



Cadila Healthcare Limited
Annual Report 2014-15

An Upswing into the new decade

Our journey began in 1995...

Over the last two decades,

our growth momentum

has been gathering force,

overcoming challenges and driving successes.

The collective will of our people

is a powerful catalyst,

backing ideas with action,

traversing every horizon of opportunity,

and creating a canvas that's bold, imaginative and striking.

As we step into a new decade of our organisational journey

It's this 'Upswing'

of collective will, growth and dynamism

that will take us to new possibilities and new shores of success.

**PSWING**
2015





Contents

FOUNDER	Late Ramanbhai B. Patel	02 Highlights 2014-15
BOARD OF DIRECTORS	Pankaj R. Patel Chairman & Managing Director	04 Chairman's Message
	Dr. Sharvil P. Patel Deputy Managing Director	08 Management's Discussion & Analysis
DIRECTORS	Mukesh M. Patel Humayun Dhanrajgir Nitin Raojibhai Desai Dharmishtaben N. Rawal	26 Business Responsibility Report
CHIEF FINANCIAL OFFICER	Nitin D. Parekh	34 Directors' Report and Relevant Annexures
COMPANY SECRETARY	Upen H. Shah	60 Corporate Governance Report
REGISTERED AND CORPORATE OFFICE	"Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad – 380 015	76 Auditors' Report
REGISTRAR AND SHARE TRANSFER AGENTS	Sharepro Services [India] Private Limited 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Near M. J. Library Ellisbridge, Ahmedabad – 380 006	80 Balance Sheet
WORKS FORMULATION UNITS	Survey No. 417, 419 and 420, Village – Moraiya Taluka – Sanand, District – Ahmedabad	81 Statement of Profit and Loss
	Kundaim Industrial Estate, Ponda, Goa – 403 115	82 Cash Flow Statement
	Village – Saraj Mujra, P.O. Baddi, Tehsil – Nalagarh, District – Solan [HP]	84 Notes to the Financial Statements
API UNITS	Block No. 265/266, Village: Changodar Sarkhej Bavla N.H. No. 8A GIDC Estate, Ankleshwar, Gujarat	110 Consolidated Audit Report
	Dabhasa, Taluka – Padra, District – Vadodara	116 Consolidated Financial Statements
	Block No. 162, Ekalbara Umraya Road Village – Dabhasa, Taluka – Padra, District – Vadodara	137 Section 129(3) Statement
TOPICAL PLANT	Plot no 254/255, Behind Zyfine Chemicals, Sarkhej Bavla N H No 8A, Changodar Road, Taluka – Sanand, Dist. Ahmedabad	139 Notice of Annual General Meeting
BIOLOGICS PLANTS	Survey No. 40P, 23, 25P, 42, 37 Opp. Ramdev Masala, Sarkhej-Bavla NH No– 8A Changodar, District – Ahmedabad	
SEZ UNITS	Plot No. 1 / 1A and 2, "Pharmez" Sarkhej-Bavla NH 8A, Village – Matoda Taluka – Sanand, District – Ahmedabad	
RESEARCH CENTRE	Survey No. 396/403, Village - Moraiya Taluka – Sanand, District – Ahmedabad	



Mr. Ramanbhai B. Patel

Founder Chairman, Zydus Cadila Healthcare Ltd

August 19, 1925 – September 19, 2001

It was a pioneering vision of our Founder Chairman that led to the foundation of this enterprise. He nurtured a dream to bring novel therapies to the market which could treat unmet healthcare needs and some of his early innovations were just that : novel concepts that brought succour to millions of people. Today, as an innovation-led organization, we reaffirm our commitment to this dream. With each new innovation we re-live this commitment to make the world a healthier, happier place. Our discovery of **Lipaglyn** to treat diabetic dyslipidemia two years ago was a historic milestone. Our innovation of **Exemptia**, the therapy to treat inflammatory arthritis, last year bridged a longstanding need. Both these novel therapies are a tribute to his pioneering vision and spirit.

INDIA'S CONTRIBUTION TO THE WORLD



Now a hope for millions. A novel drug to treat Inflammatory Arthritis.

Exemptia is the world's first biosimilar of Adalimumab – the world's largest selling therapy. The revolutionary therapy that has been providing a new lease of life to millions of patients suffering from inflammatory arthritis globally, is now accessible to patients in India.

Developed at the Zydus Research Centre, Exemptia treats Rheumatoid Arthritis, Juvenile Idiopathic Arthritis, Psoriatic Arthritis, Ankylosing Spondylitis, Crohn's Disease, Paediatric Crohn's Disease and Ulcerative Colitis.

We strongly believe that innovation must impact and improve lives. That's what our journey of innovation is all about – from bridging unmet healthcare needs to empowering lives, we live our mission of creating healthier and happier communities globally.



The Company's USFDA inspected oncology injectables manufacturing plant at Pharmez, Ahmedabad

Highlights of Operations - 2014-15

Home Markets

US Formulations

- The business crossed US\$ 500 Mio., in sales for the first time and became the largest contributor to the consolidated topline.
- Filed 38 ANDAs with the USFDA during the year, taking the cumulative ANDA filings to 260. Launched 9 new products in the US market.
- The US Formulations business posted sales of Rs.33,932 Mio., up by 56 %.

India Formulations

- Launched Exemptia™, the world's first biosimilar of Adalimumab to be approved anywhere in the world to treat inflammatory arthritis.
- Retained leadership positions in the Cardiology, Gynaecology and Respiratory therapy areas while in the Gastro Intestinal and the Dermatological space, ranked amongst the top five companies in the market.
- Launched over 55 new products including line extensions in India, of which 19 were first in India.
- Overall, the formulations business in India posted sales of Rs.26,772 Mio., up by 8.6%.

Latin America Formulations

- In Brazil, undertook several brand building initiatives to strengthen the Branded business while in Mexico, launched two new divisions to focus on the segments of Cardiology and Central Nervous System.
- Launched 7 new products in Mexico during the year.
- Overall, the Latin America formulations business posted sales of Rs.2,348 Mio.

Other Markets and Businesses

Europe Formulations

- Rationalized the product portfolio in France by expanding the share of in-house products. The performance in Spain was mostly in line with the market with focus on increasing the customer base and the share of in-house products.
- Launched 5 new products in the French generic market, of which, 2 were Day-1 launches. In Spain, launched 12 new products, including 1 Day-1 launch.
- Overall, the European business posted sales of Rs.3,376 Mio.

Emerging Markets Formulations

- Launched 20 new products in the different markets of Asia Pacific, Africa and Middle East during the year.
- Overall, the Emerging Markets business posted sales of Rs.4,075 Mio. during the year, up by 14%.

Consumer Wellness

- Completed a major revamp of the entire distribution model which encompassed consolidating the number of distributors and replacing the Company sales representatives with distributor representatives who are managed by a team of the Company's sales supervisors.
- Sugar Free, India's leading sugar substitute, continued to maintain a dominant position with a commanding 93% market share.
- In the EverYuth category, continued thrust on new product launches with the launch of several variants in the existing categories.
- In the Nutralite category, launched an upgraded formulation with Omega-3, targeted at the retail customers.

- Zydus Wellness Ltd. registered sales of Rs.4,430 Mio., up by 3% and net profit of Rs.1,089 Mio., up by 13%.

Animal Health

- Received "The Best Poultry Company of India – Fortune Award 2014".
- Launched 8 new products in India.
- On a consolidated basis, animal health business posted sales of Rs.3,083 Mio., with a growth of 12% during the year.

API

- Filed 10 DMFs with the USFDA, taking the cumulative US DMF filings to 116.
- API business grew by 6% and posted sales of Rs. 3,723 Mio.

JVs & Alliances

- Zydus Takeda JV received the Best Energy Efficient Unit Award at the national level from the Confederation of Indian Industry.
- Zydus Hospira JV successfully completed audits by several regulatory authorities including the USFDA and ANVISA.
- The Company acquired 50% stake of the JV partner in Zydus BSV Pharma Pvt. Ltd., making it a wholly owned subsidiary with effect from 26th March, 2015.

New Technologies and NCE

- Completed Phase III clinical trials for one of the monoclonal antibodies (mAb).
- Completed global clinical trials for one of the biosimilars for launching the same in the developed markets.
- On the novel biologics front, received the regulatory approval to initiate the next phase of clinical trials for both PEGEPO and Rabimabs.
- Development of ten vaccines reached the last stage of testing before the marketing authorization.

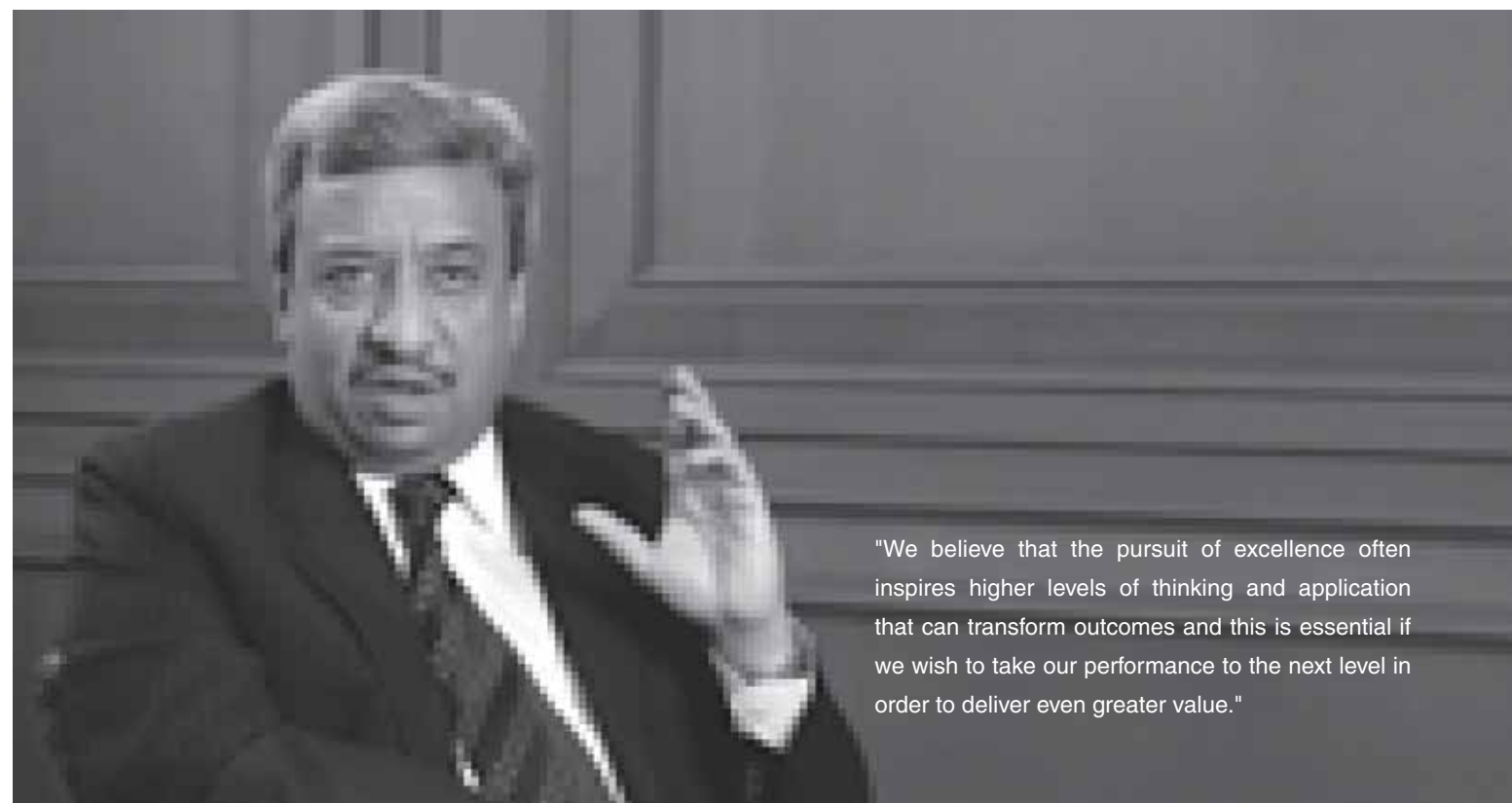
- On the NCE front, successfully completed the first year of the post-marketing patient registry programme for Lipaglyn™ (Saroglitazar). Initiated development of Lipaglyn™ for additional indications viz. Non-alcoholic Steatohepatitis (NASH), Lipodystrophy and Type 2 diabetes.
- Initiated Phase I clinical trials in the United States for ZYDPLA 1, a novel, next generation, orally active, small molecule DPP-4 inhibitor to treat Type-2 Diabetes.

Manufacturing Operations

- The Moraiya formulations facility was awarded the 'Green Manufacturing Award –Gold Category' by International Research Institute for Manufacturing.
- The Baddi formulations facility was awarded 'Gold Certificate Merit' in IMEA – India Manufacturing Excellence Awards 2014 by The Economic Times in partnership with Frost & Sullivan.
- Both the API manufacturing facilities at Ankleshwar and Dabhasa successfully completed audits by the USFDA.

Financial Highlights

- Gross sales revenue was up by 20% y-o-y to Rs.86.6 bn. from Rs.72 bn. last year.
- Earnings before interest, depreciation and tax grew by 46% to Rs. 17,557 Mio., from Rs. 12,001 Mio., last year. The EBIDTA margin as percentage to total income from operations improved by 3.7% to 20.3% from 16.6% last year.
- Net profit was up by 43% to Rs. 11,506 Mio., from Rs.8,036 Mio., last year. The net profit margin as percentage to total income from operations improved by 2.2% to 13.3%.
- Return on net worth improved to 30.1% during the year compared to 25.6% registered in last year.



"We believe that the pursuit of excellence often inspires higher levels of thinking and application that can transform outcomes and this is essential if we wish to take our performance to the next level in order to deliver even greater value."

Chairman's Message

A JOURNEY OF EXCELLENCE : 20 YEARS AND BEYOND...

The year 2014-15 was an epochal one for Zydus. We completed two decades of our journey which began in 1995. The journey of growth which began in a small way has been gathering momentum with each passing year, adding new dimensions and venturing into pioneering pathways. In this eventful journey, each year has been packed with achievements that underline our committed performance.

Our approach to strategy and the blueprint for growth has been quite interesting. After every five years, we get back to the drawing board, define new business goals and chart out the best way to get there. This process of planning for the future has served us well. It has helped consolidate the fundamental strengths of our organisation and acquire new dimensions as we grow. Perhaps it is this that has helped us accelerate our growth despite the changing regulatory and competitive environment through the years.

We reinforced our strategy in 2014 by placing a more intense focus on achieving Excellence – in our operations, processes, products and services. We believe that the pursuit of excellence often inspires higher levels of thinking and application that can transform outcomes and this is essential if we wish to take our performance to the next level in order to deliver even greater value.

VISION: AN INNOVATION-LED, GROWTH-FOCUSSED ENTERPRISE

Twenty years ago we had the vision to create an enterprise which will offer novel healthcare solutions with a technology cum quality focus and the agility to respond quickly to opportunities and challenges. This vision continues to drive exceptional results across virtually every business vertical at Zydus. Zydus has emerged as an ethical and respected healthcare provider in the marketplace. We got there by pursuing a clear strategic vision, maintaining a disciplined, long term viewpoint and instilling values that promote a culture of professionalism and excellence.

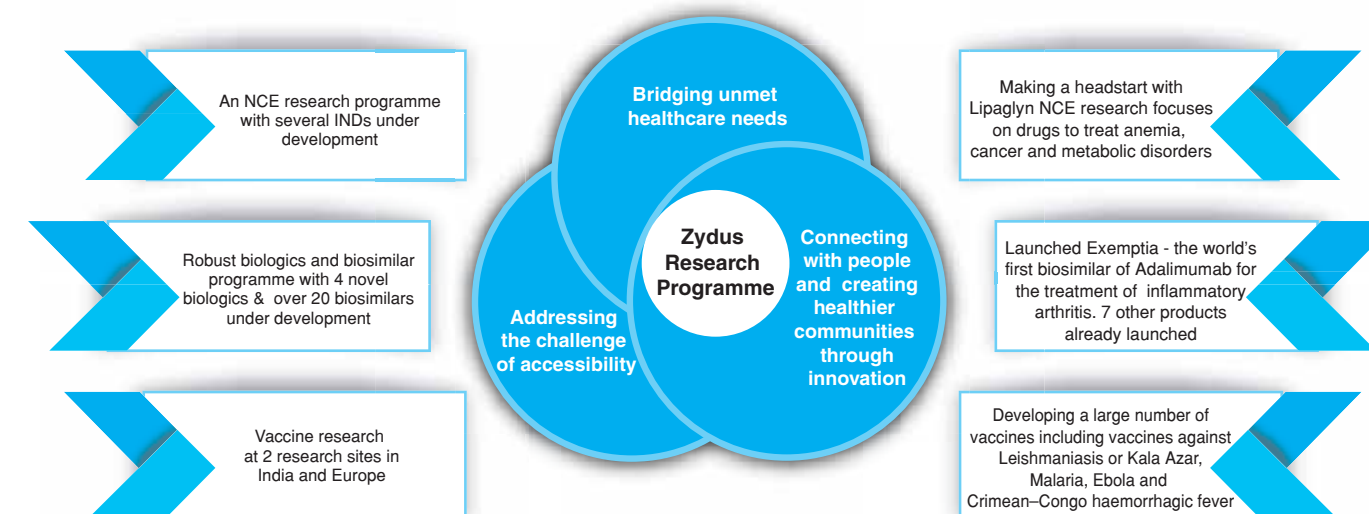
STAYING DISCIPLINED AND FOCUSSED

Approaching our goals with discipline and focus has been essential to our approach. Each time we look at a growth horizon, we look at how we can improve and add value to our business, how we can make a difference in the markets that we operate in, make our offerings more expansive and deliver on our mission to create healthier communities globally. To do this, we need to ensure that we actively manage our plans and bring them to fruition.

Zydus' strategy has been to focus on four pathways: leveraging our core strengths, improving the efficiency of our operations, optimising our resources and enriching the capabilities of our people as we move on to a higher growth trajectory. This approach recognizes that our journey of growth is intrinsically linked with a futuristic, forward looking vision and thought. Our overarching goal is to keep our 20-year-old company founded on a legacy of 60 years, forever young and strong. We do this by revisiting our growth plans every five years, ideate and engage in a dialogue across the organisation on where we wish to be and what we need to do to get there. Having created this blueprint, we harness diverse energies and put our plans to action. The five year growth plan which we embarked upon in 2011 is in its final course. We hope to end the year 2015-16 on an Upswing as we cruise to yet another growth milestone.

AS INNOVATION UNLOCKS VALUE

Innovation forms the core of what we do. Over the last 15 years, we have invested in building a culture of innovation at Zydus and now we have a compelling portfolio of innovative medicines, including small molecule NCEs, biosimilars, novel biologics, vaccines and novel formulations. These initiatives over the last many years has the potential to transform Zydus into a premier innovative pharmaceutical company by 2020.



Making headway with our NCE Programme

Lipaglyn, our NCE and a first-in-class medicine to treat diabetic dyslipidemia is delivering excellent results. More than 1 lac patients in India are now on this novel drug. Lipaglyn's unique and differentiated profile is being further explored and we are now developing this product globally for additional indications, and have initiated Phase III studies of Lipaglyn for treating Lipodystrophy and another Phase III study in Non-Alcoholic Steatohepatitis (NASH), an important global unmet medical need.

During the year 2014, we presented important scientific and clinical data on Lipaglyn. At the Keystone NASH symposium in British Columbia, our scientists presented the efficacy of Saroglitazar in preclinical models of NASH.

The American Association for Clinical Endocrinologists (AACE) meeting at Nashville, USA this year featured our path breaking presentation on 9 month safety and efficacy of Saroglitazar in patients with diabetic dyslipidemia, which was very well received among the endocrinologists.

The American Diabetes Association (ADA) meeting this year at Boston, USA, which is the largest gathering of endocrinologist and cardiologists from across the world featured several presentations on Saroglitazar's efficacy and safety in treating NASH, diabetes and dyslipidemia. We believe that this medicine discovered by your company will become an important therapy worldwide for the treatment of hypertriglyceridemia, diabetic dyslipidemia and NASH.

New therapies to treat diabetes and metabolic disorders

We continue to pioneer new therapies for treating diabetes and metabolic disorders. We are developing ZYDPLA1, a once-weekly DPP-IV inhibitor for treating diabetes, which is currently undergoing Phase I clinical development in USA.

Anemia is a serious medical condition linked to increased morbidity and mortality, and is commonly observed in patients with chronic kidney disease (CKD). Our molecule, ZYAN1, an oral HIF-PH inhibitor for treating anemia, is currently undergoing Phase-I trials in Australia. We believe that this molecule will have an edge over currently available injectables like Erythropoietin, currently used for the treatment of Anemia.

Cancer is a leading cause of death worldwide and Zydus has consistently focused on finding newer and better cures for breast, lung and ovarian cancer and hematological malignancies. We are developing a number of NCEs which are currently under pre-clinical development and have a number of biologics and NCEs in early development.

Racing ahead with our biologics research programme

Our research programme is also aimed at finding better cures for people living with various kinds of inflammation, like rheumatoid arthritis, psoriasis, ulcerative colitis, Crohn's disease as well as chronic pain. We believe that our drug candidates here will help address several unmet medical needs for patients suffering from these diseases.

Biosimilars

Utilising our scientific and manufacturing expertise over the last many years, we have built one of the largest biosimilars pipelines in the industry. In 2014, we launched Exemptia, the world's first biosimilar version of Adalimumab in India. A 'fingerprint match' in terms of safety, purity and potency of the product, Exemptia brings succour to millions of patients suffering from inflammatory arthritis in India. Exemptia treats Rheumatoid Arthritis, Juvenile Idiopathic Arthritis, Psoriatic Arthritis, Ankylosing Spondylitis, Crohn's Disease, Paediatric Crohn's Disease and Ulcerative Colitis. We have 7 marketed products and over 20 biosimilars in various stages of development to serve the biosimilars market expected to touch over USD 20 bn by 2020.

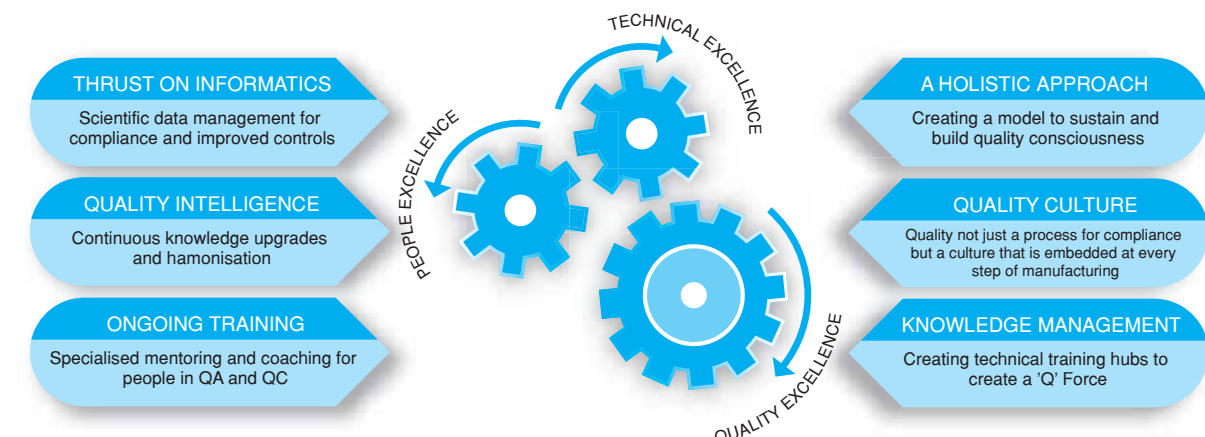
Focussing on preventive medicines – a robust vaccine research programme

With two vaccine research sites in India and Europe and an innovative late stage vaccine pipeline, we believe that this will enable us to launch a number of vaccines, including influenza, measles/mumps/rubella/varicella, typhoid, DPT-Hib, Hepatitis A, B, E, Japanese encephalitis, HPV over the next few years and create tremendous growth opportunities for our business. Our vaccines research programme is also focused on developing vaccines against Leishmaniasis or Kala Azar, Malaria, Ebola and Crimean–Congo haemorrhagic fever.

INSITUATIONALISING A CULTURE OF QUALITY

This organisation was founded with Quality as its cornerstone. 'Cadila for Quality' became a credo of the organisation in the 1950s and since then it has formed an essential part of who we are and what we do.

A MULTI-PRONGED APPROACH TO QUALITY



A journey of excellence is an ongoing one where there is continuous improvement and learning. This is also important if Quality has to become a way of life. The three signposts which guide us in our journey towards quality excellence are technology, training and sustainability. While technology opens the door to scientific data management and improved controls, continuous training helps us create the right focus and environment in the workplace. Quality management today has evolved into a science that calls for more integration, close monitoring of process performance and putting a model in place which ensures that corrective steps and preventive actions are initiated in a timely and effective manner. Continuous improvement is the key to sustaining and consistently delivering on quality parameters. The enablers that connect and catalyse all these processes into a harmonised pharmaceutical quality system are knowledge management and quality risk management. All of these aspects combine to create a quality consciousness that is above all patient-centric. At Zydus, embedding quality is about continuously improving, raising the bar, sustaining these efforts and institutionalising them to create a culture of quality.

VALUE COMES FROM DOING THE RIGHT THINGS AND DOING THINGS THE RIGHT WAY

Exceptional performance begins with exceptional people and we aim to attract and hire the best and brightest talent. With expertise and insights from around the world and across diverse geographies, we have created an environment that supports excellence in every way. We seek to provide a workplace that inspires people to be the best they can be. Our journey of growth and success is a testament to the talent and resourcefulness of our people. I would like to thank them wholeheartedly for their passion, dedication and hard work. Guided by a spirit of entrepreneurship they have actively sought out opportunities to drive efficiencies and support business growth. In the coming years, we have diverse pathways to explore and an extraordinary team with a relentless commitment to excellence, providing the expertise and wisdom to guide our decisions. We remain extremely well positioned to deliver strong results, grow our businesses, our people and unlock opportunities that lie ahead of us.

We thank all our stakeholders for their confidence in us. As we step into a new decade, there are many reasons to be excited about the future of our business. There will be more opportunities to deliver something meaningful and purposeful as we race ahead with our plans for your Company's future in the years to come.

Pankaj R. Patel
July 2015



Management's Discussion & Analysis - 2014-15

Economy and Industry Overview

Global Economy and Pharmaceutical Industry

The global economy gained marginal momentum during 2014 and grew by 2.6% as against the 2.5% growth registered in 2013. The recovery of the global economy has been weaker than anticipated due to the disappointing growth in the Eurozone, Japan, part of emerging Europe region, especially Russia and Latin America. The high income economies of the world witnessed slight improvement in growth as they grew by 1.8% in 2014 compared to 1.4% growth registered in 2013. However, the recovery in these countries has been highly uneven as many of these countries continue to grapple with the aftermath of the global financial crisis. While the United States and the United Kingdom have exceeded the pre-crisis output peaks, others, especially the Euro Area countries, are still below the earlier peaks. The growth registered by the developing countries slipped to 4.4% in 2014 compared to 4.9% in 2013. Several large middle-income economies slowed down on account of cyclical factors, domestic policy tightening and political tensions, reducing the overall growth registered by the developing countries. The low-income countries, on the other hand continued to grow at a robust pace, despite a challenging global environment. Though the economies of the developing countries have recovered after the financial crisis in 2008, the output growth in these countries has settled at a pace below that was registered during the first decade of the 21st century (Source: Global Economic Prospects, January 2015 by World Bank).

The crude oil prices declined sharply in the second half of 2014 and had its impact on the global economy. While low oil prices support global growth, they will cause significant income shifts from oil-exporting countries to oil-importing ones. Further, sustained low prices could severely undermine fiscal resources and external balances in several already fragile oil exporting economies in the Middle East, Europe and Central Asia, and Latin America (Source: Global Economic Prospects, January 2015 by World Bank).

The global pharmaceutical industry is estimated to have grown by approximately 7% in 2014 and reached a size of over US\$ 1050 bn. The growth in 2014 was higher compared to the growth of around 4.5% registered during the period 2008 to 2013. The United States, the world's largest pharmaceutical market and the developing markets of Asia, Africa, Australia and Latin America, which are termed as 'pharmerging' markets propelled the growth of the global pharmaceutical market as all these markets grew in excess of 10% during 2014. The top 5 pharmaceutical markets of Europe, on the other hand, registered a lower growth of around 3%. The United States remained the world's largest pharmaceutical market accounting for more than 30% market share (Source: IMS).

The global market of generic drugs grew faster than the overall pharmaceutical market and is estimated to have reached a size of approximately US\$ 200 bn. in 2014. In terms of volumes, the share of generics has increased globally over the last decade. The United States remains the world's largest generics market accounting for more than 30% of market share (Source: IMS).

Indian Economy and Pharmaceutical Industry

The financial year 2014-15 was the year of revival for the Indian Economy as it grew in excess of 7% for the first time since the financial year 2010-11. The key driver of the growth was the service sector which grew by 10.6% during the year. The performance of the industrial sector also improved during the year and registered a growth of 5.9% compared to 4.5% growth registered during 2013-14. Agriculture and allied sectors witnessed a slowdown during the year as they grew by just 1.1% during the year compared to 3.7% growth registered during 2013-14 (Source: Monthly Economic Report, March 2015, as published by the Ministry of Finance, Govt. of India).

The average Wholesale Price Index (WPI) inflation rate, which is the measure of increase in the prices of commodities, displayed a declining trend during the year 2014-15. In the initial four months of the year, it remained in the range of 5% to 6%. However, from the month of August 2014, it began to fall sharply and in the month of November, 2014, it became nil. The last three months of the financial year registered negative WPI inflation. Overall, the WPI inflation rate for the financial year was 2% as against 6% registered during the year 2013-14. The last quarter of the financial year saw reduction in the Bank Rate and Repo Rate by 50 basis points each by the Reserve Bank of India on account of prevailing disinflationary pressures in the economy (Source: Monthly Economic Report, March 2015, as published by the Ministry of Finance, Govt. of India).

The performance of the Indian Rupee against the US Dollar was stable during the year as it remained in the range of Rs. 60 to Rs. 63 per US Dollar during most part of the year. However, the Indian Rupee appreciated significantly against the other global currencies like the Euro and Japanese Yen (Source: Monthly Economic Report, March 2015, as published by the Ministry of Finance, Govt. of India).

The financial year 2014-15 turned out to be the year of recovery for the Indian pharmaceutical market after it was adversely impacted in the previous year mainly due to the downward price revisions in several drugs notified by the Drug Price Control Order 2013. During the year 2014-15, the Indian pharmaceutical market grew by 12.9% as against the growth of a mere 6.1% registered during the year 2013-14. The beginning of the year was slow as the market grew by just 7.3% in April 2014. However, from the month of May 2014, the growth rate bounced back to double digits and the market continued to grow in excess of 10% for the most part of the year. The growth accelerated towards the later part of the year as the last quarter of the financial year registered a growth in excess of 17%. Out of the total market growth, about half was led by the volume expansion while the remaining half was divided almost equally between price increase and the new product introductions (Source: AWACS Report, MAT March 2015).

The growth of the chronic segment outpaced the growth of the acute segment although both the segments grew in double digits. In terms of contribution to the overall market, the acute segment still dominates as it accounted for approximately 70% of the market while the contribution of chronic segment was 30%. Anti-infectives was the largest therapeutic area, accounting for around 16% of the market while the anti-diabetic segment was the fastest growing therapeutic area during the year with a growth of around 25% (Source: PharmaTrac MAT March 2015).





Home Markets

US Formulations

USA is the world's largest pharmaceutical market, both for branded and generics drugs, accounting for more than 30% of the global market (Source:IMS). The Company is present in the generic pharmaceuticals market in the USA. Zydus Pharmaceuticals (USA) Inc., the wholly-owned subsidiary of the Company spearheads its operations in the USA.

As per the IMS report, the Company is currently ranked 8th amongst the USA generics companies based on scripts, thus maintaining its position of the previous year.

During the year 2014-15, the Company's business in the USA crossed US\$ 500 Mio. in sales for the first time and became the largest contributor to the consolidated topline. The USA business posted sales of Rs.33,932 Mio. during the year, up by 56%.

The Company launched 9 new products in the USA market during the year. In terms of ANDA filings, 38 more ANDAs were filed with the USFDA during the year, taking the cumulative ANDA filings to 260. On account of stronger focus on customer service, the Company continued to receive awards for superior service levels from its large wholesale customers. Going forward, the Company will continue to focus on launching complex, difficult-to-make oral solids and formulations of other dosage forms like injectables, nasals, creams and ointments in order to enhance its share in the USA generics market.

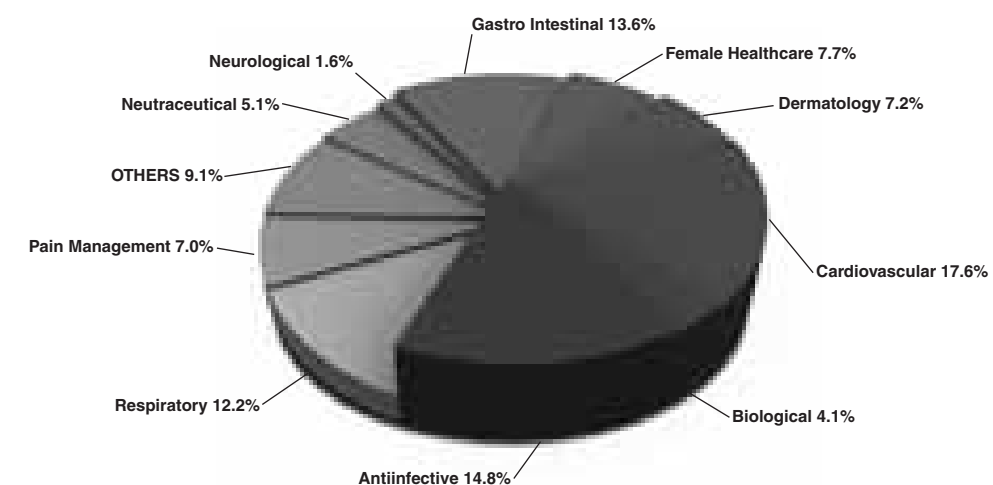
India Formulations

Company's formulations business in India, currently the second largest contributor to the topline, faced several challenges during the year which impacted the sales growth. These challenges were mainly in the form of discontinuation of the business of a few in-licensed products and the National Pharmaceuticals Pricing Authority (NPPA)'s order to reduce the prices of a few cardiac and diabetic drugs, impacting the primary sales.

The Company retained its leadership position in the Cardiology, Gynecology and Respiratory therapy areas while in the Gastro Intestinal and Dermatological space, the Company is ranked amongst the top 5 companies in the market. 13 of the Company's brands feature amongst the top 300 pharmaceutical brands in India (Source: AWACS Report, MAT March 2015). The Company continued its thrust on adding new products to its portfolio and launched more than 55 new products, including line extensions, during the year, of which, 19 were first-time launches. This included the launch of Exemptia™, the world's first biosimilar of Adalimumab to be approved anywhere in the world to treat inflammatory arthritis. Overall, the Company's formulations business in India posted sales of Rs.26,772 Mio. during the year, up by 8.6 % from Rs.24,651 Mio. last year.

10

Therapeutic area-wise break up of branded formulations sales in India



Latin America Formulations

Valued at around US\$ 75 bn., the Latin American pharmaceutical market has been growing in double digits for the last few years and offers much potential for growth on account of urbanization, greater access to education and rising income levels. Brazil and Mexico are the two largest pharmaceutical markets of Latin America having a combined share in excess of 50% (Source: IMS and Americas Market Intelligence Report).

Brazil is the largest pharmaceutical market in Latin America and one of the most promising pharmerging markets across the globe. With the increased government spending on healthcare and rising per capita income, potential for growth of the pharmaceuticals market in Brazil is quite high. However, the overall slowing down of the economy and the continuous weakening of the Brazilian Real vis-a-vis the US Dollar impacted the growth of the Brazilian pharmaceuticals market during the year under review.

The Company's business in Brazil faced a few challenges during the year, the major one being the lack of new product approvals. Despite that, the branded business grew during the year mainly on account of several brand building initiatives undertaken by the Company. During the year, the Company filed 10 new products dossiers with the regulatory authority.

In Mexico, the second largest pharmaceutical market in Latin America, valued at around US\$ 9 bn. as per IMS, the Company is present through its subsidiary Zydus Pharmaceuticals Mexico S.A. de C.V.

During the year, the Company launched two new divisions in the Mexican subsidiary to focus on the segments of cardiology and the central nervous system. 7 new products were launched in Mexico during the year, taking the cumulative number of launches to 15. The Company continued to develop new products for the Mexican market and filed 7 new product dossiers with the Mexican regulatory authority COFEPRIS during the year, taking the cumulative number of filings to 43. In terms of new product approvals, 14 products were approved by COFEPRIS during the year, taking the cumulative number of approvals to 24.

Overall, the Company's business in Latin America posted sales of Rs. 2,348 Mio. during the year.

