



Strategic Initiatives & Innovations
AN IMPETUS FOR GROWTH

Cadila Healthcare Ltd
Annual Report 2001-2002





Report Junction.com

Mr. Ramanbhai B. Patel

Founder, Zydus Cadila

August 19, 1925 - September 19, 2001

We remain committed to your ideals and rededicate ourselves
to your vision of making innovative contributions in healthcare.

**Zydus
Cadila**
dedicated
to



Cadila Healthcare Limited

FOUNDER

Ramanbhai B. Patel

BOARD OF DIRECTORSPankaj R. Patel
Chairman & Managing DirectorDr. Manubhai A. Patel
DirectorMukesh M. Patel
DirectorPranlal Bhogilal
DirectorSharvil P. Patel
DirectorPritiben P. Patel
Alternate Director to Sharvil P. Patel**COMPANY SECRETARY**

D. D. Sanghavi

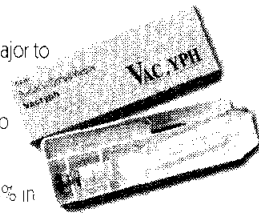
BANKERSBank of Baroda
Corporation Bank
Global Trust Bank Limited
State Bank of Saurashtra**AUDITORS**R. R. Patel & Co.
Mukesh M. Shah & Co.
Chartered Accountants**REGISTERED & CORPORATE OFFICE**"Zydus Tower", Satellite Cross Roads,
Ahmedabad - 380 015.
www.zyduscadila.com**REGISTRAR & SHARE TRANSFER AGENTS**M/S. Pinnacle Shares Registry Pvt. Ltd.
Near Asoka Mills, Naroda Road,
Ahmedabad 380 025**WORKS**Formulation Unit
S. No.417,419 & 420, Village:Moraiya,
Ta.Sanand, Dist. AhmedabadNeutraceutical Plant
5504, GIDC Estate, Phase III,
Vatwa, AhmedabadAPI Unit
291, GIDC Estate, AnkleshwarZydus Research Centre
S.No.396/403, Village: Moraiya,
Ta. Sanand, Dist. Ahmedabad**Zydus Cadila Group****Cadila Healthcare Ltd.****Subsidiaries**German Remedies Ltd. (55.4%) [**]
German Remedies Specialities Ltd. [***]
Recon Healthcare Ltd. (100%)
Banyan Chemicals Ltd. (100%) [****]
Zydus Pharmaceuticals Ltd. (100%)
Dialfor Health India Ltd. (100%)
Zydus Padline Ltd. (100%)
Zoom Properties Ltd. (100%)
Zydus International Pvt. Ltd. (Ireland) (100%)
Zydus Healthcare SA Proprietary Ltd.
(South Africa) [****]
Zydus Healthcare (New Zealand) Ltd. [****][**] As on 1st June 2009 together with Recon Healthcare Ltd.
[***] 100% subsidiary of German Remedies Ltd.
[****] Acquired in April 2002.
[****] 100% subsidiary of Zydus International Pvt. Ltd (Ireland)**Joint Venture Companies**Zydus Byk Healthcare Pvt. Ltd. (50%)
Sarabhai Zydus Animal Health Ltd. (50%)**Other Interests**Pharmaceuticals Business Group (I) Ltd.
Onconova Therapeutics Inc., U.S.A.**CONTENTS**

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Cadila Healthcare Limited

- The diagnostic division enters into an alliance in 1997 with Acta Services of Italy to launch Acto-I analyser in the Indian market.
- Registers the fastest growth amongst the top 80 Indian pharma companies in 1997.
- In 1998, the group enters into a joint venture with Byk Guiden of Germany, a research driven pharma major to create a new joint venture company Zydus Byk Healthcare Ltd.
- In 1998, the group also enters into a joint venture with Korea Green Cross Corporation of Korea to manufacture and market recombinant hepatitis B vaccine in India
- Enters the new millennium with a compounded annual growth rate of 17.85% in its turnover and 91.94% in its profit after tax since 1995.
- The API plant at Ankleshwar receives ISO 9002 certification in the year 1999.



- Cadila Healthcare enters the capital market with an IPO in February 2000.

The Financial Express
Cadila Healthcare IPO
oversubscribed 8 times

- Enters into a joint venture with Sarabhai Enterprise in the Animal Healthcare segment in January 2000, to create India's No.1 animal healthcare company Sarabhai Zydus Animal Healthcare Limited.
- Acquires formulation business of Recon Ltd., in May 2000. Through this joint venture the group has further fortified its base in Southern India.
- The manufacturing premises at Moraiya receives MCC recognition in August 2000. South Africa has a pharma market worth US \$ 1billion.
- The API plant at Ankleshwar receives ISO 14001 certification in December 2000

- In January 2001, Zydus Cadila and Pantheco of Denmark sign a pact to undertake collaborative research in the field of anti-bacterials.
- Zydus Cadila acquires German Remedies Ltd., in 2001, in what was the largest M&A in the Indian Pharmaceutical sector. Becomes the 4th largest group in the Indian pharma industry.

THE ECONOMIC TIMES
Buys 28% At Rs 650 A Share, To Make Open Offer For 20%
Zydus Cadila pips MNCs to buy
German Remedies for Rs 256 cr

Our Corporate Bureau
 MUMBAI, 1 APRIL

THE ECONOMIC TIMES
 Zydus Cadila has acquired German Remedies Ltd. for Rs 256 crore, the largest M&A in the Indian pharmaceutical sector. The acquisition will create the 4th largest pharma group in India.

Portfolio has swollen to 292 brands

Co May Become

- Zydus Cadila and the U.S. based Oncanova entered into a joint venture in May 2001 for collaborative research in the field of oncogenomics.

- In August 2001, the manufacturing premises at Moraiya are approved by the Bureau of Food and Drugs (BFAD) of Philippines.



- Zydus Cadila acquires 'Aten', one of the largest selling anti-hypertensive brands in September, 2001. The acquisition catapults Zydus Cadila to the top spot in cardiovascular segment.

- The group's founder chairman, Mr. Ramanbhai B. Patel passes away in September 2001. His contributions as a first generation pharma entrepreneur leave a lasting imprint.
- Mr. Pankaj R. Patel becomes the Chairman and Managing Director of Zydus Cadila and is elected as the Chairman of the Board of German Remedies in October 2001.

Zydus picks up Banyan Chemicals

Our Corporate Bureau
 MUMBAI, 1 APRIL

turns bulk drugs, intermediates and finished pharmaceuticals. The key products manufactured by the company are:

managing director, Zydus Cadila, said in a press release. The acquisition makes good business

- A Fine Chemicals division is set up in March 2002. The plant will cater to the need of the industries which require high purity products for chemical process.

- Acquires Banyan Chemicals, a Vadodara based company with a USFDA approved plant in April 2002. The company markets high value bulk actives to the U.S.A.

- The manufacturing premises at Moraiya are approved by the Medicines Control Agency of U.K., in April 2002.
- From a turnover of Rs 2211mn in 1995, the consolidated turnover of the group leaptfrogged to 8732.6mn in 2001-02
- The consolidated total assets have surged beyond Rs 10 billion mark to Rs 12700 mn.

Zydus gets UK agency okay for Moraiya unit

Our Ahmedabad Bureau
 18 APRIL

AHMEDABAD-based pharma major Zydus Cadila has received the approval of Medicines Control Agency of U.K. for its manufacturing facility at Moraiya near Ahmedabad. The UKMCA-approval will allow Zydus to manufacture bulk products for marketing them in United Kingdom, a company release said. These products are: Hydrocortisone 100 mg tablet, prednisolone 50 mg tablet, prednisolone 10 mg tablet, prednisolone 20 mg tablet, prednisolone 40 mg tablet and prednisolone 60 mg tablet.

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API Unit
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Zydus Cadila Group**Cadila Healthcare Ltd.****Subsidiaries**

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**Zydus
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Cadila Healthcare Limited

ON THE THRESHOLD OF NEW OPPORTUNITIES...

One of India's leading healthcare groups, providing wide-ranging healthcare solutions, our aim is to become a leading Asian player by 2010 and a global player by 2020.

Innovations through research and thrust on exports to regulated markets will be the prime areas of focus as we work towards achieving this goal.

Being research-driven...

We are committed to creating a research-driven future. The new areas of opportunity that we are now tapping at the Zydus Research Centre will emerge as a source of competitive advantage, bringing in a razor's edge to our product lines and opening up creative value propositions for the group. Our efforts for discovering new molecules in cardiovasculars, anti-inflammatory and anti-infective segments have shown promising results.

Enhancing global presence...

International business has been identified as a high growth area and several initiatives have been undertaken to enhance our presence in regulated markets.

The certifications from MCA of U.K., MCC of South Africa have opened a floodgate of opportunities. The group will now be exporting its products to the high margin markets of Europe, U.K. and South Africa.

The acquisition of Banyan Chemicals Ltd., a company with a USFDA approved plant exporting APIs to the U.S.A will serve as a springboard for our entry into the U.S. market.

Strategic initiatives & innovations...

Strategic initiatives and innovations have emerged as the twin pillars of performance, helping us meet the challenges of a constantly changing business environment. Building on this performance, our efforts to lay a firm foundation for future growth and consolidation, will continue.



**Zydus
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Cadila Healthcare Limited

IMPORTANT MILESTONES

1950



- After initial years as a lecturer in the L.M. College of Pharmacy, Mr. Ramanbhai B. Patel turns an entrepreneur and establishes Cadila in 1952.
- Cadila sets a trend in introducing new innovative products. In 1957, introduced Isopar, a rational formulation on INH & PAS for the treatment of tuberculosis.
- In 1959 introduced Neuroxin-12 which was the first of its kind product, where incompatible neurotropics -B1, B6, B12 were made compatible in a vial.



1960

- Answering the call to increase exports, the production unit of Cadila Exports was set up in 1967 at Kandla Free Trade Zone. The unit was inaugurated by the Late Prime Minister of India, Mrs. Indira Gandhi.
- A full-fledged R&D centre was set up in 1969 with recognition from the Department of Science and Technology, Govt. of India.



1970

- The group set up its Bulk drug manufacturing plant at Ankleshwar in 1972.
- Cadila receives the National Award for import substitution in 1973. Develops the process technology for the anti-diabetic drug Glibenclamide.

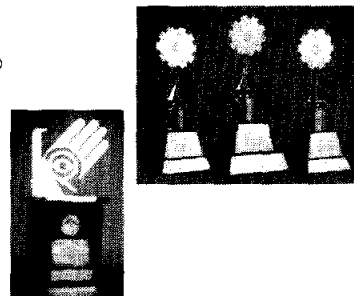


- Another first, Dexona-20 is launched for the first time in India in 1977 to provide Dexamethasone in concentrated form for the treatment of shocks.



1980

- Receives the First Award from Chemexcil for its export performance consecutively for two years from 1982-84 and the top award for export performance for the year 1985-86.
- Receives the award for Excellence in Quality from Indian Drug Manufacturers' Association in 1985.



1990

- Ranked the second largest in the Indian pharmaceutical industry in 1993.
- The group restructures operations in 1995.
- Cadila Healthcare Ltd., under the aegis of the Zydus Group is set up in the year 1995.
- In its very first year, the group launches 23 new products. Improves its ranking from the 16th position to the 9th position amongst the top pharmaceutical companies in India.
- Entered into a strategic alliance in 1996 with Centeon, the world's largest plasma protein company. The company is now known as Aventis Behring.
- Cadila Healthcare launches Falcigo in strategic alliance with Guilin Pharma of China. This breakthrough product in the anti-malarial segment was launched for the first time in India in 1996.



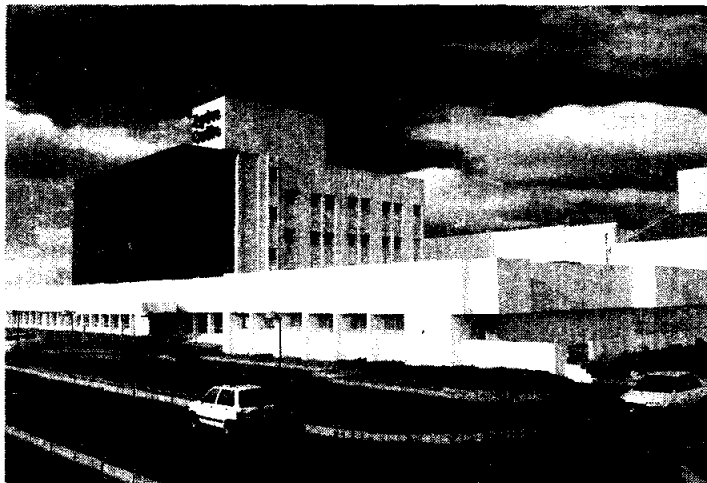
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Cadila Healthcare Limited

GROUP'S INFRASTRUCTURE - MANUFACTURING PREMISES

With the acquisition of German Remedies Limited and Banyan Chemicals, Zydus Cadila's manufacturing premises now comprise 9 plants including its existing plants at Moraiya in Ahmedabad and Ankleshwar. The Zydus Byk Healthcare plant at Navi Mumbai also commenced commercial production in 2001-02, taking the group's tally to nine fully operational, state-of-the-art manufacturing plants spread over three states of Gujarat, Maharashtra and Goa.

FORMULATIONS PLANT AT MORAIYA, AHMEDABAD



The formulations plant at Moraiya is spread over 40 acres with a built up area of 53,000 sq. mts. With state-of-the-art manufacturing facilities, the plant manufactures tablets, capsules, liquids and injectables.

The installed production capacities are:

Tablets (coated /uncoated)	-3150 ml. Nos.
Capsules (Hard / soft shell)	-630 ml. Nos.
Liquids (orals)	- 3000 KLtrs
Injectables (vials and amps)	-371 KLtrs

The plant has approvals from world class regulatory bodies like the Medicines Control Agency (MCA) of UK, Medicines Control Council (MCC) of South Africa, W.H.O., Bureau for

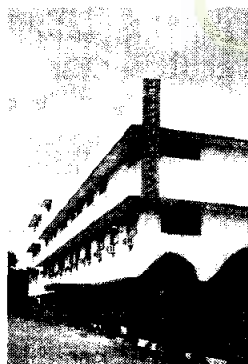


Food and Drugs (BFAD Philippines), National Drug Authority, (NDA) Uganda and P.I.C., Romania.

The anti-rabies vaccine plant set up in technical collaboration with Swiss Serum and Vaccine Institute of Switzerland has commenced operations and the vaccines are ready for launch. A dedicated plant to manufacture transdermal patches in collaboration with Ethical Holdings Plc. of U.K. is also being set up.

The plant employs 660 people and houses warehouse facilities, quality control laboratory, formulation development and engineering departments.

FORMULATION PLANT, ANDHERI



The GRL formulation plant at Andheri manufactures injectables, tablets, liquids, powders, suppositories, ointments, capsules/pellets.

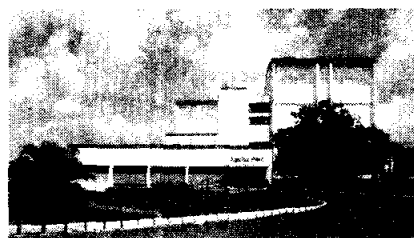
In 1997, the Hormone Tablet manufacturing section was totally renovated and commissioned. The new facility conforms to all the requirements of the current international GMP.

FORMULATION PLANT, GOA

The plant manufactures tablets (coated and uncoated), injectables and ointments to meet the requirements of the large domestic and international markets. The plant is accredited with a WHO-GMP certificate.



ONCOLOGY PLANT, GOA



The production facilities of the Oncology Plant encompasses an area of 1,300 sqmt. The plant has been designed with the assistance of ASTA Medica AG, Germany to meet the stringent requirements for the manufacture of cytostatic formulations. The plant has an annual capacity of 90 million tablets and 1.2 million vials of solid injectables.

AGIOLAX PLANT, GOA

Agiolax plant Goa was built in collaboration with Madaus AG Germany. It is approved by EC FDA, Novartis, USA and MCC of South Africa apart from local FDA. The plant has an installed capacity of

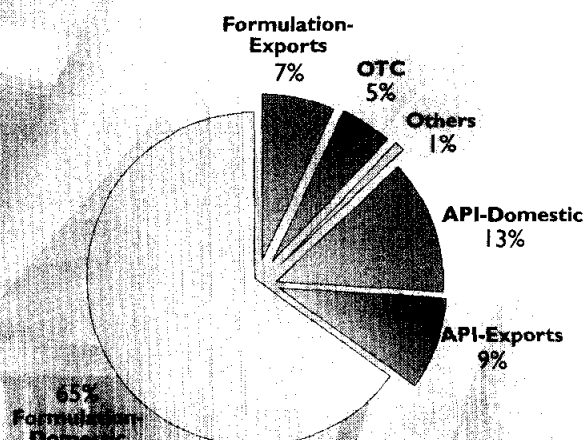
**Zydus
Cadila**

A YEAR OF STRATEGIC INITIATIVES

- ▲ Acquired Banyan Chemicals (in April 2002), a company with an established API marketing base in the U.S.A. The company has a USFDA approved plant and a pipeline of DMF approvals.
- ▲ Formulations plant at Moraiya receives U.K. MCA approval, opening up export market in U.K. and other European countries.
- ▲ Registered 85 new products in the global markets taking the total number of registrations to 560.
- ▲ Explored new markets for exports in U.K., South Africa, Croatia, Cyprus, Morocco, Venezuela and Panama.
- ▲ Acquisition of Aten- the No 1 anti-hypertensive brand
- ▲ Leap-frogging to No. 1 position in the cardiovascular segment with the acquisition of Aten
- ▲ Launched 30 new products during the year of which 13 were in high growth segment of neuropsychiatry
- ▲ Consolidation of the group's position with respect to German Remedies (GRL) in which Cadila acquired 55.4%* stake. GRL's performance in the 2nd half of the year, after coming within the fold of the Cadila group, showed considerable improvement over the first half.
- ▲ To reap the synergic benefits of the mega-merger, the process has been started for rationalisation of facilities and operations, which is expected to bear fruit starting from the current year. These initiatives include :
 - Greater focus on core therapy areas of GRL
 - Cost reduction exercise
 - Rationalisation of group assets and facilities to lower production costs
 - Rationalisation of the group sales and distribution channels to realise cost savings.
- ▲ Zydus Byk Healthcare Pvt. Ltd., a joint venture company set up by Zydus Cadila and Byk Gulden of Germany commenced commercial production during the year.

FINANCIAL HIGHLIGHTS

Sales break up FY 2001-02



- ▲ Sales up 15.7% to Rs. 5,888 mn from Rs. 5,088 mn last year
- ▲ Exports up 40% to Rs. 958 mn from Rs. 685 mn in 2000-01
- ▲ R&D expenditure of Rs. 415 mn or 7% of sales, up 25% y-y
- ▲ PBIDT up 18.8% y-y to Rs. 1,003 mn from Rs 844 mn a year ago, inspite of higher research expenditure.
- ▲ Profit after tax of Rs. 672 mn compared to Rs 656 mn in 2000-01. The slower growth in net profit is attributed in part to the higher tax as also the previous year profit being boosted by interest income and profit from sale of investments.

Consolidated financial Highlights for the year

- ▲ Consolidated sales of Rs. 8732.6 mn, up 61.7% y-y, boosted by GRL coming within the group fold
- ▲ Consolidated PBIDT Rs. 1571.6 mn compared to Rs. 829.7 mn a year ago.
- ▲ Consolidated PBT Rs. 985.5 mn, up 54.7% y-y
- ▲ Net profit for the year was Rs. 668.6 mn, up 15.3% y-y
- ▲ Consolidated total assets shooting beyond Rs. 10 bn mark to Rs. 12.7 bn, up by 74.2% y-y

* As on June 2002

Cadila Healthcare Limited

5500 tons per annum. The production of laxative formulation takes place in continuous and closed processing steps. The plant produces both coated and uncoated laxative granules.

ACTIVE PHARMACEUTICAL INGREDIENTS (API) PLANT, ANKLESHWAR



The plant is spread over a total of 42,500 sq metres and has a built up area of 39112 sq mts built in accordance with USFDA requirements. It has the infrastructure for multi-chemical reactions and manufactures a range of APIs for both the domestic and the international markets.

It produces Amlodipine Besylate, Atorvastatin Calcium, Candesartan Cilexetil, Carvedilol Celecoxib, Ciprofloxacin HCL, Difloxacin, Enalapril Maleate, Enrofloxacin, Famotidine, Paroxetine, Fluoxetine, Flucanazole, Loratidine, Glibenclamide Irbesartan, Itraconazole powder, Lamivudine, Lansoprazole powder, Lansoprazole pellet 8.5% Loratidine (micronised) Losartan Pottasium and Meloxicam. The plant is accredited with the ISO 9002 and ISO 14001 quality certifications.



USFDA APPROVED API PLANT, VADODARA



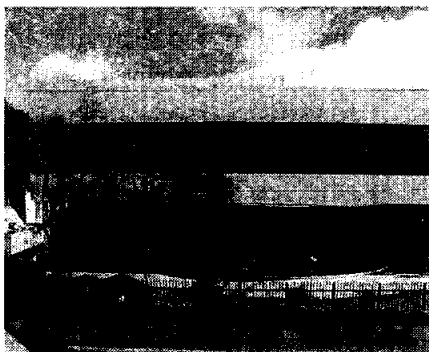
This USFDA approved plant of Banyan Chemicals Ltd., based at Dhabasa near Vadodara, manufactures high value APIs. The plant has a built up area of 5000 sq mts and has an entire range of modern equipment required for multipurpose organic synthesis. The facility manufactures Warfarin Sodium, Hydroxy chloroquine sulfate, Deferiprone, Midodrine Hydrochloride, besides others.



CHEMICALS PLANT, PATALGANGA

This plant was set up as a backward integration project to produce certain bulk drugs/chemicals, which are used in the formulations manufactured by GRL. Today, the Chemicals Plant, has become an integral part of GRL activities providing valuable inputs to the formulations marketed and exported by the company. The API plant manufactures bulk drugs in various therapeutic areas like laxatives, anti-hypertensives, anti-asthmatics, hormones and haemokinators.

The products manufactured include Theophylline, Theophylline Sodium, Etofilline, Diprophylline, Bisacodyl, Matricaria Chamomilla, Sulfamoxole, Clonidine Hydrochloride, Carbamazepine, Xanthinol Nicotinate, Hydroxy Progesterone Caproate, Mesterolone and Trimethoprim.



CHEMICAL PLANT AT NAVI MUMBAI

A joint venture company, Zydus Byk Healthcare Limited was set up by Zydus Cadila and Byk Gulden of Germany to manufacture key intermediates which are used in the manufacture of anti-ulcerant drug, Pantoprazole.

A state-of-the-art 100% EOU facility at Navi Mumbai, spread over 8700 sq. mts manufactures these intermediates. Commencing operations in September 2001, the company has started exports of intermediates.



**Zydus
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