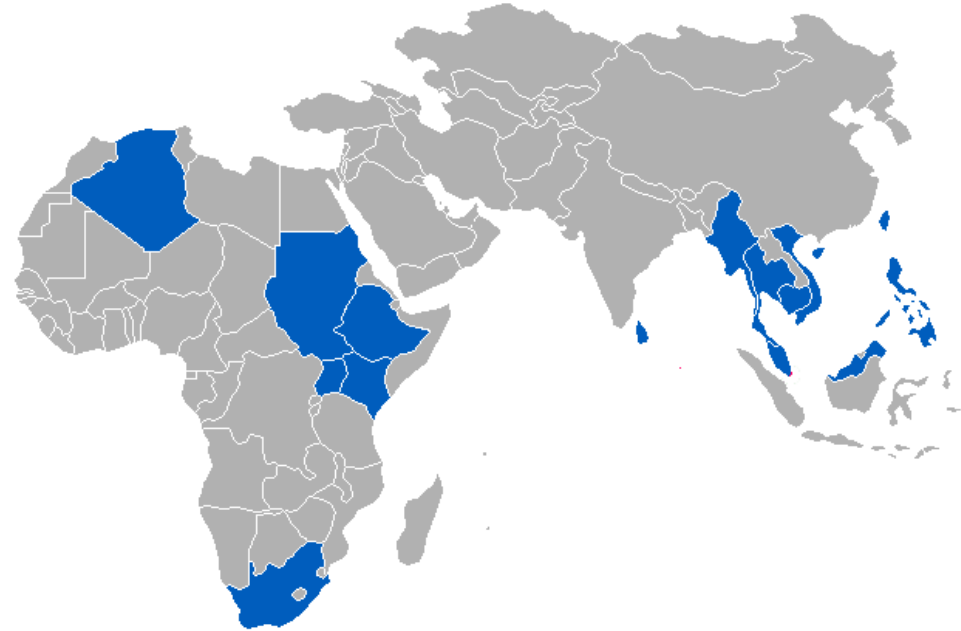
Strategies for \$ 13bn Brazilian pharma market

- 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)



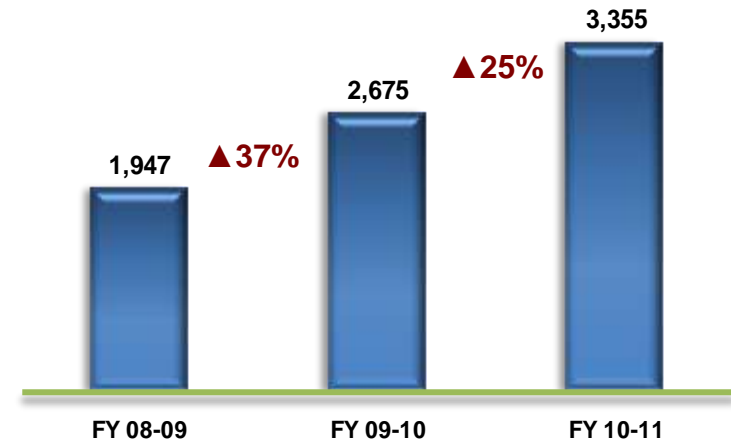
- Skincare product range with leadership in peel-offs, scrubs and face wash categories



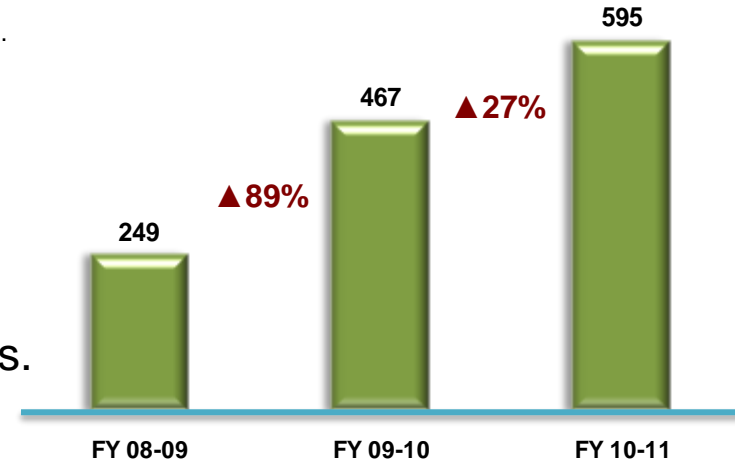
- India's largest selling margarine

- 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.)

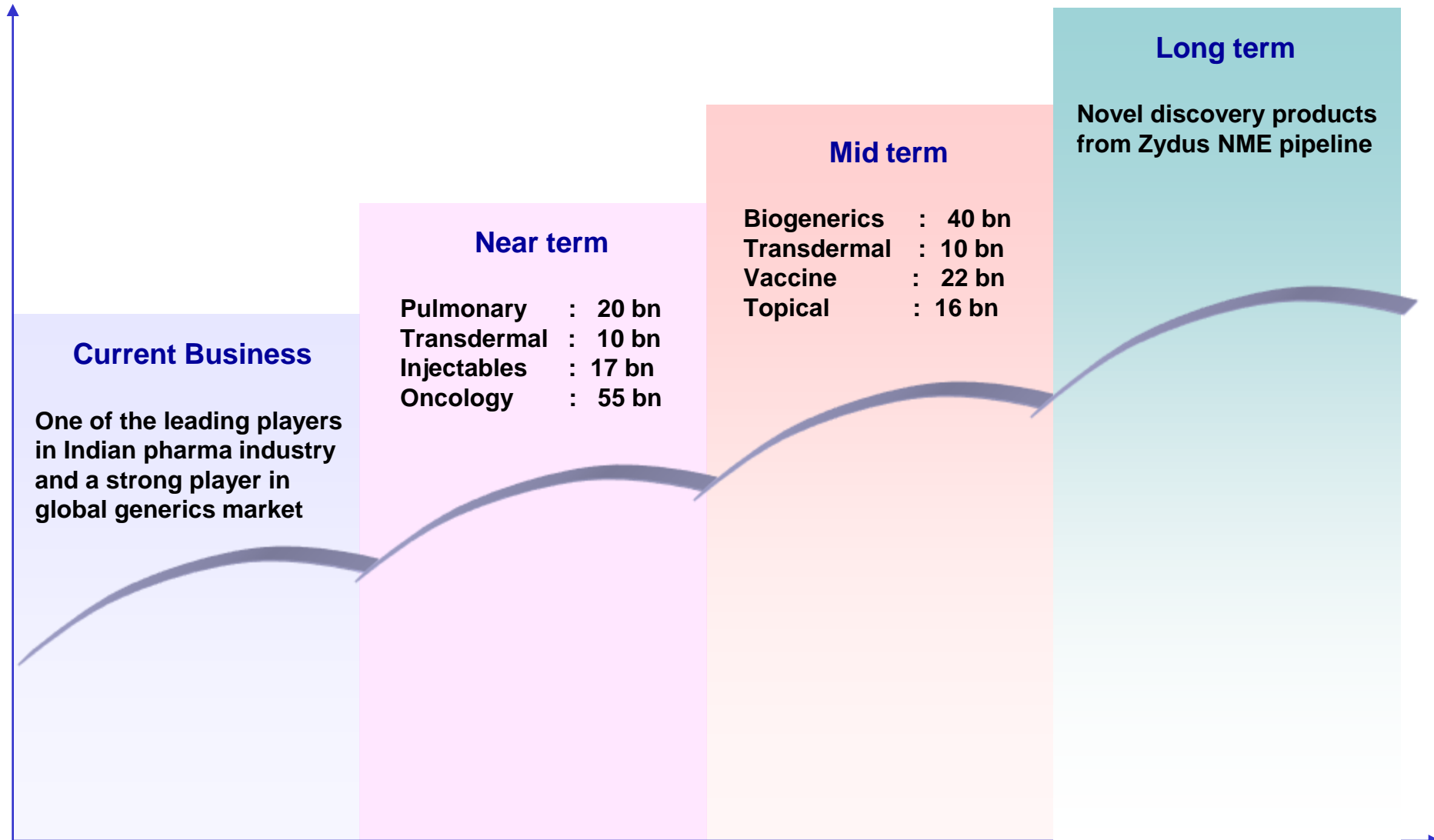


Unlocking value through win-win alliances

- **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, Health Canada
 - Plan to manufacture 6 oncology products
 - Commercial supplies for EU market commenced
- **Bayer Zydus - JV for marketing products in India**
 - To operate in female healthcare, metabolic disorders, diagnostic imaging, cardiovascular, anti-diabetes and oncology segments
 - Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- **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

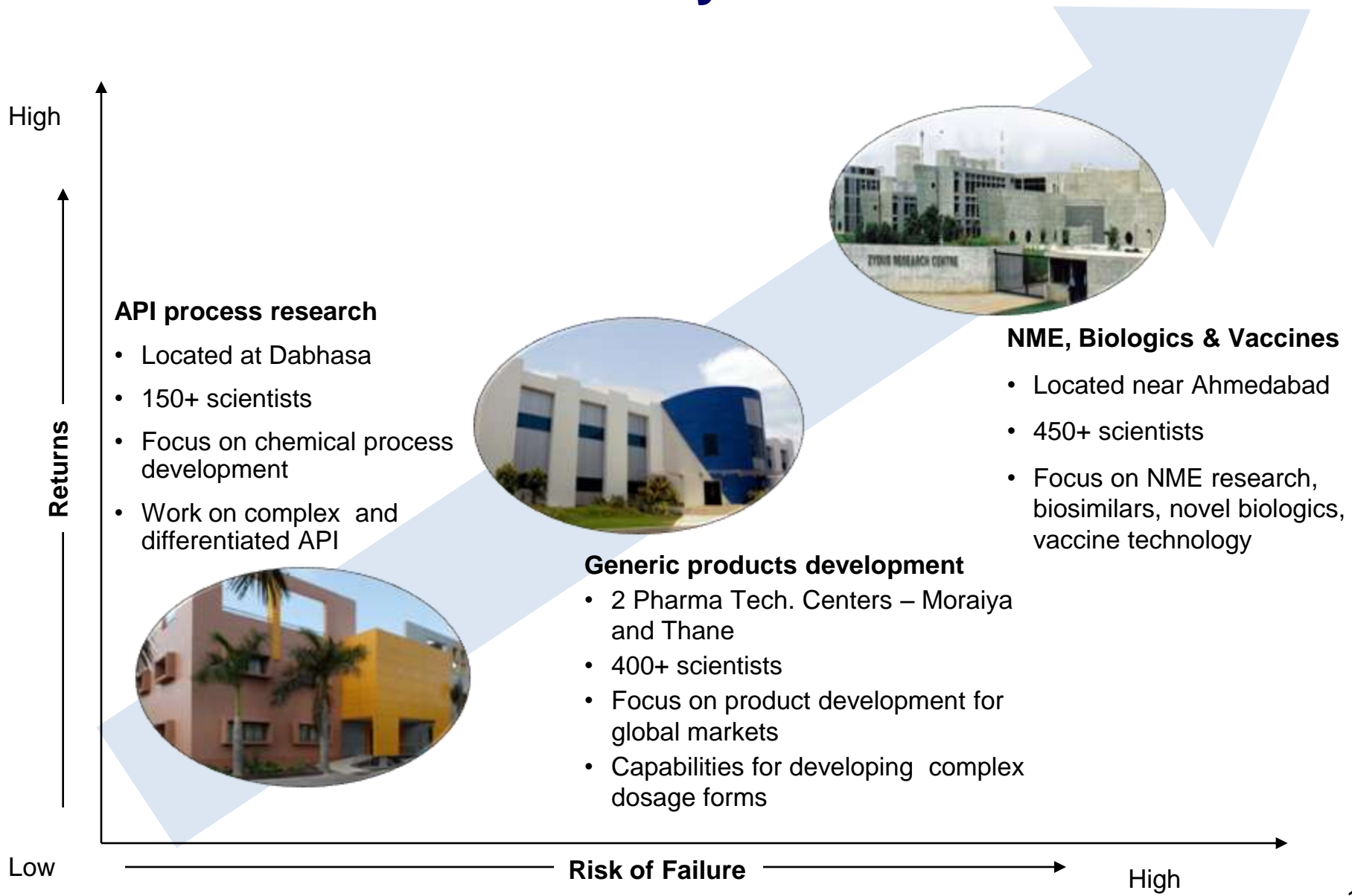


Ongoing Investment in Newer Portfolios Worth over \$ 180 bn



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

Diversified R&D investments spread across three key areas



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	[Progress bar]							
ZYH2	PPAR alpha: gamma	Diabetes	[Progress bar]							
ZYH7	PPAR alpha	Dyslipidemia	[Progress bar]							
ZYI1	Multi-modal	Pain	[Progress bar]							
ZYO1	CB-1 antagonist	Obesity	[Progress bar]							
ZYT1	TR-beta agonist	Dyslipidemia	[Progress bar]							
ZYOG1	Oral GLP-1 agonist	Diabetes Obesity	[Progress bar]							
ZYD1	GLP-1 agonist	Diabetes Obesity	[Progress bar]							
ZYGL241	Oral GLP-1 agonist	Diabetes Obesity	[Progress bar]							
ZYGK1	Glucokinase activator	Diabetes	[Progress bar]							
ZYG19	GPR-119 agonist	Diabetes	[Progress bar]							
ZYPH0907	PTH agonist	Osteoporosis	[Progress bar]							

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
- 100+ 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%
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 -(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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