Cadila Healthcare Limited
Investor Presentation
August 2014

Well integrated pharma player with global footprints

>60 years
Operational experience

$ 1 bn +
Global Revenues

~ 7% of sales
Spent on R&D annually

20+ mfg. sites
Producing >14 bn pills annually

>20% CAGR
In Net Worth and Net Profits (FY '09 – FY '14)

1st Indian Company
To discover & develop an NCE in-house : Lipaglyn (Saroglitazar)

16,000+ employees
Across the globe, with 1100+ for R&D

~ 20% CAGR
In Sales (FY '09 – FY '14)

20 Biosimilars
In pipeline, including 3 novel biologics

Among top 5
Pharmaceutical Companies in India

15 brands
Among top 300 brands in India

1070+ patents
Filed globally

8th largest
Generic co. in US in terms of prescriptions

$ 3.5 bn +
Market Cap

History of achieving milestones consistently

35 fold growth in sales over last 19 years…

Annual Sales

…with significant external recognition

CNBC – TV 18
India innovator Award 2013

Economic Times Emerging Company of the year 2010

Rs. 200 cr. in 1995

Key businesses for our journey Beyond the Billion

Zydus

Established home markets

- India formulations
- US formulations

- Sustainable & profitable growth
- Significant revenue contribution

Future home markets

- Brazil
- Mexico

- High growth potential
- Large revenue contribution in future

Other Businesses

- EU
- Emerging markets
- Wellness
- Animal Health
- APIs
- JVs & alliances

- Steady growth
- Low variability in business performance

New Technology businesses

- Biosimilars
- Vaccines
- NCEs

- High upfront investments
- Large potential upside

India formulations

Aspirations

- Maintain strong leadership position in key areas – CVS, GI, respiratory, female healthcare, dermaceutical.
- Continue to be one of the significant contributors to revenues and profits

Market size*	: **Rs. 775 bn+**
Market growth*	: **7%**
Zydus size**	: **Rs. 33.3 bn+**
Market Share*	: **4.3%**
Zydus growth**	: **8%**

Strengths to be leveraged

- One of the largest market players with leading positions in key therapy areas
- Gained 2 positions in dermaceutical segment – from 6th last year to 4th rank
- Strong brand equity : 15 brands among top 300 in India
- New product launches : 19 during Apr-Jun 14 (incl. line extensions), with 6 First-in-India
- Launched Lipaglyn (Saroglitazar) in Q2 FY 14, the first NCE discovered and developed indigenously by an Indian Pharma company

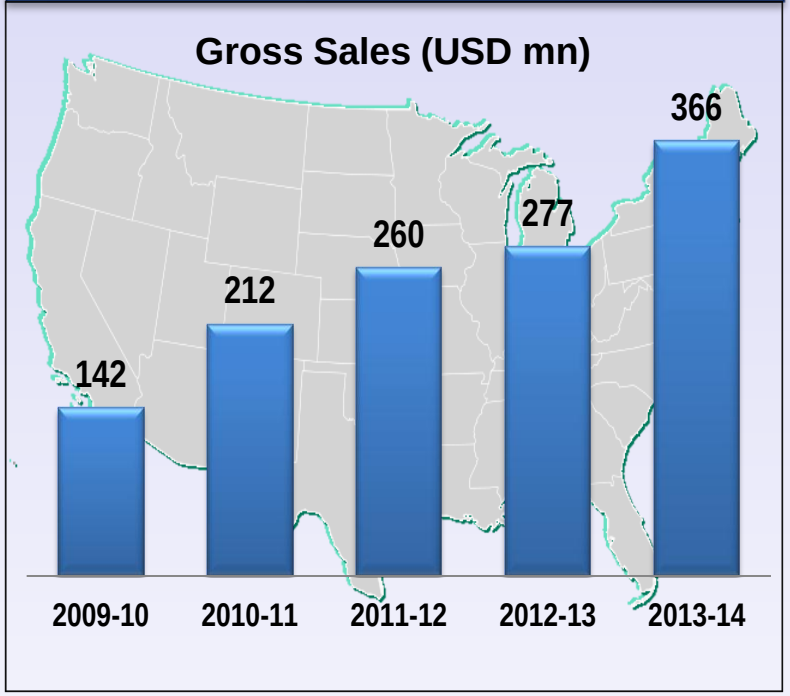
A first for the nation

*** All market related information sourced from AWACS MAT Jun-14**
**** Zydus numbers including Biochem as reported by AWACS MAT Jun-14**

US formulations

Market size* : **~$ 50 bn**
Market growth* : **10%+**
Zydus size** : **~ $ 366 mn**
Zydus growth** : **32%**

33%+ CAGR in Sales (Last 5 years)



Aspirations

- Be amongst the top 10 generic cos. in US with continued strong focus on customer needs
- One of the significant contributors to revenues and profits

Strengths to be leveraged

- Ranked 8th (from 10th in last year) among US generic companies based on scripts (Source : IMS).
- 'Preferred supplier' for our customers - received 'Service Level Excellence' award from a large US whole-seller for highly efficient service levels
- Robust regulatory pipeline
  - Increasing focus on complex and niche products
  - Dosage forms - oral solids, injectables, nasals, topicals, transdermals.
  - 225+ ANDA fillings, 80+ approvals so far
  - 60+ launches so far (incl. AGs).

* Approx. numbers as per IMS Report
** Zydus numbers includes that of Nesher and Hercon, as reported in books, for FY 2013-14

Brazil

Market size*	: **~ $ 18 bn**
Market growth*	: **12-14%**
Zydus size**	: **Rs. 2,353 mn**
Zydus growth**	: **-1%**

Aspirations

- To establish strong base with aggressive product launches

Strengths to be leveraged

- Presence in branded generics and generic generics segments with a continued focus on brand building initiatives
- Local manufacturing site
- Robust product pipeline from India – 100+ filings, 40 approvals
- Focused segments (Branded) – female healthcare, hepatology, CNS, CVS and Nutraceuticals
- Product launches : 20+ branded, 15+ generic generics

*** Approx. numbers as per IMS Report**
**** Zydus numbers as reported in books for FY 2013-14**

Mexico

Market size* : **~ US$ 10 bn**
Market growth* : **2-3%**
Zydus size** : **Rs. 109 mn**

Aspirations

- To establish strong base with aggressive product launches.

Strengths to be leveraged

- Focused segments (Branded) – CNS, metabolic disorders and respiratory
- Building product pipeline from India – 35+ filings and 15 approvals so far.
- Commenced commercial operations in June 2013 with the launch of first product in the market from India
- Launched 9 products in the market so far

- **Approx. numbers as per IMS Report**

**** Zydus numbers as reported in books for FY 2013-14**

Other Global Markets

Aspirations : To be amongst the leading players in these generics markets

EU

Mkt. Size* : ~**$ 6.5 bn**
(France + Spain Gx)
Mkt. Gr. : **2-3%**
Zydus Size **:
Rs. 3,902 mn
Zydus Gr. : **6%**

- 8th largest in France, among top 20 in Spain
- Expansion through new products : launched 115+ molecules in France and 80+ molecules in Spain so far (incl. several 'Day 1')
- Leveraging India cost advantage : 175+ new products and 65+ site transfer filings so far, >40% of sales supplied from India

Emerging Mkts.

Mkt. Size* : ~**$ 13 bn**
Mkt. Gr. : **12-13%**
Zydus Size **:
Rs. 3,592 mn
Zydus Gr. : **15%**

- Operations in different markets of Asia Pacific and Africa with leadership positions in several of these markets
- Consolidated the Branded Generic business in the key markets of Asia Pacific, Africa and Middle East
- Increased product development activities supported by strong regulatory teams

*** Approx. numbers as per GERS Report for Europe and as per EvaluatePharma for emerging markets**
**** Zydus numbers as reported in books for FY 2013-14**

Other Businesses

Wellness

Zydus Size **:
Rs. 4,296 mn
Zydus Gr. : **5%**

Aspirations : To create niches in wellness space through innovation

- Leadership in sugar substitutes (~93% market share) and peel-off and scrub range for skin-care in India
- Continuous thrust on new product launches with launch of several products under EverYuth brand and launch of low priced Nutralite yummy.
- Recently completed significant re-organization of sales and distribution model in order to ensure continued growth in future.

Animal Health

Zydus Size **:
Rs. 2,754 mn
(incl. Bremer)
Zydus Gr. : **17%**

Aspirations : To be a comprehensive, global animal healthcare provider

- One of India's leading animal healthcare co with wide range of drugs, feed supplements and vaccines for livestock, companion animals and poultry
- Presence in key markets across Europe, South America, Asia and Africa through Bremer Pharma, Germany

APIs

Zydus Size **:
Rs. 3,497 mn
Zydus Gr. : **13%**

Aspirations : To be a 'reliable' service provider to customers

- Backward integration capabilities to meet captive API requirements
- Operations in India, US and select markets of Europe, Latin America, Asia Pacific and Middle East regions
- Continuous endeavour to improve service levels by improving cost competitiveness and continuous process improvement

**** Zydus numbers as reported in books for FY 2013-14.**

Joint Ventures and Alliances

Aspirations : Value creation through win-win alliances and be a partner of choice

Zydus Takeda JV

- State-of-the-art mfg. facility for APIs of Nycomed
- Commissioned the expanded facility to manufacture complex high-end APIs
- Commenced mfg. and supply of 10 products so far (incl. 4 for validation)

Zydus Hospira JV

- State-of-the-art cytotoxic facility approved by leading authorities like MHRA, USFDA, TGA, Health Canada
- Commercial supplies commenced for : EU (6 products) and US (4 products)
  - Expanded scope of collaboration to cover additional products

Bayer Zydus JV

- Operates in female healthcare, metabolic disorders, diagnostic imaging, CVS, diabetes and oncology segments in India
- Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of Bayer

Out-licensing deal with Abbott

- Licensed 30+ products for ~18 key emerging markets
- Commenced commercial supply of products under the deal and shipped 8 products so far.

Biosimilars and Vaccines

Aspirations : Leverage technological edge to unlock substantial value and create pillars for future growth.

Strengths to be leveraged

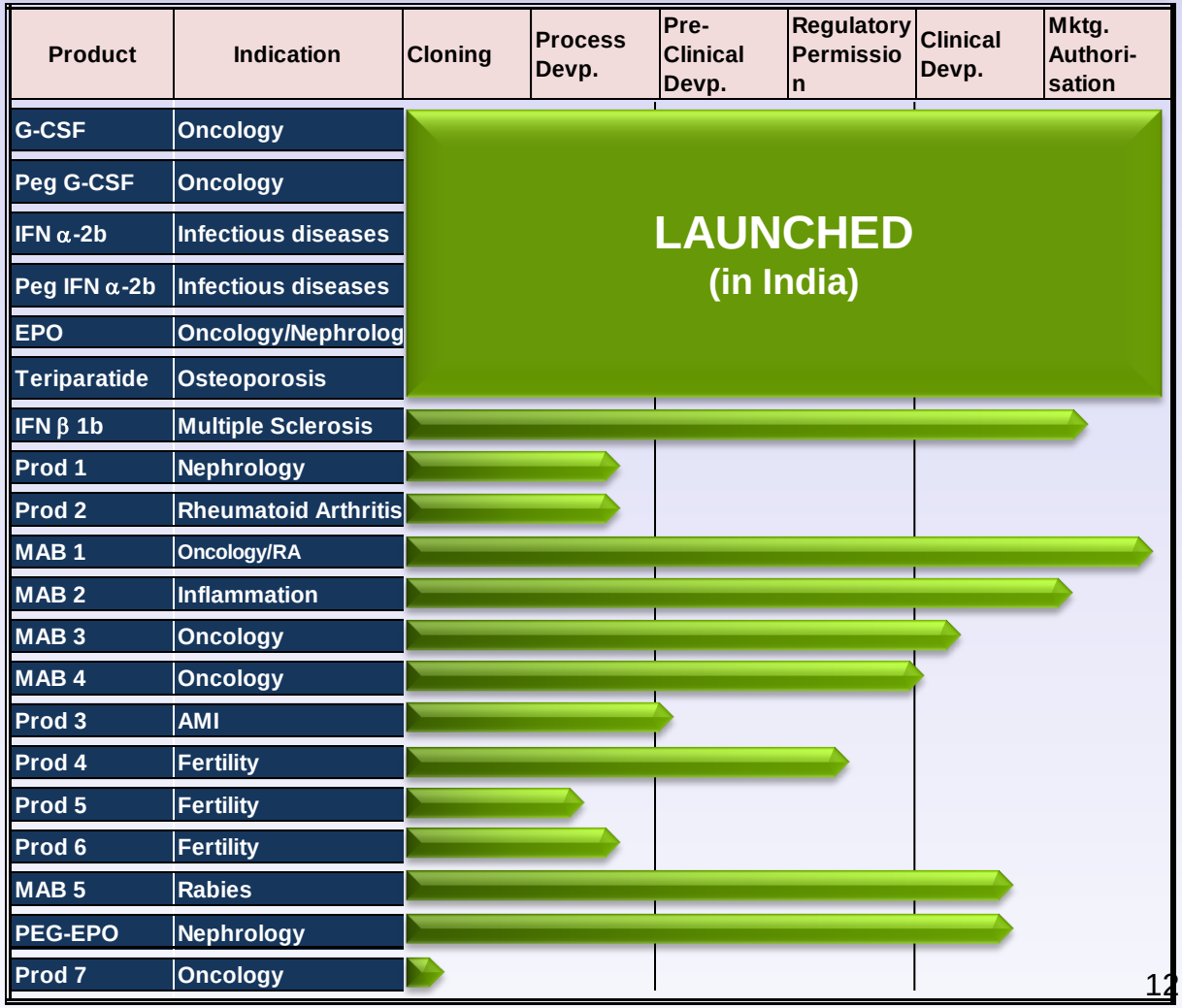
Biosimilars

- Dedicated facilities for R&D and mfg.
- 170+ experienced scientists
- Strong pipeline: 17 biosimilars and 3 novel products
- Strong IP position either through own patent or non-infringing processes

Vaccines

- Dedicated facilities for R&D and mfg.
- 60+ experienced scientists
- 10 vaccines under different stages of development

Biosimilar pipeline



NCE research

Aspirations : Add more NCEs in pipeline to drive towards becoming a research based pharma co. by 2020

Key strengths

- State-of-the art research facility
- Capability of target identification to pre-clinical research / early clinical development
- 300+ scientists dedicated for NME research

NCE Pipeline

Project	Target	Indication	Drug Discovery	Lead optimi-saiton	Pre-clinical Develop-ment	IND	Phase I	Phase II	Phase III	NDA
Saro-glitazar	PPAR-α,γ	Dyslipidemia	First glitazar to be approved in the world. Launched in India as "LIPAGLYN"							
Saro-glitazar	PPAR-α,γ	Lipodystrophy								
Saro-glitazar	PPAR-α,γ	Non-alcoholic Steatohepatitis								
ZYH7	PPAR-α	Dyslipidemia								
ZYG19	GPR 119 Agonist	Diabetes								
ZYDPLA1	DPP-IV inhibitor	Diabetes								

World class infrastructure to support growth journey

Formulations Mfg.

Oral Solids (India)

- Ahmedabad (USFDA)
- Baddi (USFDA)
- Goa
- Sikkim
- Ahmedabad SEZ (onco. and others)
- Daman (Biochem)

Oral Solids (outside India)

- US (Nesher Pharma – controlled substances)
- Brazil
- Germany (animal health)

Other dosage forms (India)

- Transdermals – Ahmedabad SEZ
- Topicals – Ahmedabad
- Vaccines Mfg. - Ahmedabad

API Mfg.

- Ankleshwar (USFDA)
- Dabhasa (USFDA)
- Oncology API, Ahmedabad (USFDA)
- Biologics active substances and MABs, Ahmedabad

Mfg. facilities for partners

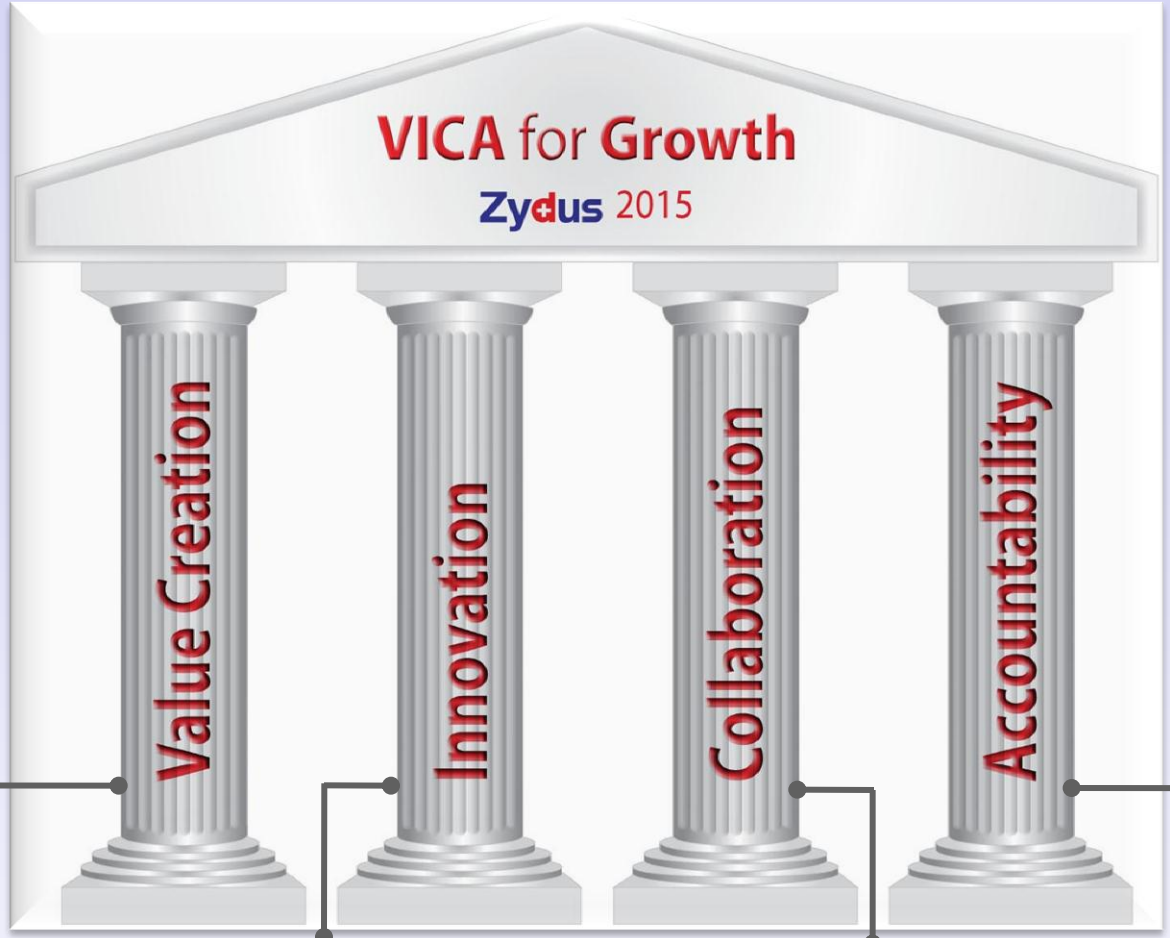
- Cytotoxic Injectible for Hospira JV – Ahmedabad SEZ (USFDA)
- API facility for Nycomed JV - Mumbai
- Cytotoxic Injectible for BSV JV – Ahmedabad SEZ

Product Development

- Formulations Development, Ahmedabad (400+ scientists)
- API Process Research, Dabhasa (200+ scientists)
- Biosimilars and Vaccine Research, Ahmedabad (200+ scientists)

Pillars of Organisational Health

Continuous endeavour to improve overall organisation health in four key areas



Creating value and developing talent across the organisation

Enhancing bottom-up innovation across the organisation

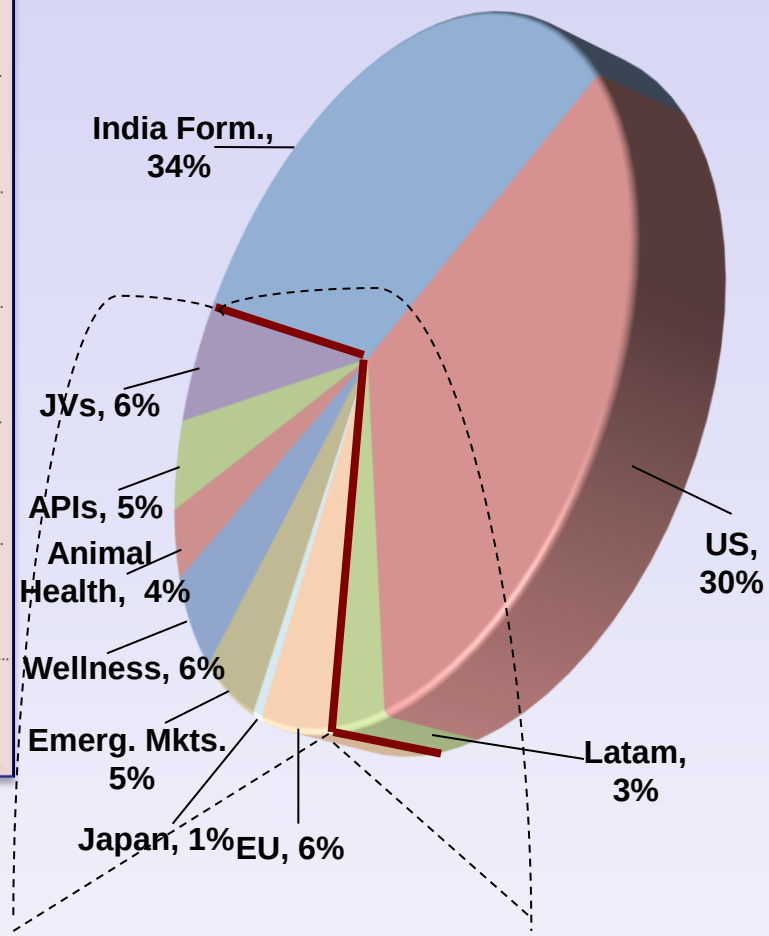
Promoting collaboration across businesses and functions

Strengthening accountability by proper performance management

Key Financial Numbers – FY 2013-14

Consolidated (Rs. Mio.)	Amount	Gr.%
Total Income from Operations	72,240	13.6%
EBIDT	12,002	6.7%
EBIDT % to Income from Ops.	16.6%	
Profit before tax[1]	9,594	18.6%
PBT % to Income from Ops.	13.3%	
Net Profit[1]	8,189	25.3%
Net Profit % to Income from Ops.	11.3%	
Debt net of cash (31-Mar-14)	21,516	
Capex (FY 2013-14)	4,660	

Segment-wise Gross Sales



Other Markets, 33% of total, Up 5% y-o-y

Home Markets, 67% of total, Up 20% y-o-y

1 Excludes exceptional items.

Thank You.

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