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. 450 bn (Source: ORG IMS MAT Sep-10)

- Operations in US, Europe, Japan, Latin America, Asia Pacific, Africa and Middle East regions

- International sales in generic markets contribute to ~39% of revenues, with > 70% growth in formulation exports in last 5 years

- Market leader in niche Indian consumer wellness market with strong brands

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

- Dedicated team of > 12,000 Zydans across 18 countries

- Market Cap: Cadila Healthcare Ltd. > Rs. 140 bn (> $ 3 bn) (29-Oct-10)
  Zydus Wellness Ltd. > Rs. 20 bn (> $ 450 mn) (72% ownership)

- Declared the Emerging Company of the year by ‘ET Award for Corporate Excellence 2010’
Well integrated company and expanding Globally

- Indian finished dosage formulations
- International finished dosage formulations
- High end APIs + intermediates
- Consumer Wellness
- Manufacturing
- Research and Development

Revenue break up (%) by segment (FY 09-10)

- India Consumer 7% ▲ 37%
- India Formulations 40% ▲ 12%
- Exports Formulations 39% ▲ 45%
- APIs 10% ▲ 7%
- India Others 4% ▲ 9%

Revenue break up (%) by region (FY 09-10)

- Emerging Mkts. 11%
- Regulated Mkts. (US, Europe, Japan) 37% ▲ 55%
- Domestic (India) 52% ▲ 14%
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
- Finished Dosage Form, Brazil
- Agiolax (for Madaus), Goa
- Cytotoxic Injectables for Hospira JV (MHRA, USFDA)
- 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)
- Biologics Active Substances, Changodar
- Pantoprazole Intermediates for Nycomed JV

**R&D**

- Zydus Research Center, Moraiya
- Pharmaceutical Technology Center, Moraiya
- API Process Research Center, Dabhasa
Financial highlights

Income from Operations (Rs. Mio)

- FY 07-08: 23,229
- FY 08-09: 29,275, +26%
- FY 09-10: 36,869

EBIDTA (Rs. Mio)

- FY 07-08: 4,582
- FY 08-09: 6,058, +33%
- FY 09-10: 8,087, +33%

Net Profit # (Rs. Mio)

- FY 07-08: 2,633
- FY 08-09: 3,234, +58%
- FY 09-10: 5,098

EPS # (Rs.)

- FY 07-08: 13.97
- FY 08-09: 15.79, +58%
- FY 09-10: 24.90, +58%

# Net Profit and EPS exclude Exceptional Items.
5th largest in Indian Pharma market with ~ Rs 17 bn sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory (participated market segments)
- 16 brands amongst country’s top 300 brands
- New product launches – a key growth driver
  - Launched >45 new products and line extensions during Apr-Sep 10
  - 18 were first in India
- In-licensing arrangements with Bayer Schering Pharma, Boehringer Ingelheim, Nycomed, Baxter, Genzyme Inc.
- Dedicated task force of > 4400 people with therapeutic focus
- Recently expanded field force in Cardiology by ~300 and in Respiratory by ~100 to further strengthen our positions

Note: All market related information sourced from ORG IMS MAT Sep-10
International formulations: two-fold focus

Focusing on developed generic markets (~29% 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 (~10% of global sales)

- Brazil –
  - Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.
  - Generics – Zydus Healthcare Brazil Ltda.
- 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.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports (Rs. Mio.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 05-06</td>
<td>1,976</td>
</tr>
<tr>
<td>FY 06-07</td>
<td>3,770</td>
</tr>
<tr>
<td>FY 07-08</td>
<td>6,466</td>
</tr>
<tr>
<td>FY 08-09</td>
<td>9,676</td>
</tr>
<tr>
<td>FY 09-10</td>
<td>14,018</td>
</tr>
</tbody>
</table>

CAGR 72%

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

- Started operations in 2005 and adopted a “Customer Centric Model”
- 35 products launched. 8-10 products to be added every year
- 14 products enjoy >20% market share
- “Preferred Supplier” for many customers
- Focusing on delivery based, difficult to make products, the next growth driver

**KEY REGULATORY STRENGTHS**

- A robust regulatory pipeline
- Over half of the products use own API
- Started filing ANDAs for Nasal (7 so far) and Parenterals (15 so far)
- Plan to file 12-15 ANDAs p.a.
Over 2.65 % market share in participated French market; 30 product launches in Spain

Among top 10 in Euro 2.7 bn French generics market
- Launched >200 presentations (~90 molecules) in France
- 8 Day-one launches among 14 launches in FY 09-10
- 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 30 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 35% of France sales from India
- New product filings include 36 products for Spanish market
Strategies for Japan: World’s 2nd largest pharma market

- Generic market valued at >$ 3.5 bn, growing at ~12%, with very low generic penetration of ~6% in value terms, 19% in volume terms. *(Source: IGPA)*

- Acquired Nippon Universal Pharma. Ltd. (NUP, now Zydus Pharma Japan) 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 24 new in-licensed products in last two years

- Dedicated field force of ~30 people to address the requirements of the customers

- Sales of Rs. 316 Mio. in FY 09-10, up 44%
Strategies for $13bn Brazilian pharma market

- Set up Zydus Healthcare Brazil Ltda (100% subsidiary) to enter generics market in 2005-06
- Filed 60 dossiers so far for generic and branded products from India, of which 20 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 >20% over last 3 years with sales of Rs. 1590 Mio. in FY 09-10
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 >80% market share (Source: AC Nielsen)
  - Growing at CAGR of >25% in last 3 years, crossed sales of Rs. 1 bn in FY 09-10
  - Skincare product range with leadership in peel-offs, scrubs and face wash categories
  - Growing at CAGR of >35% in last 3 years
  - India’s largest selling margarine growing at CAGR of >25% in last 3 years
- Continuous thrust on category expansion through launch of newer variants, also exploring possibilities of launching new categories in wellness domain
- Aim to cross sales of Rs. 500 cr. by 2013
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 and Health Canada
  - Plan to manufacture 6 oncology products
  - Commercial supplies for EU market commenced
- **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

Current Business

One of the leading players in Indian pharma industry and a strong player in global generics market

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

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

Long term
- Novel discovery products from Zydus NME pipeline

Note: Value indicated is estimated brand sale ($)
A scientific talent pool of >950 and investing over 5.5% 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 ~950 Scientists
- Generics/Developmental
  - 400 scientists
- API & Others
  - 200 scientists
- NME & Drug Discovery
  - 350 scientists

R&D Investment: Rs. 2075 Mio. in FY 09-10
- Generics/Developmental
  - Rs. 1209 Mio.
- API & Others
  - Rs. 268 Mio.
- NME & Drug Discovery
  - Rs. 598 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
- 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
Biosimilars and Vaccines – The Next Big Opportunity

**Biosimilars:**
- Strong pipeline: 15 biosimilars and 2 novel products
- Strong IP position either through own patent or non-infringing processes
- 120 experienced scientists dedicated to Biosimilars programme
- End to end product development and manufacturing to be done in-house

<table>
<thead>
<tr>
<th>Product</th>
<th>Expression Host</th>
<th>Development</th>
<th>CT</th>
<th>Launch</th>
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<tr>
<td>G-CSF</td>
<td>E. coli</td>
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<tr>
<td>Peg G-CSF</td>
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<tr>
<td>IFN-a 2b</td>
<td>P. pastoris</td>
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<tr>
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<td>P. pastoris</td>
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<tr>
<td>IFN-b 1b</td>
<td>E. coli</td>
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<tr>
<td>Rabies Mabs</td>
<td>Murine</td>
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**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
- 1\textsuperscript{st} Indian co. to launch H1N1 vaccine
- Several other vaccines under different stages of development
### Key Financial Numbers – H1 2010-11

<table>
<thead>
<tr>
<th></th>
<th>H1 2010-11</th>
<th>H1 2009-10</th>
<th>Growth y-y%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Sales</td>
<td>11,609</td>
<td>9,770</td>
<td>18.8%</td>
</tr>
<tr>
<td>Exports Sales</td>
<td>10,286</td>
<td>8,376</td>
<td>22.8%</td>
</tr>
<tr>
<td>Total Gross Sales</td>
<td>21,895</td>
<td>18,146</td>
<td>20.7%</td>
</tr>
<tr>
<td>Total Income from Operations*</td>
<td>22,031</td>
<td>18,493</td>
<td>19.1%</td>
</tr>
<tr>
<td>EBIDT*</td>
<td>4,972</td>
<td>4,093</td>
<td>21.5%</td>
</tr>
<tr>
<td>EBIDT % to Total Income</td>
<td>22.6%</td>
<td>22.1%</td>
<td></td>
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<tr>
<td>Net Profit *</td>
<td>3,335</td>
<td>2,567</td>
<td>29.9%</td>
</tr>
<tr>
<td>Net Profit % to Total Income</td>
<td>15.1%</td>
<td>13.9%</td>
<td></td>
</tr>
<tr>
<td>EPS - not annualised (Rs.)</td>
<td>16.29</td>
<td>12.54</td>
<td>29.9%</td>
</tr>
</tbody>
</table>

### Consolidated Financial Position Sep-10 Mar-10 Change

<table>
<thead>
<tr>
<th></th>
<th>Sep-10 Mio.</th>
<th>Mar-10 Mio.</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Worth</td>
<td>19,954</td>
<td>16,285</td>
<td>22.5%</td>
</tr>
<tr>
<td>Net Debt (Ex Cash)</td>
<td>8,267</td>
<td>8,398</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>20,474</td>
<td>19,326</td>
<td>5.9%</td>
</tr>
<tr>
<td>Net Current Assets (Ex Cash)</td>
<td>9,223</td>
<td>6,581</td>
<td>40.1%</td>
</tr>
</tbody>
</table>

* Excluding dossier licensing fees received from Abbott Labs.
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