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 Dec-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 wellness market with strong brands

- Innovation driven – investing over 6% of revenues p.a. on NME, Biological and NDDS research and Generics development

- Dedicated team of ~ 11,000 Zydans

- Market Cap: Cadila Healthcare Ltd. > Rs. 95 bn (> $ 2 bn)
  Zydus Wellness Ltd. > Rs. 11 bn (> $ 235 mn)

(72% ownership)
Core business areas and Revenue break-up (Apr-Dec 09)

Revenue break-up by segment

- India Consumer: 7% (▲ 36%)
- APIs: 10% (▲ 10%)
- India Formulations: 51% (▲ 51%)
- Exports: 38% (▲)
- India Others: 4% (▲ 8%)

Revenue break-up by region

- Emerging Mkts.: 12% (▲ 10%)
- Domestic (India): 52% (▲ 14%)
- Regulated Mkts. (US, Europe, Japan): 36% (▲ 60%)
State of the art facilities and infrastructure (1/2)

Formulations

- Finished Dosage Form, Moraiya (USFDA Approved)
- Finished Dosage Form, Sikkim
- Finished Dosage Form, Baddi
- Finished Dosage Form, Goa
- Biologics, Changodar
- Finished Dosage Form, Brazil
- Agiolax (for Madaus), Goa
- Cytotoxic Injectables for Hospira JV
- Cytotoxic Injectable For BSV JV
State of the art facilities and infrastructure (2/2)

APIs and Fine Chemicals

API, Ankleshwar (USFDA Approved)

API, Dabhasa (USFDA approved)

Fine Chemicals, Moraiya (USFDA Approved)

Pantoprazole Intermediates for Nycomed JV
Financial highlights

Operating Income (Rs. Mio)

- FY 06-07: 18,288
- FY 07-08: 23,229
- FY 08-09: 29,275

EBITDA (Rs. Mio)

- FY 06-07: 3,521
- FY 07-08: 4,582
- FY 08-09: 6,058

Net Profit # (Rs. Mio)

- FY 06-07: 2,102
- FY 07-08: 2,633
- FY 08-09: 3,234

EPS # (Rs.)

- FY 06-07: 16.74
- FY 07-08: 20.96
- FY 08-09: 23.69

# Net Profit and EPS excludes Exceptional Items
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 >50 new products and line extensions in Apr-Dec 09, of which 15 were first in India
- In-licensing arrangements with Bayer Schering Pharma, Boehringer Ingelheim, Nycomed, Baxter, Genzyme Inc.
- Dedicated task force of > 4000 people with therapeutic focus
- Tapping the rural market – the next growth driver

Note: All figures and market related information sourced from ORG IMS MAT Dec-09
## International formulations: two-fold focus

<table>
<thead>
<tr>
<th>Focusing on developed generic markets which constitute 28% of global sales</th>
<th>Driving growth in emerging markets which contribute to 10% of global sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ US - Zydus Pharmaceuticals USA Inc.</td>
<td>✓ Brazil –</td>
</tr>
<tr>
<td>✓ Europe</td>
<td></td>
</tr>
<tr>
<td>• France - Zydus France SAS</td>
<td>• Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.</td>
</tr>
<tr>
<td>• Spain - Laboratorios Combix</td>
<td>• Generics – Zydus Healthcare Brazil Ltda.</td>
</tr>
<tr>
<td>✓ Japan –</td>
<td>✓ Emerging Markets</td>
</tr>
<tr>
<td>Nippon Universal Pharmaceuticals Ltd.</td>
<td>• Asia Pacific - Sri Lanka, Myanmar, Taiwan, Philippines</td>
</tr>
<tr>
<td></td>
<td>• South Africa - Simayla Pharmaceuticals Pty. Ltd.</td>
</tr>
<tr>
<td></td>
<td>• Africa, Middle East - Sudan, Uganda, Algeria</td>
</tr>
<tr>
<td></td>
<td>• CIS - Russia, Ukraine</td>
</tr>
</tbody>
</table>
One of the fastest growing generic companies in US

- Started operations in 2005 and adopted a “Customer Centric Model”
- 29 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 (11 so far)
- Plan to file 12 -15 ANDAs p.a.
Over 2.5% market share in participated French market; 27 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

KEY STRENGTHS

- Leveraging India’s low cost base – started supplying over 30% of France sales from India
- New product filings include 24 products for Spanish market
Strategies for world’s 2\textsuperscript{nd} largest market valued at $3bn : Japan

- Market valued at $3bn, growing at \textasciitilde 12\%, with very low generic penetration of \textasciitilde 5\% in value terms, 17\% in volume terms \textit{(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 52 dossiers so far for generic and branded products from India, of which 20 have been approved. Launched 17 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 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 80% (*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
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

- 43 other contracts with innovator and generic MNCs with peak revenue potential of over $ 50 Mio.
Ongoing Investment in Newer Portfolios Worth over $180 bn

- Oral
  - One of the leading player in regulatory market
  - Crossed sales of $200 mn in FY 08-09

Zydus New Portfolio Near term
- Pulmonary: 20 bn
- Transdermal: 10 bn
- Injectables: 17 bn
- Oncology: 55 bn

Note: Value indicated is estimated brand sale ($)

Zydus New Portfolio Mid term
- Biogenerics: 40 bn
- Transdermal: 10 bn
- Vaccine: 22 bn
- Topical: 16 bn

Current business
Near term opportunity
Mid term opportunities

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
- NME & Drug Discovery 335 scientists
- API & Others 180 scientists
- Generics/Developmental Rs. 1108 Mio.
- NME & Drug Discovery Rs. 465 Mio.
- API & Others Rs. 304 Mio.

R&D Investment: Rs. 1877 Mio. in FY 08-09
- Generics/Developmental Rs. 1108 Mio.
- NME & Drug Discovery Rs. 465 Mio.
- API & Others Rs. 304 Mio.
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

### NME Pipeline

<table>
<thead>
<tr>
<th>NME</th>
<th>Pre Clinical</th>
<th>IND Filing</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
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<tbody>
<tr>
<td>ZYH1</td>
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<td>ZYH2</td>
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<td>ZYH7</td>
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<td>ZYT1</td>
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Also filed with USFDA
## Highlights: Apr-Dec 09 Results

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Rs. Mio.</th>
<th></th>
<th>Growth y-y%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apr-Dec 09</td>
<td>Apr-Dec 08</td>
<td></td>
</tr>
<tr>
<td>Domestic Sales</td>
<td>14,562</td>
<td>12,735</td>
<td>14.3%</td>
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<tr>
<td>Exports Sales</td>
<td>13,321</td>
<td>9,334</td>
<td>42.7%</td>
</tr>
<tr>
<td><strong>Total Gross Sales</strong></td>
<td><strong>27,883</strong></td>
<td><strong>22,069</strong></td>
<td><strong>26.3%</strong></td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>28,403</td>
<td>22,041</td>
<td>28.9%</td>
</tr>
<tr>
<td>EBIDT</td>
<td>6,193</td>
<td>4,567</td>
<td>35.6%</td>
</tr>
<tr>
<td>EBIDT % to Total Income</td>
<td>21.9%</td>
<td>20.7%</td>
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<tr>
<td>Net Profit #</td>
<td>3,904</td>
<td>2,466</td>
<td>58.3%</td>
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<tr>
<td>Net Profit % to Total Income</td>
<td>13.7%</td>
<td>11.2%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS (Rs.) #</strong></td>
<td><strong>28.60</strong></td>
<td><strong>18.06</strong></td>
<td><strong>58.3%</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Dec-09</th>
<th>Mar-09</th>
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<tbody>
<tr>
<td>Net Worth</td>
<td>16,008</td>
<td>12,352</td>
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<tr>
<td>Total Debt</td>
<td>11,634</td>
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<tr>
<td>Net Debt</td>
<td>8,488</td>
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<td>Net Fixed Assets</td>
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<tr>
<td>Net Current Assets</td>
<td>7,412</td>
<td>6,179</td>
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<tr>
<td>Cash Balance</td>
<td>3,146</td>
<td>2,517</td>
</tr>
</tbody>
</table>

# Net Profit and EPS excludes Exceptional Items
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