

INDIAN HEALTHCARE INDUSTRY



November 2012



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Executive Summary (1/2)

- ✚ The Indian healthcare industry, valued at ~**US\$65billion in 2012**, is highly fragmented and dominated by private players
- ✚ The industry has witnessed tremendous entrepreneurial activity over the last few decades across the entire value chain as demonstrated by strong growth in its various sub-segments
- ✚ In the future, demand for Healthcare services in India is poised to grow exponentially to cater to a **growing old age population**, with rising incidence of lifestyles diseases, rising incomes and affordability, and increased penetration of health insurance
- ✚ A global survey on healthcare costs suggests that India spends only **4.2% of its GDP** on healthcare, compared to an average of **8.5% globally**, and lower than other emerging countries such as **Brazil (9.0%), China (4.6%), and Russia (5.4%)**
- ✚ In general government-run facilities have inadequate **equipment and poor quality**, and as a result private players can capitalize on this opportunity. The private sector is expected to **contribute 80% - 85% of the US\$86billion** investments required in healthcare **till 2025**
- ✚ Indian Hospitals are exploring various **innovative models** to improve their performance and profitability, viz. **introducing telemedicine**, focusing on **specialty centers and day care centers**



Executive Summary (2/2)

- ✚ The sector has attracted several **private equity players**, who have been playing a significant role in various strategies of Indian hospitals, including organic & inorganic growth
- ✚ Another key segment of the Healthcare Industry is the **Pharmaceutical Industry** that contributes a **significant portion of the overall revenues** in the Indian Healthcare Industry. India has also emerged as a **global R&D hub for the Pharmaceutical Industry** and as a result is a **large market** for clinical trials and central lab services
- ✚ It is also interesting to note that India has **the highest number of US Food and Drug Administration** (FDA approval) plants outside the US, followed by **Italy and China**
- ✚ In the last decade, **health awareness and increasing healthcare costs** have increased the demand **for health insurance** in the country, especially from the younger population who are more aware and demand better quality care
- ✚ Also healthcare education and awareness have led people in the country to **take precautionary steps** to fight lifestyle and other diseases
- ✚ Other **minor segments** of the Healthcare Industry include the **medial equipment suppliers and diagnostics centers** that play a role of **support systems** to hospitals and pharmaceutical companies



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Market Overview

A blurred background image of a doctor in a white coat holding a blue stethoscope.

Indian Healthcare Industry



Indian Healthcare Industry (1/2)

- ✚ The Indian healthcare industry has witnessed a massive spurt in healthcare spend and is expected to reach **US\$100billion¹ by 2015** from the current **~US\$65 billion in 2012**, growing at a CAGR of **20%** a year
- ✚ India currently faces a chronic shortage of healthcare infrastructure, especially in rural areas and **Tier II and Tier III cities**, and it is expected that India will have potential requirement of **1.75 million new beds by the end of 2025**
- ✚ The industry is **adopting innovative business models** to work in the sector but still needs **high upfront investments**, **has long gestation periods** and faces **ever-rising real estate costs**
- ✚ In the present scenario, **high entry barriers such as huge capital requirements** and a cash crunch amongst most big business houses will favor existing players **to pursue accelerated growth** in the segment
- ✚ The healthcare industry in India is attracting a significant amount of capital from investors and **de-centralized healthcare** delivery models are the flavor of the season among private equity investors

¹Source: PWC Report, 2012



Indian Healthcare Industry (2/2)

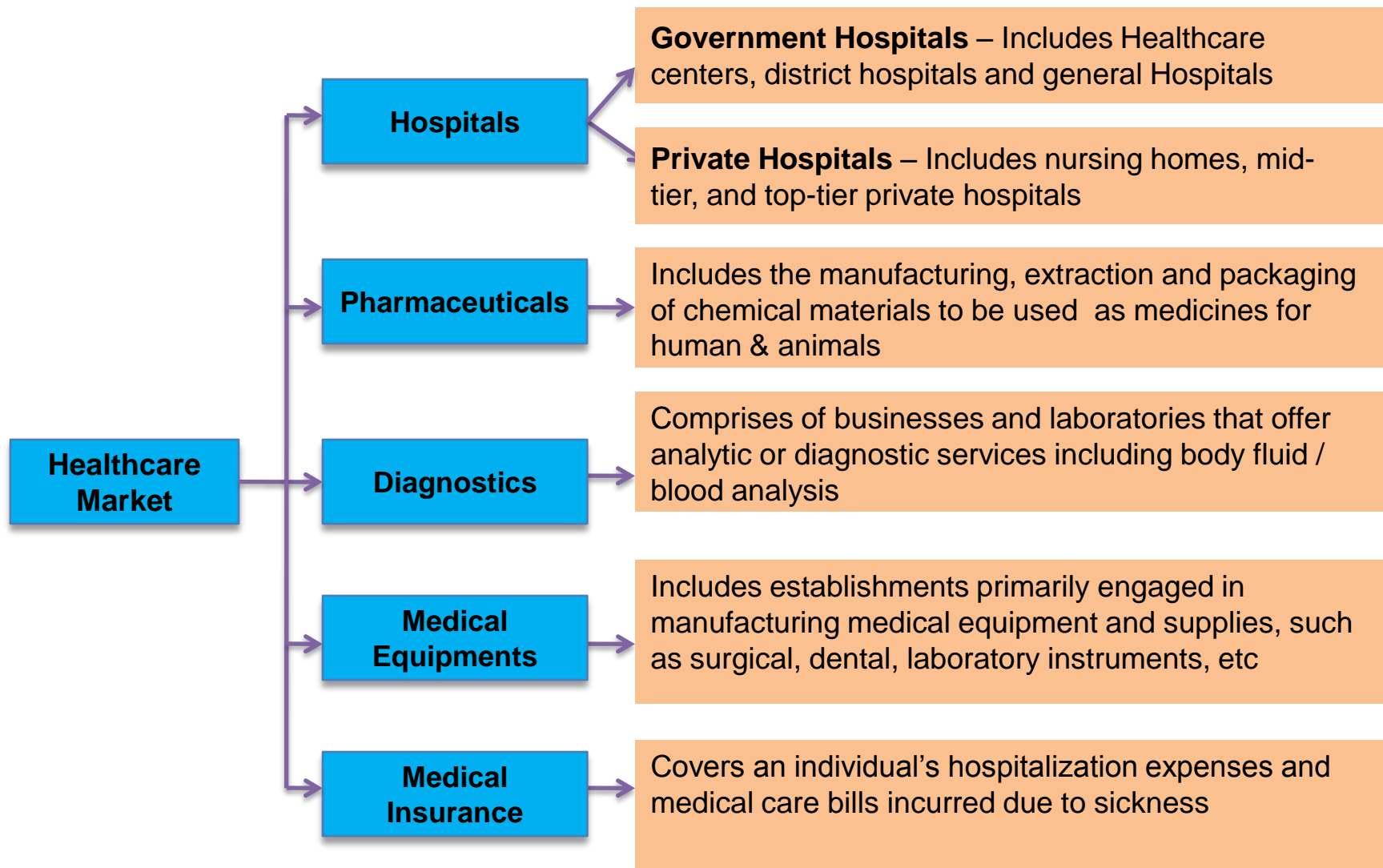
- ✚ At present, **chains of diagnostic centers, chains of single specialty hospitals (such as eye or dental clinics), chains of pharmacies, day-care surgery centers** — are all witnessing significant growth opportunities
- ✚ Several unique initiatives have been undertaken by the state governments such as those in **Tamil Nadu, Andhra Pradesh** and **Chattisgarh***, have proved successful in providing access to good quality healthcare for the economically challenged section of society through public-private-partnership schemes

* Discussed later in the report

Growth in the Healthcare sector is dominated by private players in India, unlike increased government dominance in developed nations



Healthcare Market Segments





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Indian Hospital Industry

Indian Hospital Industry



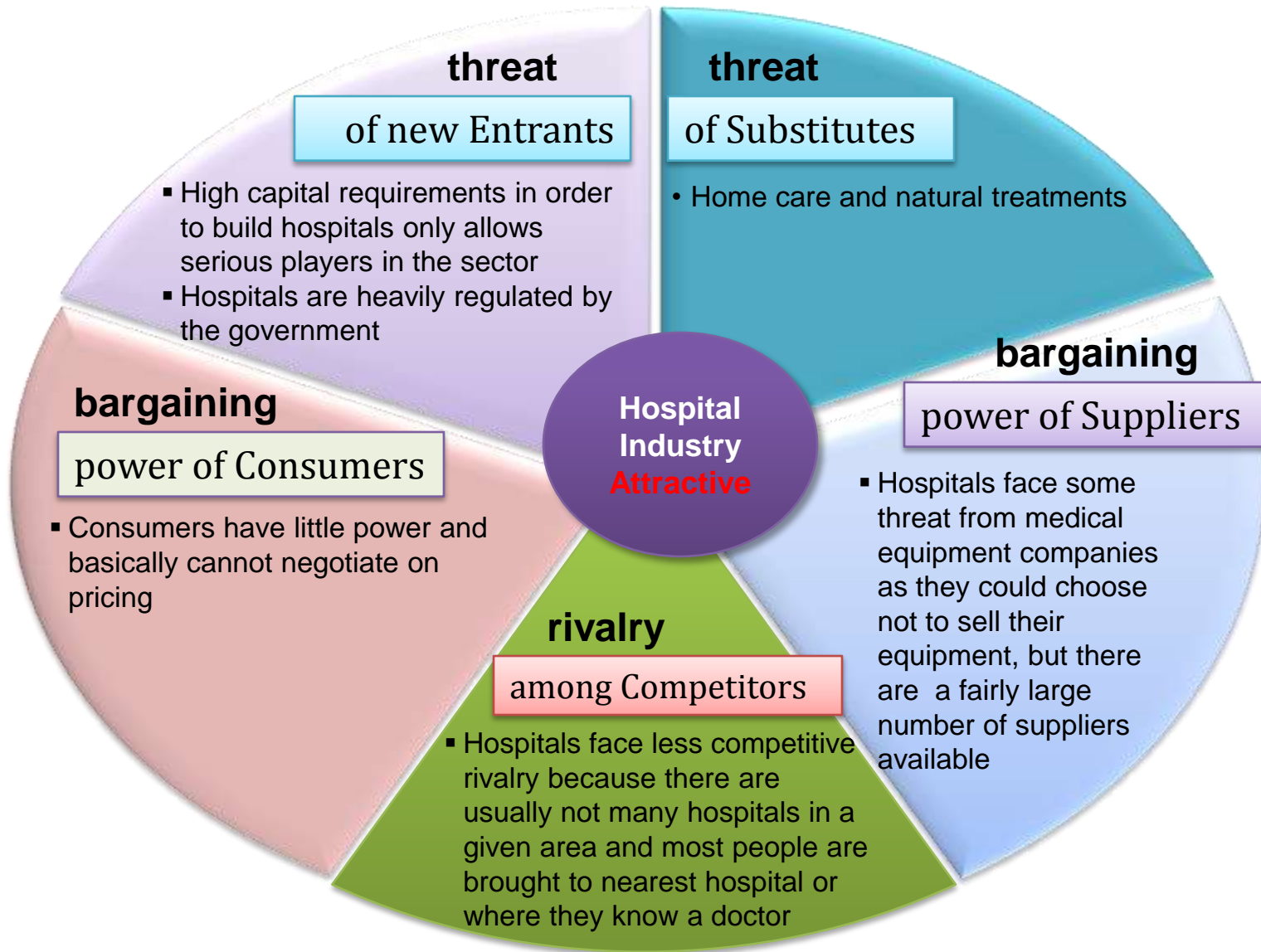
Industry Overview

- ✚ The **hospital segment** holds a major share of the healthcare industry and is **outpacing the overall industry growth**
- ✚ The size of the private hospital industry in India is estimated to be around **US\$25billion as per Assocham** and growing at a **CAGR of 20%**
- ✚ The demand for hospital services has been consistently soaring in the country, with every class of the society demanding **better quality and standards of healthcare**
- ✚ Realizing the continuous **growing demand**, many investors worldwide have expressed their keenness towards investing in the Indian hospital service market. The country is making strides in the right direction as evident from the 100% allowance of FDI in the hospital segment under the automatic route, since January 2000
- ✚ According to “**Indian Hospital Services Market Outlook**” by **RNCOS Industry Research Solutions**, the country needs to cover the cumulative deficit of around **3 million hospital beds to match up with the global average of 3 beds per 1000 population**



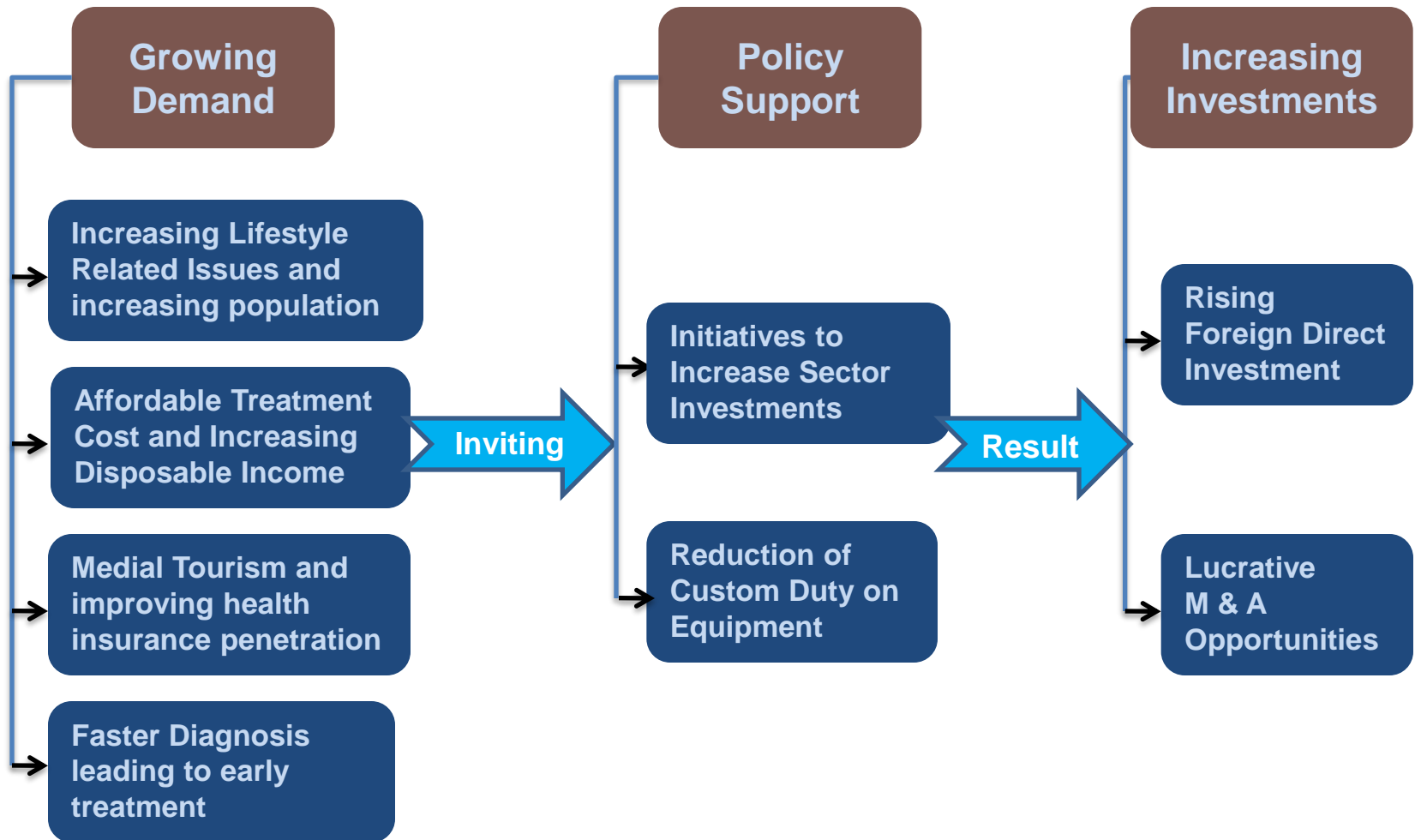
Porter's Five Forces Analysis

Hospital Industry in India





Growth Drivers



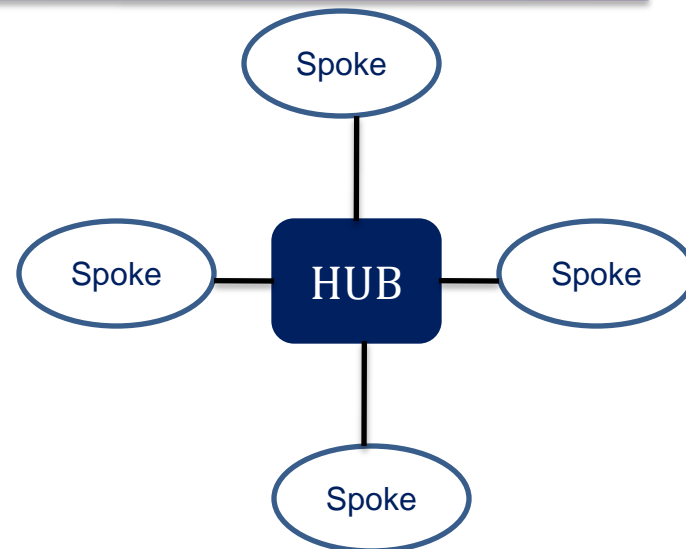
Increasing old age population will drive demand for hospital services



What are the Operating Business Models?

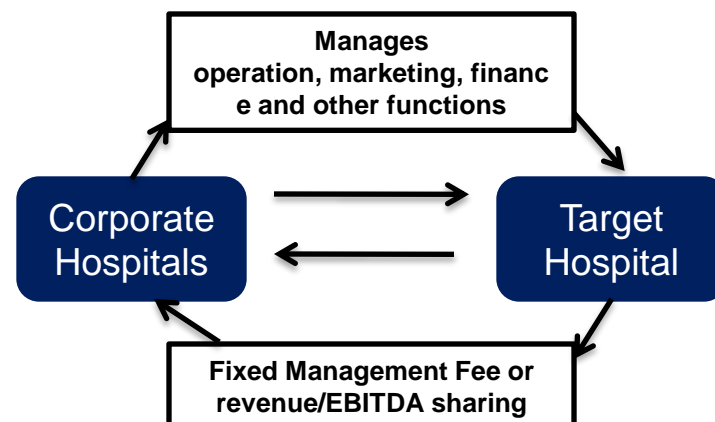
1 Hub & Spoke Model

- Under a hub and spoke model, a super specialty hospital (hub) is established in a major city of a region, with smaller multi-specialty hospitals/day care centers in surrounding towns
- Enhance profitability by ensuring better treatment at the spokes, and transfer of patients of hubs only if required, increasing occupancy etc.



2 Operating Maintenance Contracts

- A corporate chain (like **Fortis** or **Apollo**) takes over management of a hospital owned by a trust
- In return, the corporate hospital gets a fixed annual management fee or a share of the **Revenue/ EBITDA**





Innovative Delivery Formats



Healthcare Cities

- One-stop shops which offer healthcare services, including wellness centers, educational & training institutions
- Due to large land requirements, these are often situated on the outskirts of a city and attracting patients could be a major challenge
- There are 9 health cities currently being planned in India at an investment of \$2.3 billion (e.g. Medicity by Dr. Naresh Trehan, Gurgaon)



Day Care Surgery

- These are units which conduct procedures where patients are discharged on the same day and not hospitalized
- Enable hospitals chains to free up capacity at tertiary hospitals, while retaining patients within the network
- Require low capex, making breakeven periods shorter



Specialty Hospitals

- Offer “best in class” treatment in certain therapies and position themselves as centers of excellence in those treatments
- Enables them to attract best specialists and drive patient volumes overriding geographical boundaries
- Example : **Narayana Hrudayalaya** (for cardiology)



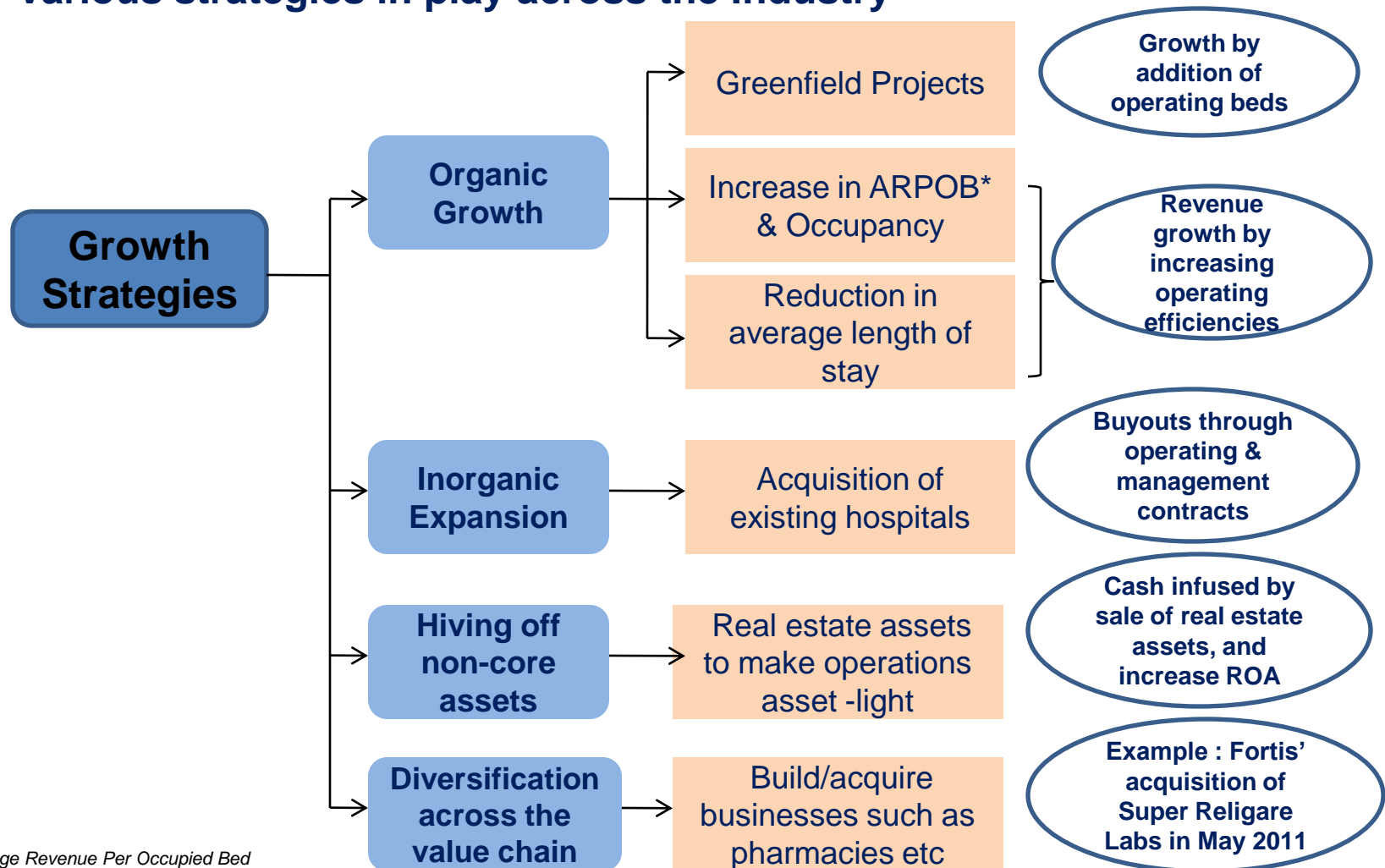
Senior Living Hospitals

- An institution where aged people can reside after their working life
- Offers medical facilities, options for entertainment such as libraries and TV rooms and members are encouraged to live a healthy community life with regular exercise, meditation and healthy food amongst peers (e.g **Max Ventures’** new initiative **Antara** led by **Analjit Singh’s** youngest daughter **Tara Singh** in Dehradun)



Growth Strategies in the Industry

Various strategies in play across the Industry



* Average Revenue Per Occupied Bed

The asset-light model is the preferred growth strategy for PE investors



Key Trends in the Industry

Shift from communicable to lifestyle diseases

- 50% of the spending on in-patient beds will be from lifestyle – related diseases, which will result in increased demand for specialized care

Management contracts

- Many healthcare players such as Fortis and the Manipal Group are signing management contracts to provide additional revenue stream to hospitals

Evolution of telemedicine

- Telemedicine is evolving fast in India, supported by the ICT sector. Currently, about 650 telemedicine centers exist throughout India

Expat doctors / Foreign doctors

- This trend is being supported by Improved healthcare infrastructure in India, increase in medical tourism, improved compensation structures and growing restrictions on licensing and practicing in UK and Europe (e.g. Back 2 Health started by Dr. Shiv Bajaj who returned to India from Canada, Vardan by the Times of India Group, Active Ortho in Delhi set up by a German physical therapist etc.)

Holistic well-being

- Various hospitals have tied-up with holistic health centers to combine traditional healthcare knowledge and practices with conventional systems



Opportunities in the Industry



Healthcare Infrastructure

- Need 3 Million more hospital beds to match the global average of 3 beds per 1000 population
- An additional 700,000 doctors will be required by 2025 to reach a ratio of one medical doctor per 1,000 individuals



Research

- Contract research is a fast growing segment in the Indian health care industry
- Foreign players are entering into contracts to reduce their operational and clinical costs



Medical Tourism

- The Indian Medical Tourism Industry is poised to grow at 30 % annually
- The cost of surgery in India is one-tenth of the cost in developed countries



Artificial limbs

- Given India's cost competitiveness analytical limbs (plastics) can be manufactured / exported at a fraction of the cost in India



Online

- Schedule appointments & provide simple medical advice online
- Patients records management on virtual servers



Challenges in the Industry

1. Hospitals will always have a community / charitable angle to them, so will face constant government regulation and scrutiny and thus super-profits will always raise eyebrows
2. Many hospitals and healthcare providers are struggling with outdated information technology in India today
3. A major challenge for our nation and the healthcare industry would be not only to retain the healthcare workforce but also to develop an environment, which would attract those abroad to return (reverse brain drain)
4. The growing demand for quality healthcare and the absence of matching delivery mechanism pose a great challenge
5. There is an acute shortage of faculty of medical teachers all over the country. One of the pivotal factors to sustain the projected growth of the healthcare industry in India would be the availability of a trained workforce, besides cheaper technology, better infrastructure etc
6. Another challenge will be to find good talent in India to provide the ancillary healthcare services, especially the voice based ones which require not only good English communication skills but also very good analytical skills



Government Initiatives

1. The government plans to build 6 super specialty tertiary care hospitals with research and education centers across the country. These would cater to the economically challenged sections and make high-end clinical care available to the masses (but a lot more needs to be done)
2. The government has also undertaken initiatives through its flagship programs such as the Rashtriya Swastha Bima Yojana (RSBY) and State level Insurance schemes like the Arogyashri and Chiranjeevi
3. The Central government is setting up the first specialized device center 'National Center for Medical Devices ' in Gujarat to promote indigenous R&D efforts
4. Customs duty on life-saving equipment has been reduced to 5% from 25%, and is exempted from countervailing duty. Import duty on medical equipment has been reduced to 7.5% in the current budget
5. The government take on the current compulsory rural stint for medical professionals is that it should be continued; however it needs to be augmented with better facilities and support systems



Risk Factors of the Hospital Industry

1.Long gestation periods

Hospitals require significant upfront investments and have a long payback period. This makes investments in the sector less attractive

2.Lack of qualified staff

Finding qualified staff & specialized doctors is a major challenge for hospitals in India, especially for new start ups, leading to wage inflation and inadequate quality

3.Rising real estate prices

Increasing real estate prices lead to higher initial outlay or higher lease payments, resulting in decreased profitability

4.Lack of capital

Huge capital will be required to meet the growing demand of healthcare facilities and only a few big business houses can afford such expenditures and have the patience to reap the steady returns over a long period of time

5.Increasing operating cost

Increasing cost of equipment and labour lead to margin pressure and lower profitability and it is also difficult to keep increasing pricing for patient care



New - Age Healthcare Solutions



Sidhant Jena, Co-Founder & CEO at Jana Care

- Jana Care provides healthcare services for Diabetes patients, driven by unhealthy lifestyles & a general lack awareness that is hurting the wallets and health of a majority of the Indian population
- Jana Care will combine the power of mobile phones with an innovative platform to make Diabetes management cheaper, simpler and significantly better

Nandu Mahadava, CEO at mDhil

- mDhil provides basic healthcare information to the Indian consumer via text messaging, mobile web browsers, and through interactive digital content
- Mobile handsets provide content and services to people who want to know more about common health conditions, diseases, and medications



Sameer Malik, Director at Doctor Saab Hai?

- The company provides free consultation services to consumers across India
- They operate through a round the clock call center with certified doctors and nurses to handle all medical queries
- Their aim is to advice patients on the most suitable treatment and connect them to the right medical practitioner or service in the most economical fashion

Krishna Mahesh, Founder & CEO at Sundaram Medical Devices

- Based in the city of Chennai in southern India, Krishna used the engineering rigor, high standards, and cost control of the Indian automotive industry to develop a high tech, low-cost medical bed with enhanced usability both for the patient and the care giver in Indian healthcare institutions





Focus Area: Senior Assisted Living in India

**98
million**

**Elderly people in
India today**

**3.8%
Per
Annum**

**Growth Rate (compared
to 1.8% overall)**

**240
million
by
2050**

**Estimated that the population
above 60 years (60+) of age in
India will touch 240 million by
2050**

12.6

**Old age
Dependency ratio
up from 10.6 in 1991**

60+

**Fastest growing
demographic segment in
the world**

**27
million**

**Estimated seniors needing
specialized medical care in
India**

Challenge or Opportunity?



Needs of Senior Citizens

			
50-70 years	65-75 years	Above 70 years	Above 50 years
Active Adult, able to take care of self and no serious healthcare ailments.	Active Adult, but needing some support systems during the day	Need continuous medical attention and care in a homely environment	Enter in an independent villa or apartment and move to assisted and nursing as you age

Emerging Formats to cater to the various segments:



Urban City Centre Formats

Small scale, spread over 1-4 acres, are urban formats. Having modern amenities and located within city limits



Peri-Urban Formats

Mid Scale, Spread over 4-10 acres. They can be apartments, villas or independent houses and located within city limits



Sub-Urban Formats

Large scale, from 10 acres to 50-60 acres. These are communities with large expanse of spaces and located at the outskirts of city



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Presence of Senior Living Cities in India

Present Projects and Industry Trends



Increased sophistication and product improvement by existing senior living players



Entry of corporate firms and rising interest of regional real estate developers



Partnership between international and Indian senior living players



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Deals in the Hospital Industry in India

- ☐ Recent M&A Deals
- ☐ Recent Private Equity Deals





Deal Comp

Mergers & Acquisitions

Date	Target	Acquirer	Deal value (\$ mn)
03/09/2012	Bilcare Ltd., Global Clinical Supplies	United Drug Plc	61.00
06/02/2012	Guru Harkrishan Hospital, Management Rights 30 Years	Radiant Life Care Pvt. Ltd	77.41
01/02/2012	Radlink-Asia Pte Ltd.	Fortis Healthcare India Ltd.	50.11
27/01/2012	Max Healthcare Institute Ltd.	Life Healthcare Group Proprietary Ltd.	104.46
12/01/2012	Fortis Healthcare International Pte. Ltd.	Fortis Healthcare India Ltd.	665.00
29/08/2011	Wockhardt Ltd., Nutrition Business	Danone SA	344.19
17/06/2011	Max Healthcare Institute Ltd.	Max India Ltd.	30.78
12/05/2011	SRL Ltd.	Fortis Healthcare India Ltd.	178.75
04/03/2011	The Lanka Hospitals Corporation Plc	Fortis Healthcare India Ltd.	36.30



Deal Comp

Mergers & Acquisitions

Date	Target	Acquirer	Deal value (\$ mn)
24/02/2011	Cancer Hospital in Singapore	Fortis Healthcare India Ltd.	25.29
22/12/2010	Dental Corp.	Fortis Healthcare India Ltd.	98.49
2/12/2010	Cardiac Science Corp.	Opto Circuits India Ltd.	54.77
22/10/2010	Piramal Diagnostic Services Pvt. Ltd.	SRL Ltd.	128.00
11/10/2010	Quality Healthcare Asia Ltd., Healthcare Businesses	Fortis Healthcare India Ltd.	200.00
18/09/2010	iCare Health Projects & Research Pvt. Ltd.	Nurture Health Services Pvt. Ltd.	22.00
01/09/2010	IVAX Diagnostics Inc.	Erba Diagnostics Mannheim GmbH	15.00
31/05/2010	Parkway Holdings Ltd.	Fortis Healthcare India Ltd.	685.30



Deal Comp

Private Equity Deals

Date	Target	Acquirer	Deal value (\$ mn)
28/09/2012	Thyrocare Technologies Ltd.	Norwest Venture Partners	22.63
13/08/2012	Nova Medical Centers Pvt. Ltd	New Enterprise Associates, Goldman Sachs (Principal Investments)	54.56
25/05/2012	Apollo Hospitals Enterprise Ltd.	International Finance Corp.	15.00
02/04/2012	Quality Care India Ltd.	Advent International Corp.	110.00
22/02/2012	Vasan HealthCare Pvt. Ltd.	GIC Special Investments Pte. Ltd	100.00
20/02/2012	Sahyadri Hospitals Ltd.	IDFC Project Equity Co. Ltd.	38.60
14/02/2012	Aptuit Laurus Pvt. Ltd.	Fidelity Growth Partners India	40.29
18/01/2012	DM Healthcare Pvt. Ltd.	Olympus Capital Holdings Asia	98.00
12/01/2012	DaVita NephroLife Care India Pvt. Ltd	New Enterprise Associates, DaVita Inc.	25.00



Deal Comp

Private Equity Deals

Date	Target	Acquirer	Deal value (\$ mn)
15/12/2011	Nephrocare Health Services Pvt. Ltd.	Bessemer Venture Partners India	37.00
09/12/2011	Max India Ltd.	Goldman Sachs (Principal Investments)	59.59
04/11/2011	Moolchand Healthcare Pvt. Ltd.	Sequoia Capital India Growth Fund II	20.17
03/11/2011	Fortis Healthcare India Ltd.	GIC Special Investments Pte. Ltd.	100.00
29/09/2011	Vivimed Labs Ltd.	Kitara Capital Pvt. Ltd., NYLIM Jacob Ballas India Fund III	26.68
05/05/2011	Healthcare Global Enterprises Ltd.	PremjiInvest , India Build - Out Fund –I	30.00
18/04/2011	SRL Ltd.	Avigo Capital Partners Pvt. Ltd.	22.60
18/01/2011	Radiant Life Care Pvt. Ltd.	Halcyon Group	44.00



Deal Comp

Private Equity Deals

Date	Target	Acquirer	Deal value (\$ mn)
26/12/2010	Max India Ltd.	Temasek Holdings Advisors India Pvt. Ltd.	26.62
25/12/2010	Thyrocare Technologies Ltd.	CX Partners Fund I	41.71
03/12/2010	Medall Healthcare Pvt Ltd.	Peepul Capital Fund II LLC	19.00
22/11/2010	Manipal Health Enterprises Pvt. Ltd.	Kotak India Growth Fund II	23.80
24/09/2010	Shilpa Medicare Ltd.	Baring India PE Fund III Ltd.	15.00



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Major Players

- ☐ Major Players in the Hospital Industry
- ☐ Common Stock Comparable Analysis





Major Players in the Hospital Industry

S.No.	Logo	Company	No. of Beds *	Presence
1		Apollo Hospitals Enterprise Ltd.	8,717	Chennai, Madurai, Hyderabad, Karur, Karimnagar, Mysore, Pune, Mauritius, Noida, Indore, Kolkata, Delhi, Dhaka, Ranchi, Aragonda, Kakinada, Ranipet, Visakhapatnam, Ludhiana
2		Aravind Eye Hospitals	3,649	Theni, Tirunelveli, Coimbatore, Pondicherry, Madurai, Amethi, Kolkata
3		CARE Hospitals	1,912	Hyderabad, Vijayawada, Nagpur, Raipur, Bhubaneswar, Surat, Pune, Visakhapatnam
4		Fortis Healthcare Ltd.	10,307	Mumbai, Bangalore, Kolkata, Mohali, Noida, Delhi, Amritsar, Raipur, Jaipur, Chennai, Kota
5		Max Hospitals	1,100	Delhi and NCR
6		Manipal Group of hospitals	4,400	Udupi, Bangalore, Manipal, Attavar, Mangalore, Goa, Tumkur, Vijaywada, Kasaragod, Visakhapatnam



Common Stock Comparison

(Amount in Crores)

SNo.	Company Name	Share Price	Market Cap	EV	Sales	EBITDA	Net Income
					2012	2012	2012
1	Apollo Hospitals	Rs. 728.10	Rs. 9,790.76	Rs. 10,383.01	Rs. 3,147.50	Rs. 525.85	Rs. 219.30
2	Max Healthcare	224.10	5,928.99	6,179.19	8,546.37	429.80	154.97
3	Fortis Health Care	103.05	4,175.38	11,454.32	2,984.03	493.22	72.22

SNo.	Company Name	EBITDA Margin	PAT Margin	EV/Sales		EV/EBITDA		P/E	
				2012	2013E	2012	2013E	2012	2013E
1	Apollo Hospitals	16.71%	6.97%	3.30x	2.68x	19.75x	15.75x	44.65x	31.59x
2	Max Healthcare	5.03%	1.81%	0.72	0.63	14.38	7.59	38.26	17.31
3	Fortis Health Care	16.53%	2.42%	3.84	3.67	23.22	24.95	57.81	40.30
	Average	12.75%	3.73%	2.62x	2.33x	19.12x	16.10x	46.91x	29.73x
	Median	16.53%	2.42%	3.30x	2.68x	19.75x	15.75x	44.65x	31.59x
	Maximum	16.71%	6.97%	3.84x	3.67x	23.22x	24.95x	57.81x	40.30x
	Minimum	5.03%	1.81%	0.72x	0.63x	14.38x	7.59x	38.26x	17.31x

Note: *Max Healthcare is a subsidiary company of Max India which is a listed entity and information shown in the CSC above is on a consolidated basis which represents the whole group (Max India)

* Share price shown are as on 30th September 2012 and Sales, EBITDA & Net Income figures are based on March 2012 (financial year closing)



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Profiles of the Major Players

Listed Players





Apollo

Company Profile



Company Information

Head quarter: Chennai, India

Year of
Incorporation 1979

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 9,790.76

2012 P/E : 44.65x

52 week High / Low : 803/452

Key Management

Dr. Prathap
C.Reddy Executive Chairman

Dr. Preetha Reddy MD

Ms. Suneeta
Reddy Joint MD

Ms. Sangita Reddy Executive Director

Mr. N. Vaghul Non-Executive Director

Mr. Deepak Vaidya Non-Executive Director

Mr. T.K. Balaji Non-Executive Director

Business Overview

- The Apollo Hospitals Group is one of the largest healthcare groups in Asia and has some of the best hospitals in India
- It is an integrated **healthcare organization** with owned and managed hospitals, diagnostic clinics, dispensing pharmacies and consultancy services
- It also provides services to support **businesses, telemedicine, education**, training programs & research services
- It offers a broad range of **Continuing Medical Education (CME)** opportunities through Web broadcasts of its ongoing CME programs and other such academic events
- The **Apollo Hospitals Educational and Research Foundation** is recognized by the Department of Scientific and Industrial Research as a symbol of excellence



Apollo

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 1,632.94	Rs. 2,049.17	Rs. 2,610.16	Rs. 3,160.19	24.62%
% Growth		25.49%	27.38%	21.07%	
Gross Profit	815.57	1,035.61	1,295.30	1,597.85	25.13%
% Margin	49.94%	50.54%	49.63%	50.56%	
EBITDA	246.18	323.27	423.80	525.85	28.79%
% Margin	15.08%	15.78%	16.24%	16.64%	
EBIT	182.21	248.31	329.05	401.95	30.18%
% Margin	11.16%	12.12%	12.61%	12.72%	
PBT	134.37	197.69	261.23	326.06	34.38%
% Margin	8.23%	9.65%	10.01%	10.32%	
PAT	102.49	137.56	183.92	219.30	28.86%
% Margin	6.28%	6.71%	7.05%	6.94%	

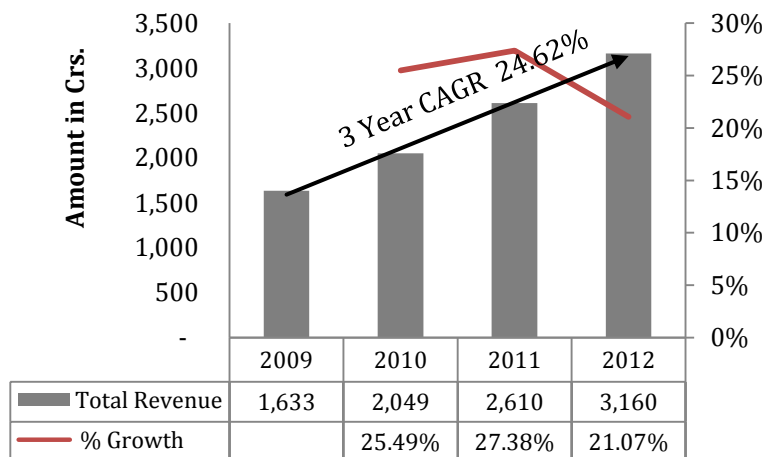
Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 2,644.79	Rs. 3,265.78	Rs. 3,627.96	Rs. 4,277.00
Total Debt	697.13	937.34	982.24	829.05
Shareholder's Equity	1,468.87	1,653.46	1,898.92	2,505.93
Cash & Bank	87.60	311.67	178.11	236.80
Capital Expenditure	372.39	393.84	333.50	394.50
Net Working Capital	157.23	(19.72)	(16.51)	(17.34)

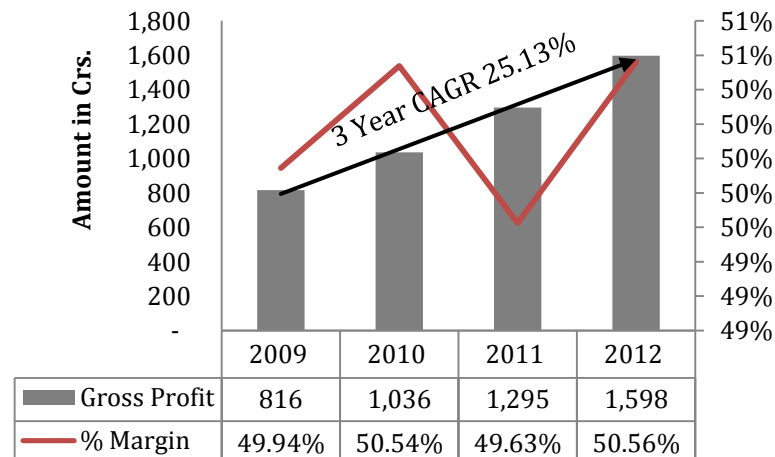
Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt



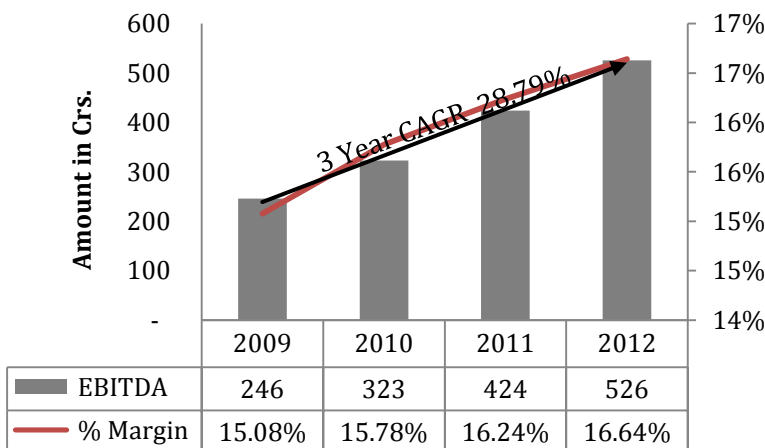
Sales & Sales Growth



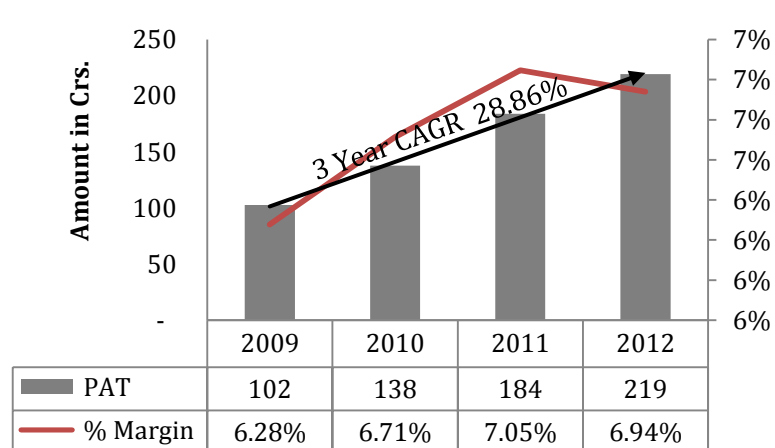
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Max Healthcare

Company Profile



Company Information

Head quarter: New Delhi, India
 Year of Incorporation: 1985

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 5,928.99
 2012 P/E : 38.26x
 52 week High / Low : 247/140

Key Management

Analjit Singh	Chairman
Dr. Ajay Bakshi	CEO
Mr. Yogesh Sareen	CFO
Ms. Shubhra Banerjee	Director
Mr. K.S. Ramsinghaney	Executive Director
Mr. Anil Vinayak	Director

Business Overview

- Max Healthcare is a **subsidiary company of Max India** and operates the hospital business of the group
- It is a leading provider of **standard, seamless, integrated** and international standards healthcare services
- Max Healthcare **operates 8 centers in Delhi and the National Capital Region (NCR)**, offering services in over 30 medical disciplines
- The Max Healthcare network offers a full range of healthcare services, with its team of over **1,250 leading doctors, 1,900 nurses and 1,700 para-medical staff**
- It has **centers of excellence** in Minimal Access, Metabolic & Bariatric Surgery, Cardiology, Aesthetic and Reconstructive Surgery, Internal Medicine, Neurosciences, Orthopaedics and Joint Replacement, Obstetrics and Gynecology and Paediatrics



Max Healthcare

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 287.61	Rs. 345.76	Rs. 409.39	Rs. 466.60	17.50%
% Growth		20.22%	18.40%	13.97%	
Gross Profit	197.53	221.55	253.18	284.51	12.93%
% Margin	68.68%	64.08%	61.84%	60.98%	
EBITDA	38.77	5.87	6.65	(20.41)	-180.75%
% Margin	13.48%	1.70%	1.62%	-4.37%	
EBIT	25.79	(7.72)	(7.69)	(39.37)	-215.14%
% Margin	8.97%	-2.23%	-1.88%	-8.44%	
PBT	31.87	(3.29)	0.57	(32.89)	-201.06%
% Margin	11.08%	-0.95%	0.14%	-7.05%	
PAT	47.61	(3.32)	0.57	(32.89)	-188.40%
% Margin	16.55%	-0.96%	0.14%	-7.05%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 924.50	Rs. 1,060.14	Rs. 1,021.49	Rs. 1,292.18
Total Debt	235.97	349.56	343.94	323.12
Shareholder's Equity	624.27	626.13	465.83	765.92
Cash & Bank	32.02	35.69	27.26	72.92
Capital Expenditure	51.69	8.56	15.27	165.37
Net Working Capital	375.49	478.11	54.17	55.43

Note: The Financials shown above are of Max Healthcare which is a subsidiary company of Max India Ltd

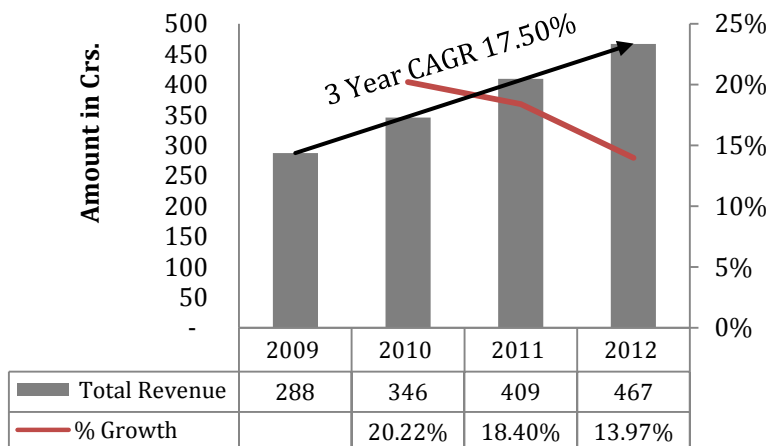
Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt



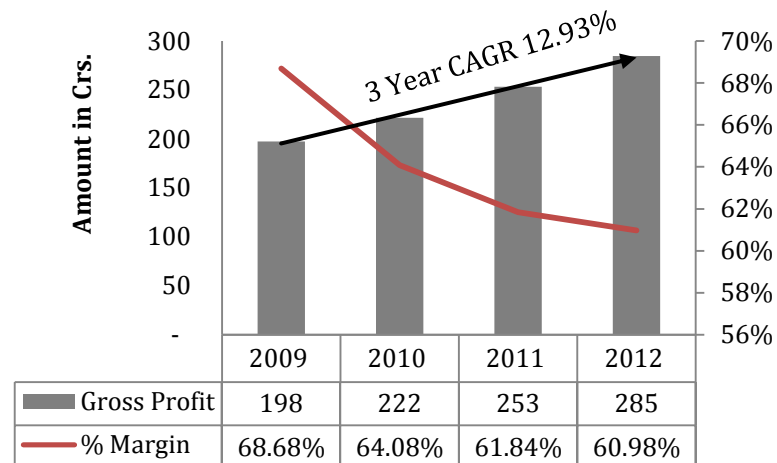
Max Healthcare

Financial Summary (Amount in Crores)

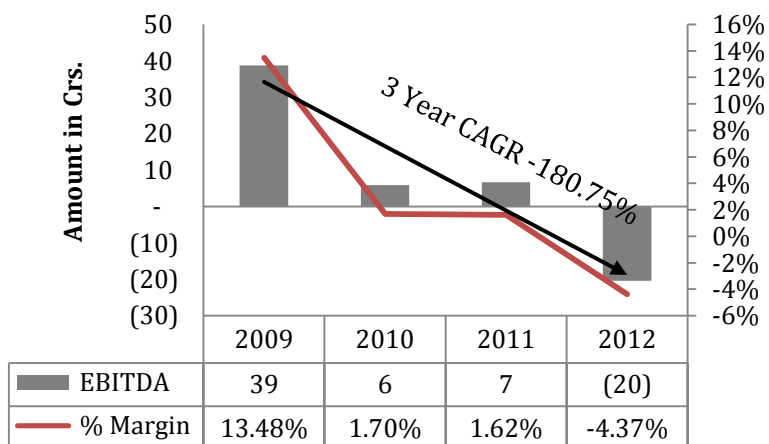
Sales & Sales Growth



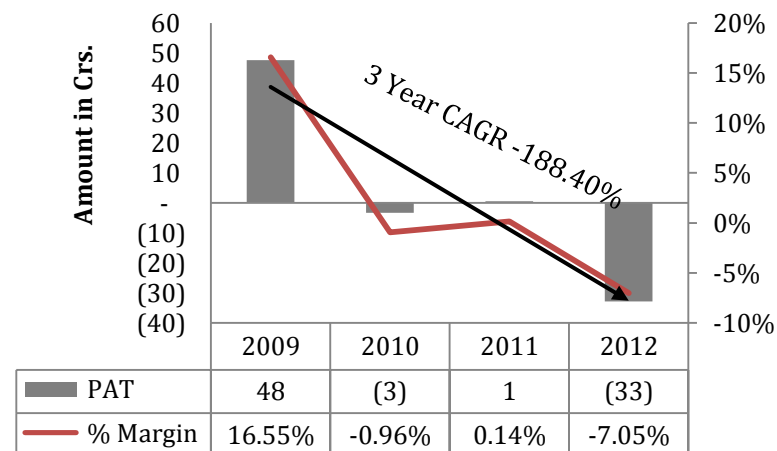
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Fortis

Company Profile



Company Information

Head quarter: New Delhi, India
 Year of Incorporation 1996

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 4,175.38
 2012 P/E : 57.81x
 52 week High / Low : 133/81

Key Management

Malvinder Mohan Singh	Executive Chairman
Shivinder Mohan Singh	Executive Vice Chairman
Sunil Godhwani	Non-Executive Director
Balinder Singh Dillon	Executive Director
Harpal Singh	Non-Executive Director
Joji Sekhan Gill	Non-Executive Independent Director
Justice S.S. Sodhi	Non-Executive Independent Director

Business Overview

- **Fortis Healthcare Limited** is a leading, integrated healthcare delivery provider in the **Pan-Asia-Pacific region**
- At present the company operates its **healthcare delivery network** in Australia, Canada, Dubai, Hong Kong, India, Mauritius, New Zealand, Singapore, Sri Lanka and Vietnam
- It is one of the fastest **growing hospital chains, with a network of 51 hospitals** and 6,700 bed capacity under management in India
- It forayed into diagnostics by acquiring **Super Religare Labs (SRL) in 2012**



Fortis

Financials (Amount in Crores)



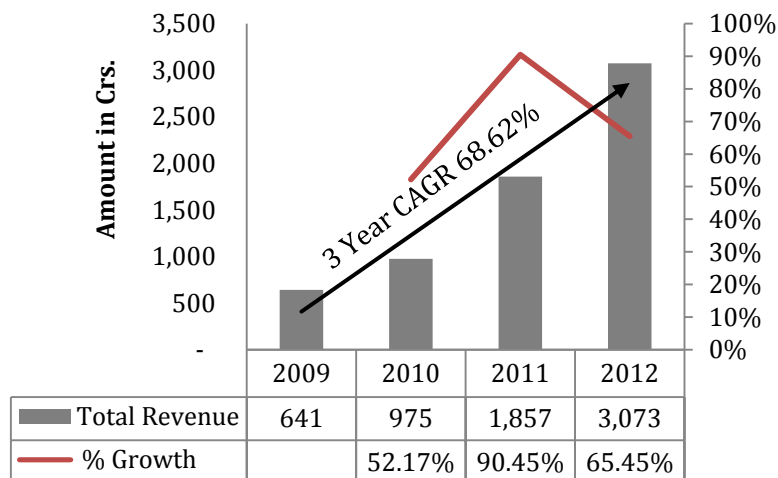
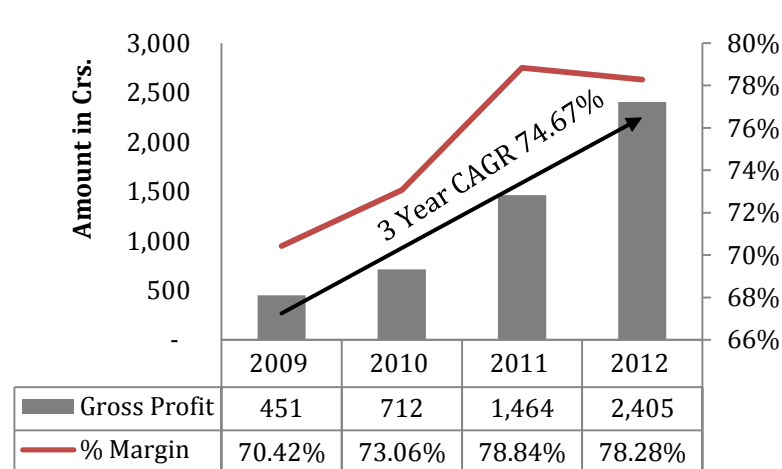
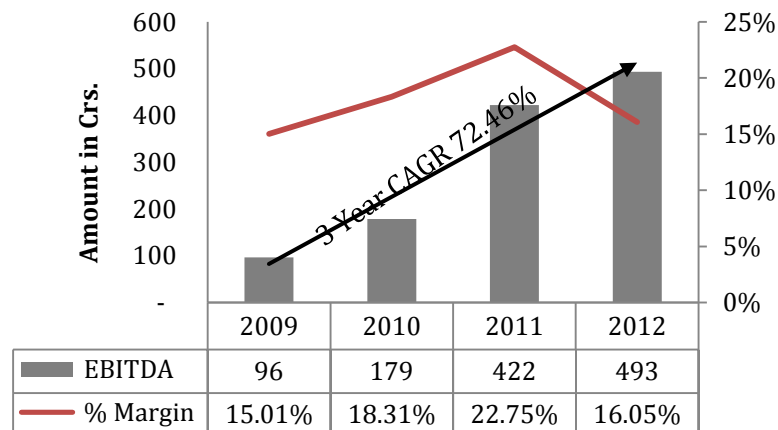
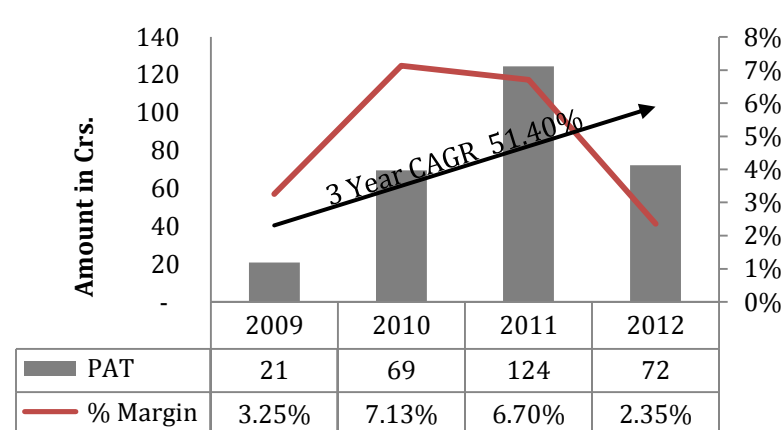
Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 640.83	Rs. 975.12	Rs. 1,857.33	Rs. 3,072.53	68.62%
<i>% Growth</i>		52.17%	90.47%	65.43%	
Gross Profit	451.30	712.45	1,464.64	2,405.22	74.67%
<i>% Margin</i>	70.42%	73.06%	78.86%	78.28%	
EBITDA	96.16	178.50	421.39	493.22	72.46%
<i>% Margin</i>	15.01%	18.31%	22.69%	16.05%	
EBIT	47.42	118.56	315.27	309.60	86.90%
<i>% Margin</i>	7.40%	12.16%	16.97%	10.08%	
PBT	21.86	73.39	146.91	107.76	70.19%
<i>% Margin</i>	3.41%	7.53%	7.91%	3.51%	
PAT	20.81	69.48	124.36	72.22	51.40%
<i>% Margin</i>	3.25%	7.13%	6.70%	2.35%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 4,282.86	Rs. 7,889.62	Rs. 4,773.86	Rs. 12,429.30
Total Debt	500.56	5,505.12	1,113.74	7,693.85
Shareholder's Equity	1,318.56	2,065.41	3,361.83	3,253.87
Cash & Bank	57.94	1,311.33	163.26	414.91
Capital Expenditure	141.24	1,045.24	353.60	569.96
Net Working Capital	1.20	(1,275.07)	706.41	(218.82)

Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt

**Sales & Sales Growth****Gross Profit & Gross Profit Margin****EBITDA & EBITDA Margin****PAT & PAT Margin**



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Indian Pharmaceutical Industry

Indian Pharmaceutical Industry



Industry Overview

- ✚ The Indian Pharmaceutical industry is currently valued at **US\$20 billion** and has been **growing at a CAGR of 15.37% in past three years**. It is **the third largest market globally in terms of volume and 13th largest by value today**
- ✚ The domestic pharma market is expected to grow at a **CAGR of 15-20% annually to become a US\$49 billion market by 2020**
- ✚ The growth of the sector has been fuelled by exporting life-saving drugs to developing countries and supplying quality drugs to the developed nations at affordable prices, which resulted in a **29.8% growth in FY12 in Indian drug exports** in comparison to the prior year
- ✚ Indian pharma companies are increasingly filing **Abbreviated New Drug Approvals (ANDAs)** applications for the approval by the **US Food & Drug Administration (FDA)**. Since the US is the largest market for generics, increasing number of approvals by the US FDA gives an opportunity to **penetrate deeper into the global market**
- ✚ Today, the Indian Pharma industry is the largest exporter of generics in the world. It caters to an ever-rising demand for generics from **developed nations like the US, UK and Japan**, as the governments of these countries are **switching over to generic drugs from branded drugs** in order to curb the rising healthcare costs



SWOT Analysis of Indian Pharma

S TRENGTHS

- Cost Competitiveness
- Low-cost, highly skilled set of English speaking labour force
- Growing treatment naive patient population
- Diverse ecosystem
- Good marketing and distribution system

W EAKNESSES



- Stringent price controls
- Lack of data protection
- Poor all-round infrastructure is a major challenge
- Low investment in R&D
- Lack of coordination between the industry and academia

Internal factors

O PPORTUNITIES

- Global demand for generics rising
- Increased penetration in non-metro markets
- Significant investments from MNCs
- Prescription Drugs
- Online Drug Retailing

T HREATS



- Labor Shortage
- Spurious Drugs
- Wage inflation
- Competition from other emerging economies
- Product patent regime is a major threat to the domestic industry

External factors

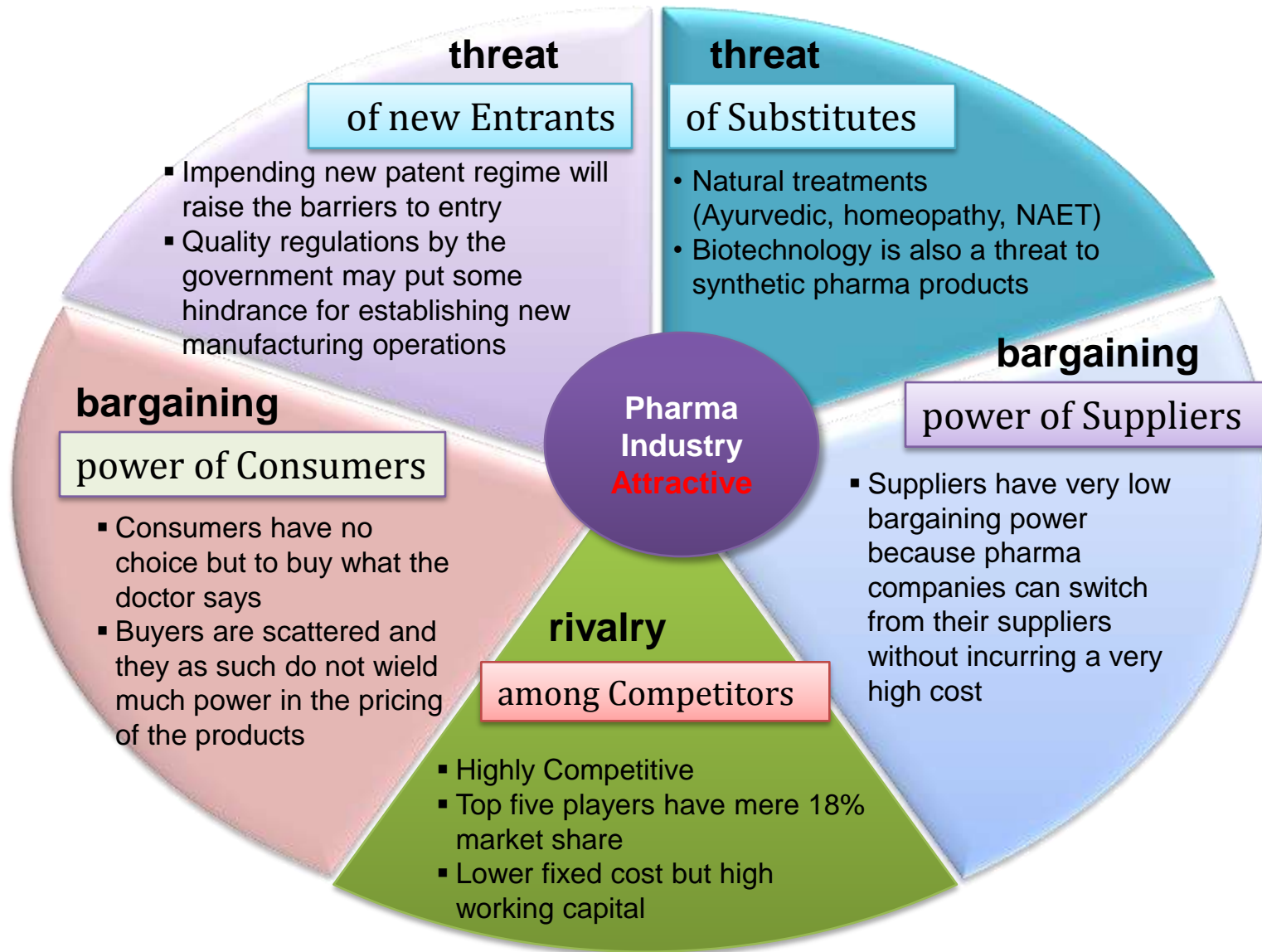
Positive

Negative



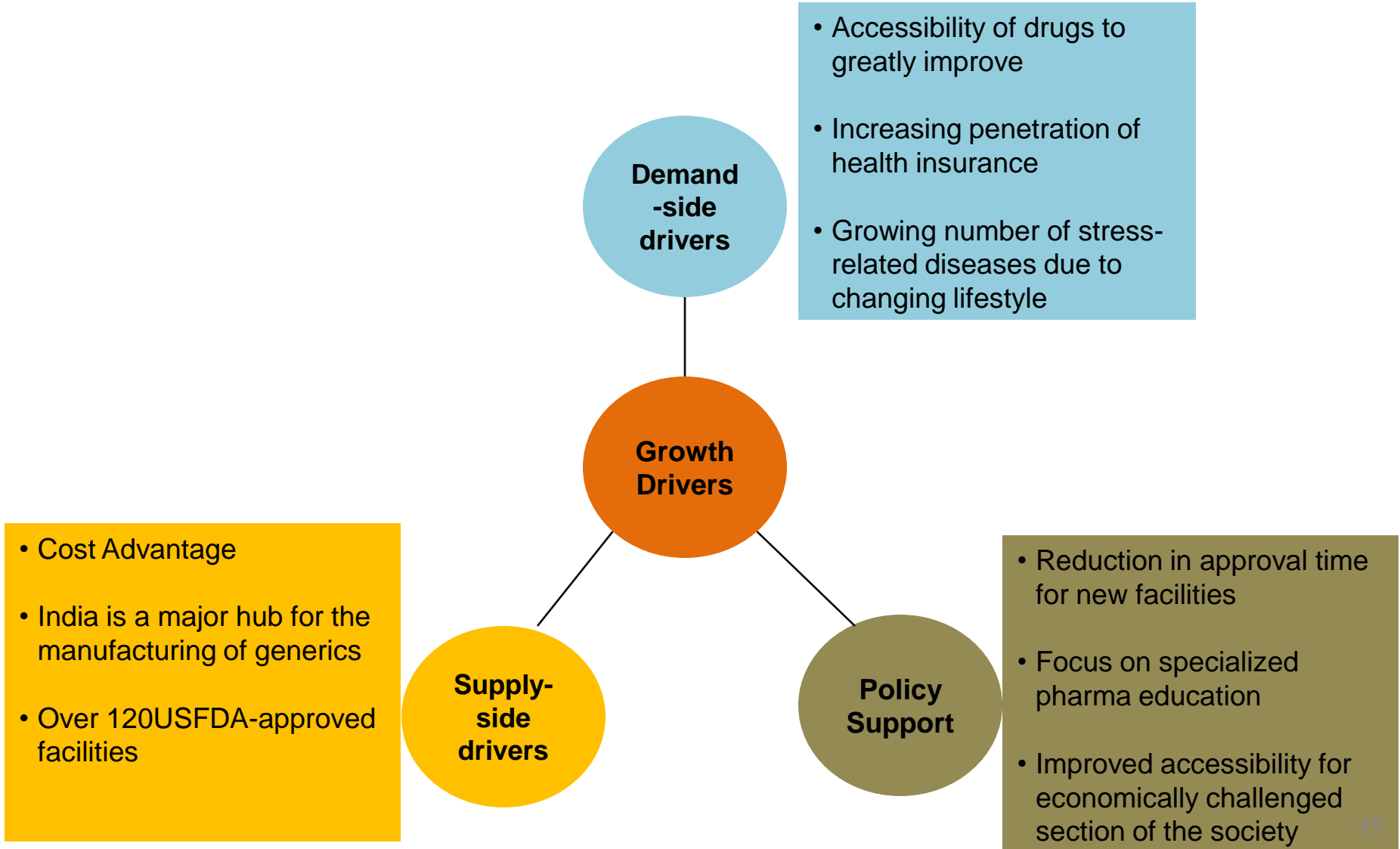
Porter's Five Forces Analysis

Pharma Industry in India





Growth Drivers





Demand Drivers for the Pharma Industry

Accessibility

- Over US\$200 billion to be spent on medical infrastructure in the next decade
- New business models expected to penetrate tier 2 and 3 cities
- Over 160,000 hospital beds expected to be added each year

Acceptability

- Rising levels of education to increase the acceptability of pharmaceuticals
- Patients to show greater propensity to self medicate, boosting the OTC market
- Acceptance of biologics and preventive medicines to rise
- Vaccine market could grow 20% per year in the next decade

Demand Drivers

Affordability

- Rising income could usher 73 million households into the “middleclass segment” over the next ten years
- Over 650 million people expected to be covered by health insurance by 2020
- Government-sponsored programs expected to provide health benefits to over 380 million economically challenged people

Epidemiological Factors

- Patient pool expected to increase over 20% in the next ten years mainly due to a rise in the population
- Newer diseases and changes in lifestyles to boost demand



Key Trends in the Industry

Research and Development

- Indian Pharma Companies spend only 2% of their total turnover on R&D
- Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

Clinical Traits

- Due to its cost advantage, India is increasingly becoming a hub for clinical trials

Export Revenue

- The pharmaceutical export market in India is thriving due to strong presence in the generic space

Joint Ventures

- Several multinational companies are collaborating with Indian pharma firms to develop new drugs
- E.g.: Pfizer partnered with Aurobindo Pharma to develop generic medicines

Product Patents

- The introduction of product patents in India in 2005 has boosted the discovery of new drugs
- India has reiterated its commitment to IP protection following the introduction of product patents



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Opportunities in the Sector



Clinical trial market

- The Indian clinical market is estimated to be worth US\$1.5 billion
- Due to a genetically-diverse population and availability of skilled doctors, India has the potential to attract huge Investments to its clinical trial market



High-end drugs

- Due to an increasing population and rising income levels, demand for high-end drugs is expected to soar
- Demand for high ends drugs could reach US\$8billion by 2015
- Growing demand could open up the market for the production of high-end drugs



Penetration in rural market

- With 70% of India's population residing in rural areas, there are immense opportunities for pharma companies to tap this market
- Demand for generic medicines in rural markets has grown sharply. Various companies are investing in the distribution network in rural areas



Challenges in the Industry

1. Growth in the domestic formulations market is slowing down and the domestic bulk drugs industry is facing intense competition due to cheap imports
2. Price wars between regional and local pharma companies are driving down prices, exerting pressure on margins and creating a downward spiral (“Airline industry syndrome”)
3. Till today there is exists tremendous confusion in the grant of EMR (Exclusive Marketing Rights) due to lack of transparency in the process and regulations are getting more stringent and in some areas it is obscure, as with regenerative medicine and bio-similars
4. Multinational pharma companies are getting more aggressive in protecting their patents and defending their market share, even after patent expiry and are taking the generics and local brands head-on
5. Attracting and retaining talent and the ability to leverage technology remain key challenges for the industry
6. The support and infrastructure around the pharma industry still continues to be poor and several billions of dollars of investment is required in the warehousing and cold-storage logistics networks for medicines



Government Initiatives

1. 100% Foreign Direct Investment (FDI) is allowed under the automatic route in the drugs and pharmaceuticals industry in India
2. Technology freely importable (Royalty applicable)
3. The Department of Pharmaceuticals is mulling the creation of Drug research facilities which can be used by private companies for R&D who cannot afford independent facilities
4. The government is also contemplating the creation of special purpose vehicles with an insurance cover to be used for funding new drug research
5. Establishment of new mechanisms to promote public private partnership in R&D and to support new drug-development by way of providing soft loans to the Pharma Industry
6. The government has introduced additional tax deductions for R&D expenses
7. Two new schemes - New Millennium Indian Technology Leadership Initiative and the Drugs and Pharmaceuticals Research Program have been started
8. The government has also initiated the recognition of the pharmaceutical industry as a knowledge base industry



Major Risks to Indian Pharma Companies

1. Price control of drugs

Currently, MNC Pharma companies have higher exposure to price controlled products namely Glaxo SmithKline Pharma (GSK), Merck and Pfizer. The high exposure to the price controlled products has a direct impact on their EBIDTA margin

2. Increasing scrutiny by US FDA

Increased scrutiny and stringency in norms by US FDA can be a deterrent to the planned growth for Pharma companies. Warning letters, import alerts and bans may seriously damage growth plans and also sentiment for the sector leading to value deduction/loss of momentum

3. Fluctuations in currencies

Indian pharma companies derive a considerable portion of their revenues from the overseas market and hence have high exposure to foreign currencies. Hence, the companies have resorted to the hedging of currencies to minimize the risk but face stringent limits under laws (don't want to get classified as currency arbitragers)

4. Elongated approval timings

Longer average approval timings for the ANDAs (Abbreviated New Drug Application)



Major Risks to Indian Pharma Companies

5. Attrition is the biggest challenge

For the domestic Pharma industry attrition is a big challenge. The top talent of the Pharma industry is becoming more mobile moving between industries such as FMCG, Insurance, Banking and IT. Major attrition (over 20%) takes place among the Medical Representatives, who move for higher studies or to BPO/KPOs

6. Risk from at-risk launches

At risk launches generally tend to bode well for companies and stock prices, but in two instances in the past (Sun Pharma: Protonix and Glenmark's: Tarka) courts in the US have ruled against the Indian companies. Liabilities arising out of this can hurt cash flows as well as valuations

7. Policy reforms

Policy changes by the Government of India could curtail some of the existing incentives for the players in the industry like the DEPB scheme, SEZs, Mauritius tax treaty advantages etc

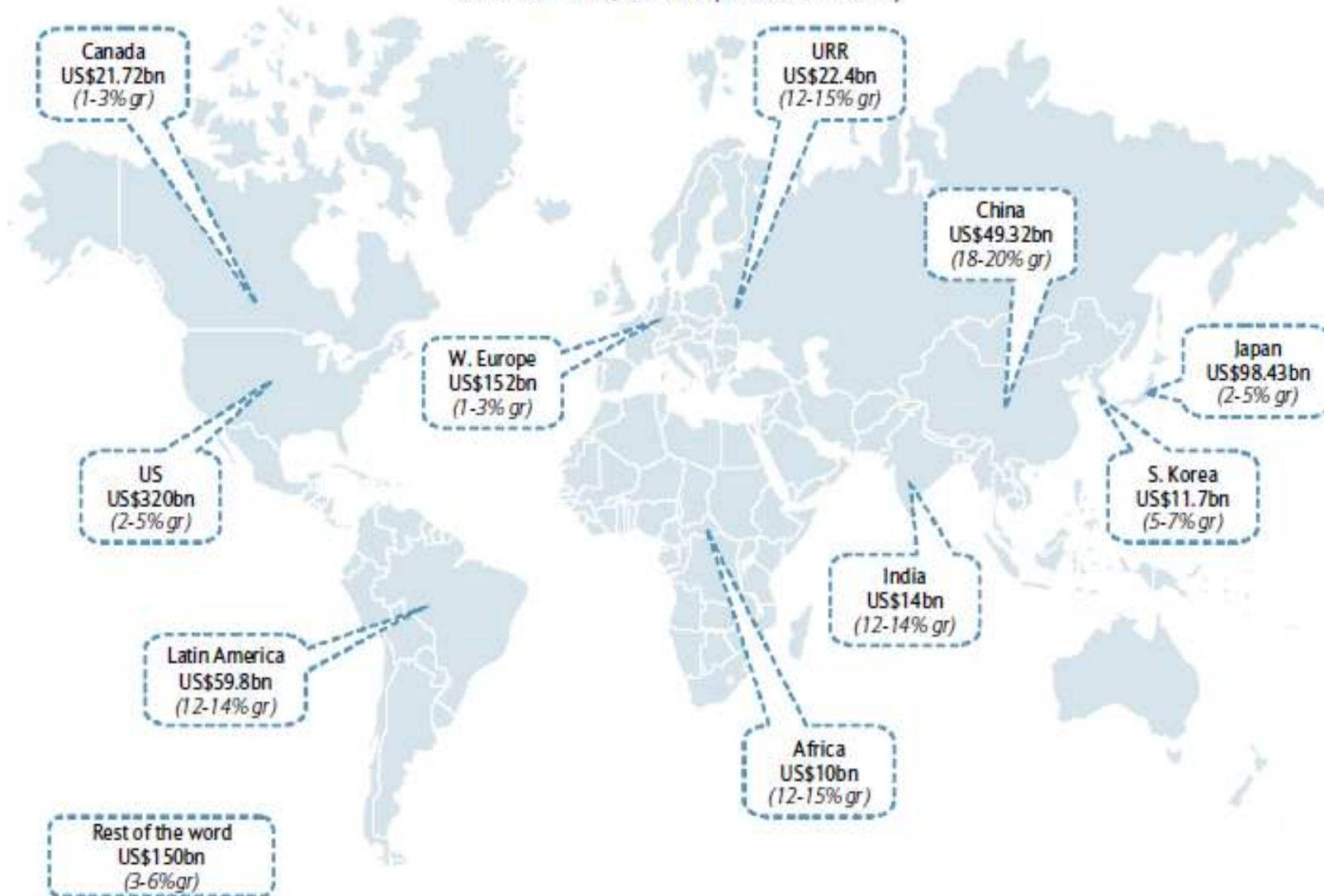
8. Counterfeit drugs

Counterfeit drugs are likely to pose a big threat to the global Pharma companies (Counterfeit drugs do not have active ingredients (placebos) or have lower amounts of active ingredients resulting in longer treatments with no recovery)



Global Pharma Market

Global Pharma US\$895 billion (CAGR 3-6% till 2015)





Pharmerging Economies

	Brazil	Mexico	Russia and CIS	S.Africa	Turkey	MENA
GDP growth (%) 2012	4.0%	4.0%	4.5%	4.3%	2.3%	3.8%
Healthcare spending as % of GDP	7.5%	7.5%	5.5%	8.7%	6.7%	6.0%
Nature of Market	Branded Generic	Branded Generic	Branded Generic	Branded Generic	Branded Generic	Branded Generic
Generic Penetration (Volume)	60%	65%	70%	40%		
Out of Pocket spending	30%	83%	75%	70%	20%	80%
Market size (2010) US\$ bn	22.9	11	15.5	4.0	9.0	7.3
Expected market size by 2015 US\$bn	33	19	26	8	15	13
CAGR	12%	11%	13%	15%	11%	12%
Regulatory Environment	Pro-generic	Pro-generic	Pro-generic	Pro-generic	Regulated	semi-regulated
Approval process	BE required; Approval time has extended off-late	BE required	Earlier simple; in the new legislation, asking BE on local patients	Relatively simple	MAA system in line with EU regulations;	Lengthy; in some cases requires 12 months stability data
Pricing mechanism	Generics are priced 35% discount to innovator brands	Free market pricing for generics	Free market pricing for out-of-pocket; reference pricing for FRP market	Generics are reference priced V. innovator brands which are referenced against other countries	Generics are priced v. innovator brands which are referenced v. price in six EU states	Reference pricing mechanism
Distribution network	Concentration is high among wholesalers; Pharmacy are	Concentration is high among wholesalers; Organised pharmacy	Wholsalers concentration is high with over 80% MS among top-3 players	Concentration is high among wholesalers	Concentration is high among wholesalers; Pharmacy are	Fragmented
Local competition	Dominated by local players	Dominated by local players	Dominated largely by global pharma companies	Highly concentrated market; high competition from local players	High level of local competition	Fragmented market
Key risks	Hospital segment is government reimbursed; aggressive local	Aggressive local comp., big pharma push	Pricing pressure in DOL market; govt. is looking for higher share of local	Pricing pressure as mkt moves towards reference pricing system	Mkt has been impacted because of price cut in last three years; local	Smaller size of individual market. Local companies are given preference



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Deals in the Pharmaceutical Industry

- ☐ Recent M&A Deals
- ☐ Recent Private Equity Deals





Deal Comp

Mergers & Acquisitions

Date	Target	Acquirer	Deal value (\$ mn)
28/9/2012	Ahlcon Parentals India Ltd.	B.Braun Melsungen AG	48.53
17/9/2012	Arch Pharmalabs Ltd.	Mitsui & Co. Ltd	69.62
26/4/2012	Star Drugs and Research Labs Ltd., Sterlite Formulations Facility	Agila Specialities Pvt. Ltd.	23.47
28/3/2012	Apex Drugs and Intermediaries Ltd.	Anjaneya Lifecare Ltd.	50.11
28/2/2012	Kilitch Drugs India Ltd., Certain Assets	Akorn, Inc	44.27
24/1/2012	Ascent Pharmahealth Ltd.	Watson Pharmaceuticals Inc.	394.05
1/12/2011	Uquifa SA	Vivimed Labs Ltd.	55.00
4/11/2011	Universal Medicare Pvt. Ltd., Nutraceutical Business	Sanofi India Ltd.	114.22
14/7/2011	J.B. Chemicals & Pharmaceuticals Ltd., Russian CIS& OTC Business	Cilag AG	207.48



Deal Comp

Mergers & Acquisitions

Date	Target	Acquirer	Deal value (\$ mn)
15/4/2011	Unimark Remedies Ltd.	Hikma Pharmaceuticals Plc	33.30
1/3/2011	RFCL Ltd.	Avantor Performance Materials Holdings Inc.	112.44
28/12/2010	ActiveOn	Surya Pharmaceutical Ltd.	22.00
11/11/2010	Taro Pharmaceuticals Industries Ltd.	Sun Pharmaceuticals Industries Ltd.	82.00
2/11/2010	Cambrex Zenara Ltd.	Cambrex Corp	20.00
22/10/2010	Piramal's Healthcare Solutions Business (Domestic Formulations)	Abbott Healthcare Pvt. Ltd.	3720.00
23/9/2010	Arch Pharmalabs Ltd.	Mitsui & Co. Ltd.	14.28
22/09/2010	Taro Pharmaceuticals Industries Ltd.	Sun Pharmaceuticals Industries Ltd.	454.00



Deal Comp

Private Equity Deals

Date	Target	Acquirer	Deal value (\$ mn)
25/4/2012	Intas Pharmaceutical Ltd.	Chrys Capital V LLC	56.20
29/9/2011	Vivimed Labs Ltd.	Kitara Capital Pvt. Ltd., NYLIM Jacob Ballas India Fund III	26.68
13/9/2011	Celon Laboratories Ltd.	Sequoia Capital India III	15.78
11/2/2011	Plethico Pharmaceuticals Ltd.	Arum Investments Pvt. Ltd.	17.41
24/9/2010	Shilpa Medicare Ltd.	Baring India Private Equity Fund III Ltd.	15.00



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Major Players

- ❑ Major Indian Companies
- ❑ Common Stock Comparable Analysis





Major Indian Companies (1/2)

Presence in Emerging Markets

S. No.	Companies	FY 12e EM (ex India) Sales (\$m)	Key Markets	Remarks
1	Cadila	\$103	Brazil, South Africa, Asia-Pacific and Mexico	The company has made significant strides in the overseas market and has a strong presence through organic and in-organic mechanisms
2	Cipla	439	South Africa and Latin America	Cipla overall continued to establish a strong presence by the partnership model
3	Dr. Reddy's	340	Russia and Venezuela, exposure to other markets through GSK	One of the most successful companies from India in the pharma space. Has built a strong franchise in Russia
4	Glenmark	178	Russia, Brazil, Mexico and Africa	Has one of the largest field force in Emerging Markets. Built a strong franchise in semi-regulated markets



Major Indian Companies (2/2)

Presence in Emerging Markets

S. No.	Companies	FY 12e EM (ex India) Sales (\$m)	Key Markets	Remarks
5	Lupin	110	South Africa, Australia, Philippines and Asia Pacific	Entered South Africa, Australia and Philippines markets through the route of inorganic growth (basically by small acquisitions)
6	Ranbaxy	457	Russia, Ukraine, Brazil, South Africa	Ranbaxy has a strong presence in over 50 Emerging Markets
7	Sun Pharma	245	Brazil, Mexico and South Africa	Over 550 strong field force in Emerging Markets. Focus on specialty led high margin segments



Common Stock Comparison

(Amount in Crores)

SNo.	Company Name	Share Price	Market Cap	EV	Sales	EBITDA	Net Income
					2012	2012	2012
<u>Generic Pharmaceuticals Companies</u>							
1	Sun Pharmaceuticals	Rs. 693.30	Rs. 71,798.15	Rs. 69,913.14	Rs. 8,019.49	Rs. 3,478.07	Rs. 2,587.25
2	Cipla Ltd.	380.60	30,559.14	30,497.86	7,020.71	1,789.96	1,141.30
3	Dr.Reddy's Laboratories Ltd.	1647.40	27,930.02	29,557.82	9,538.80	2,557.47	1,300.90
4	Lupin Pharmaceuticals.Inc	596.30	26,630.76	27,868.22	7,082.91	1,449.83	867.65
5	Ranbaxy Laboratories Ltd.	529.55	22,347.01	23,850.48	10,161.41	1,940.32	(2,899.73)
6	Cadila Pharmaceuticals Ltd.	872.20	17,858.17	19,680.87	5,263.30	1,106.80	652.60
7	Glenmark Pharmaceuticals Ltd.	421.90	11,412.40	13,336.82	4,020.64	723.64	464.30
8	Biocon Ltd.	274.55	5,491.00	5,242.30	2,086.50	573.90	338.40
9	Aurobindo Pharma Ltd.	141.70	4,125.17	7,070.45	4,627.40	580.34	(123.50)
10	Orchid Chemicals & Pharmaceuticals Ltd.	112.10	789.63	2,616.26	1,873.60	408.94	97.47

SNo.	Company Name	EBITDA Margin	PAT Margin	EV/Sales		EV/EBITDA		P/E	
				2012	2013E	2012	2013E	2012	2013E
<u>Generic Pharmaceuticals Companies</u>									
1	Sun Pharmaceuticals	43.37%	32.26%	8.72x	7.67x	20.10x	20.97x	27.75x	26.12x
2	Cipla Ltd.	25.50%	16.26%	4.34	3.65	17.04	16.68	26.78	21.90
3	Dr.Reddy's Laboratories Ltd.	26.81%	13.64%	3.10	2.80	11.56	11.09	21.47	16.86
4	Lupin Pharmaceuticals.Inc	20.47%	12.25%	3.93	3.31	19.22	17.10	30.69	20.11
5	Ranbaxy Laboratories Ltd.	19.09%	-28.54%	2.35	2.01	12.29	11.08	(7.71)	18.88
6	Cadila Pharmaceuticals Ltd.	21.03%	12.40%	3.74	3.13	17.78	14.70	27.36	20.86
7	Glenmark Pharmaceuticals Ltd.	18.00%	11.55%	3.32	3.21	18.43	18.31	24.58	28.36
8	Biocon Ltd.	27.51%	16.22%	2.51	2.18	9.13	9.32	16.23	18.86
9	Aurobindo Pharma Ltd.	12.54%	-2.67%	1.53	1.39	12.18	8.90	(33.40)	9.66
10	Orchid Chemicals & Pharmaceuticals Ltd.	21.83%	5.20%	1.40	1.12	6.40	5.68	8.10	3.97
Average		23.61%	8.86%	3.49x	3.05x	14.41x	13.38x	14.19x	18.56x
Median		21.43%	12.32%	3.21x	2.96x	14.67x	12.90x	23.02x	19.50x
Maximum		43.37%	32.26%	8.72x	7.67x	20.10x	20.97x	30.69x	28.36x
Minimum		12.54%	-28.54%	1.40x	1.12x	6.40x	5.68x	-33.40x	3.97x

Note: *Share prices shown are taken as on 30th September 2012 and Sales, EBITDA & Net Income figures are based on March 2012 (financial year closing)

* Financial Year of Ranbaxy Laboratories Ltd closes in December



Common Stock Comparison

(Amount in Crores)

SNo.	Company Name	Share Price	Market Cap	EV	Sales	EBITDA	Net Income
					2012	2012	2012
<u>Innovator CRAMS (Contract Research and Manufacturing Services)</u>							
1	Divi's Laboratories Ltd.	Rs. 1,080.10	Rs. 14,332.93	Rs. 14,357.43	Rs. 1,864.03	Rs. 745.76	Rs. 533.26
2	Piramal Healthcare Ltd.	463.35	7995.57	9,948.43	2,132.93	329.56	111.50
3	Jubilant Life Sciences Ltd.	211.50	3368.77	6,920.40	4,303.12	1,497.24	114.10
4	Dishman Pharmaceuticals Chemicals Ltd.	96.25	776.74	1,602.30	1,124.07	237.43	56.80

SNo.	Company Name	EBITDA Margin	PAT Margin	EV/Sales		EV/EBITDA		P/E	
				2012	2013E	2012	2013E	2012	2013E
<u>Innovator CRAMS (Contract Research and Manufacturing Services)</u>									
1	Divi's Laboratories Ltd.	40.01%	28.61%	7.70x	7.24x	19.25x	19.25x	26.88x	24.50x
2	Piramal Healthcare Ltd.	15.45%	5.23%	4.66	4.73	30.19	42.51	71.71	21.36
3	Jubilant Life Sciences Ltd.	34.79%	2.65%	1.61	1.47	4.62	7.30	29.52	8.49
4	Dishman Pharmaceuticals Chemicals Ltd.	21.12%	5.05%	1.43	1.25	6.75	6.97	13.67	9.47
	Average	27.84%	10.39%	3.85x	3.67x	15.20x	19.01x	35.45x	15.96x
	Median	27.96%	5.14%	3.14x	3.10x	13.00x	13.27x	28.20x	15.42x
	Maximum	40.01%	28.61%	7.70x	7.24x	30.19x	42.51x	71.71x	24.50x
	Minimum	15.45%	2.65%	1.43x	1.25x	4.62x	6.97x	13.67x	8.49x

Note: *Share price shown are taken as on 30th September 2012 and Sales, EBITDA & Net Income figures are based on March 2012 (financial year closing)



Common Stock Comparison

(Amount in Crores)

SNo.	Company Name	Share Price	Market Cap	EV	Sales	EBITDA	Net Income
					2012	2012	2012
<u>Multinational Companies</u>							
1	Glaxosmithkline Pharmaceuticals Ltd.	Rs. 1,977.05	Rs. 16,746.21	Rs. 14,708.06	Rs. 2,378.48	Rs. 802.25	Rs. 428.59
2	IPCA Laboratories Ltd.	481.80	6,061.04	6,649.93	2,358.73	465.59	276.20
3	Sanofi India Ltd.	2373.75	5,466.75	5,232.32	1,229.75	261.69	191.19

SNo.	Company Name	EBITDA Margin	PAT Margin	EV/Sales		EV/EBITDA		P/E	
				2012	2013E	2012	2013E	2012	2013E
<u>Multinational Companies</u>									
1	Glaxosmithkline Pharmaceuticals Ltd.	33.73%	18.02%	6.18x	4.66x	18.33x	13.29x	39.07x	20.62x
2	IPCA Laboratories Ltd.	19.74%	11.71%	2.82	2.54	14.28	11.83	21.94	18.67
3	Sanofi India Ltd.	21.28%	15.55%	4.25	2.85	19.99	12.57	28.59	19.72
	Average	24.92%	15.09%	4.42x	3.35x	17.54x	12.56x	29.87x	19.67x
	Median	21.28%	15.55%	4.25x	2.85x	18.33x	12.57x	28.59x	19.72x
	Maximum	33.73%	18.02%	6.18x	4.66x	19.99x	13.29x	39.07x	20.62x
	Minimum	19.74%	11.71%	2.82x	2.54x	14.28x	11.83x	21.94x	18.67x

Note: *Share price shown are taken on 30th September 2012 and Sales, EBITDA & Net Income figures are based on March 2012 (financial year closing)

* Financial Year of GlaxoSmithKline and Sanofi India Ltd closes in December



DINODIA CAPITAL ADVISORS

Profiles of the Major Players

Listed Players





Sun Pharmaceuticals Ltd.

Company Profile



Company Information

Head quarter: Mumbai, India

Year of
Incorporation 1983

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 71,798.15

2012 P/E : 27.75x

52 week High / Low : 728/475

Key Management

Israel Makov	Chairman
Dilip S. Sanghvi	MD
Sudhi V. Valia	Executive Director
Sailesh T. Desai	Executive Director
Hasmukh S. Shah	Non-Executive Independent Director
Keki M.Msitry	Non-Executive Independent Director
Ashwin Dhani	Non-Executive Independent Director

Business Overview

- Sun Pharma is India's largest pharma company (by market cap), with India and US being its focus markets and **a footprint across 41 other markets**
- Caraco and Sun Pharmaceutical Inc. are the two main subsidiaries of Sun Pharmaceutical Industries Ltd
- It has its largest market in US and has built a strong pipeline of generics, directly and through its subsidiaries
- With **Taro's acquisition**, Sun Pharma has **become the largest Indian company** in US generic space with the richest product pipeline
- Sun Pharma ranked **6th in the domestic formulations market** with consistent outperformance amongst large-sized peers



Sun Pharmaceuticals Ltd.

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 4,359.21	Rs. 4,098.47	Rs. 5,857.26	Rs. 8,293.24	23.91%
% Growth		-5.98%	42.91%	41.59%	
Gross Profit	3,414.61	3,000.74	4,396.57	6,653.31	24.90%
% Margin	78.33%	73.22%	75.06%	80.23%	
EBITDA	1,950.99	1,454.35	2,105.97	3,478.07	21.25%
% Margin	44.76%	35.49%	35.95%	41.94%	
EBIT	1,827.70	1,301.04	1,901.91	3,186.91	20.36%
% Margin	41.93%	31.74%	32.47%	38.43%	
PBT	1,949.30	1,414.84	2,035.96	3,356.47	19.86%
% Margin	44.72%	34.52%	34.76%	40.47%	
PAT	1,817.73	1,351.08	1,816.06	2,587.25	12.49%
% Margin	41.70%	32.97%	31.01%	31.20%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 8,263.45	Rs. 9,072.08	Rs. 12,373.14	Rs. 16,260.39
Total Debt	375.93	364.34	1,272.73	1,482.18
Shareholder's Equity	7,044.90	7,828.91	9,483.32	12,166.35
Cash & Bank	1,669.03	508.89	2,193.64	3,367.19
Capital Expenditure	610.10	284.13	421.85	712.91
Net Working Capital	211.49	1,836.93	(150.82)	(514.36)

Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt

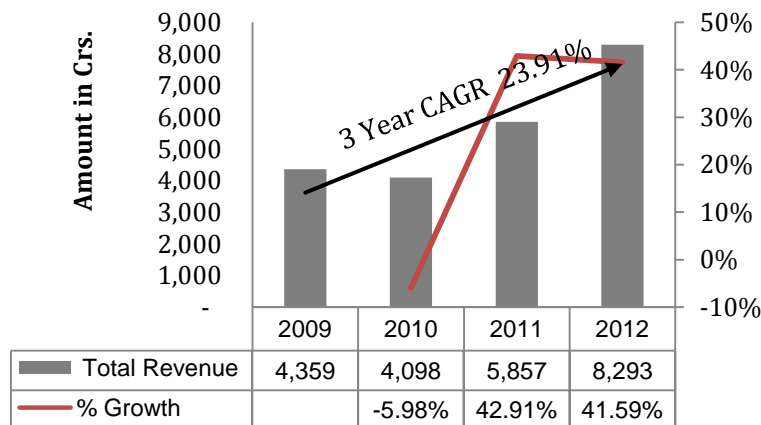


Sun Pharmaceuticals Ltd.

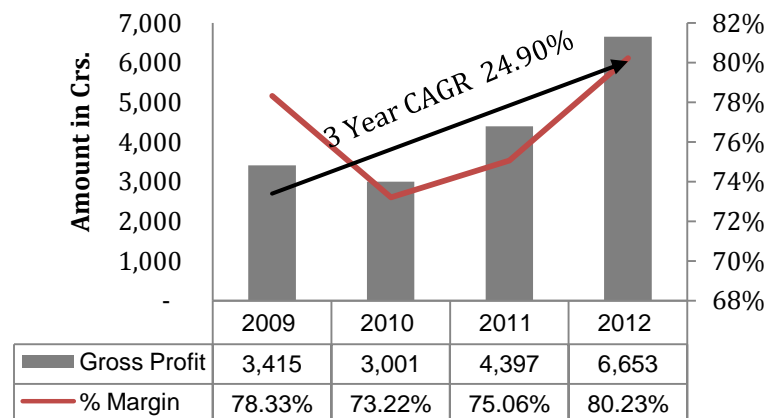
Financial Summary (Amount in Crores)



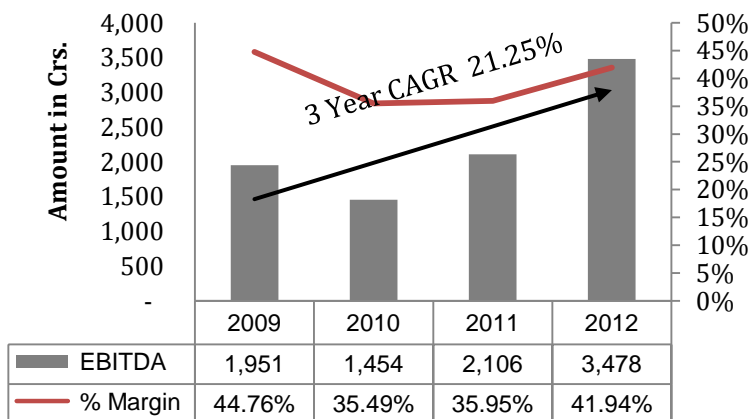
Sales & Sales Growth



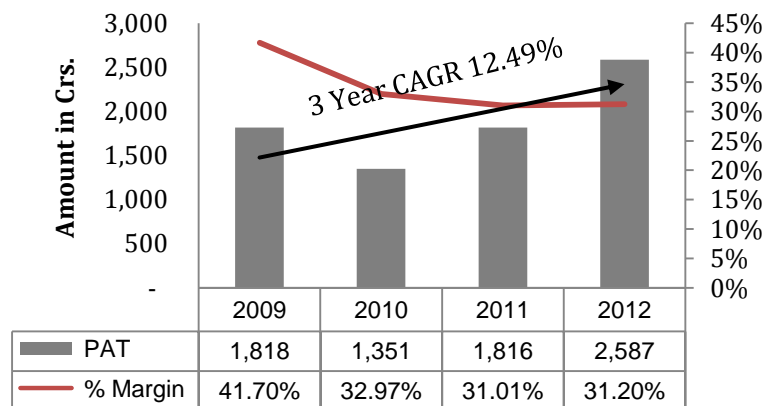
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Cipla

Company Profile

Company Information

Head quarter: Mumbai, India

Year of 1935

Incorporation

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 30,559.14

2012 P/E : 26.78x

52 week High / Low : 395/284

Key Management

Dr. Y.K. Hamied	Chairman & MD
Mr. M.K. Hamied	Joint MD
Mr.S.Radhakrishnan	Whole-time Director
Mr. V.C. Kotwal	Non-Executive Director
Dr. H.R. Manchanda	Non-Executive Director
Mr. M.R. Raghavan	Non-Executive Director
Mr. Ramesh Shroff	Non-Executive Director
Mr. Pankaj Patel	Non-Executive Director

Business Overview

- **Cipla is the 3rd largest Indian pharma company** (by revenue) with a dominant position in the domestic formulations market (**ranked 2nd**)
- It is the development and manufacturing partner of choice for **generic companies like Teva, Watson etc** and is regarded for its chemistry skills and low cost manufacturing
- It exports to **180 countries** through its partners, (USA, Europe, South Africa, Australia and Middle East being its five core export markets). **Exports account for 54% of its business**
- *Cipla uses the latest in **pharmaceutical technology to funnel over seven decades of experience into one capsule that cures, one drop that defends and one puff that protects***



Cipla

Financials (Amount in Crores)

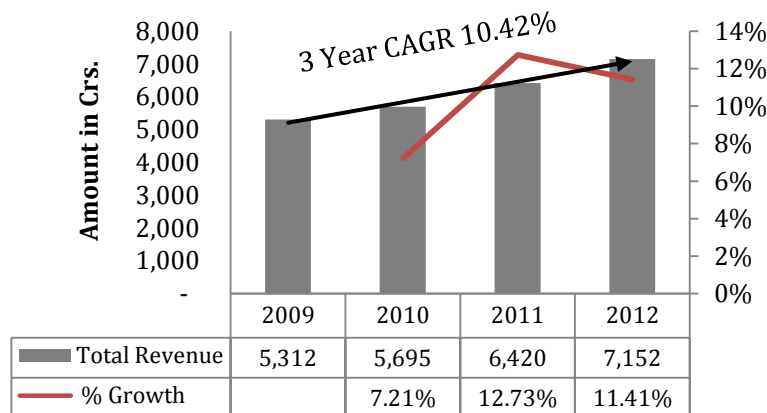
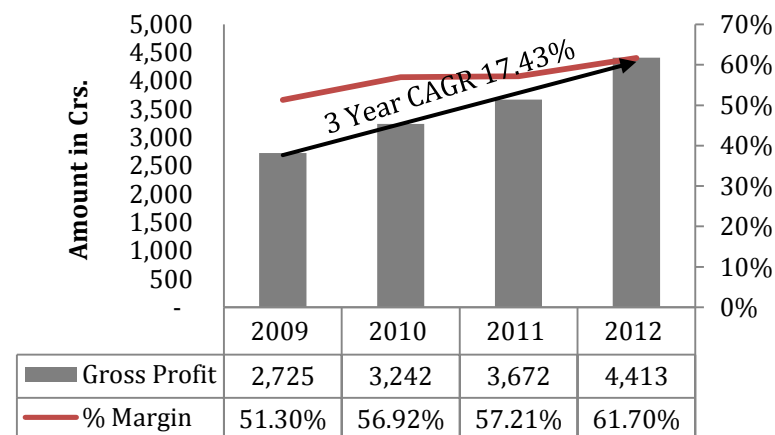
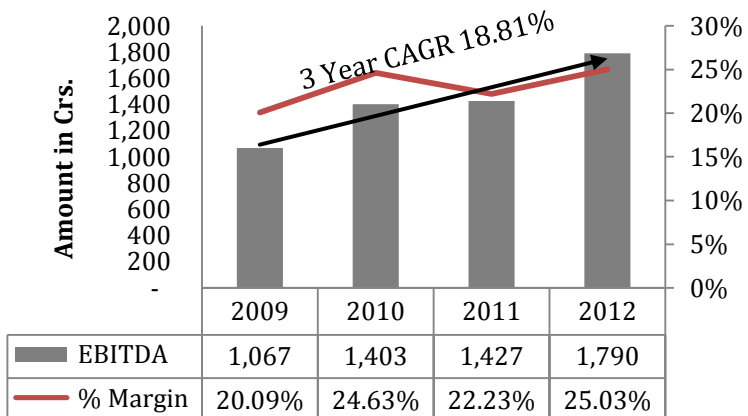
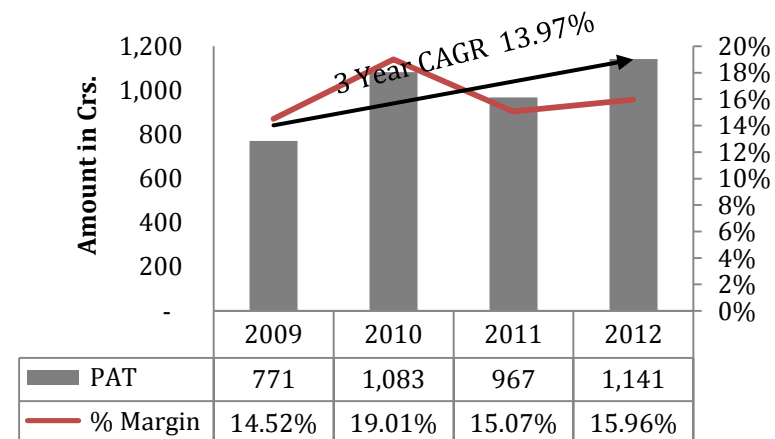
Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 5,311.64	Rs. 5,694.61	Rs. 6,419.52	Rs. 7,151.82	10.42%
% Growth		7.21%	12.73%	11.41%	
Gross Profit	2,725.12	3,241.63	3,672.46	4,412.52	17.43%
% Margin	51.30%	56.92%	57.21%	61.70%	
EBITDA	1,067.17	1,402.70	1,426.83	1,789.96	18.81%
% Margin	20.09%	24.63%	22.23%	25.03%	
EBIT	915.38	1,235.63	1,172.68	1,477.74	17.31%
% Margin	17.23%	21.70%	18.27%	20.66%	
PBT	896.84	1,231.09	1,162.49	1,447.81	17.31%
% Margin	16.88%	21.62%	18.11%	20.24%	
PAT	771.02	1,082.59	967.27	1,141.30	13.97%
% Margin	14.52%	19.01%	15.07%	15.96%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 6,856.77	Rs. 7,309.13	Rs. 8,596.65	Rs. 9,350.25
Total Debt	940.24	5.07	571.89	29.18
Shareholder's Equity	4,347.80	5,910.57	6,666.13	7,638.93
Cash & Bank	53.39	62.06	95.97	90.46
Capital Expenditure	703.19	529.31	710.46	561.06
Net Working Capital	2,906.55	3,065.90	2,914.29	2,554.62

Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt

**Sales & Sales Growth****Gross Profit & Gross Profit Margin****EBITDA & EBITDA Margin****PAT & PAT Margin**



Dr.Reddy's

Company Profile



Company Information

Head quarter: Hyderabad, India

Year of 1984

Incorporation

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 27,930.02

2012 P/E : 21.47x

52 week High / Low : 1489/1818

Key Management

Dr. K. Anji Reddy	Chairman
Mr. G.V. Prasad	Vice Chairman & CEO
Mr. Satish Reddy	MD & COO
Dr. Omkar Goswami	Independent Director
Dr. Bruce LA Carter	Independent Director
Mr. Anupam Puri	Independent Director
Dr. Ashok Ganguly	Independent Director
Mr. Sridar Iyengar	Independent Director

Business Overview

- Dr.Reddy's Laboratories is engaged in the manufacturing and distribution of pharmaceutical **products by way of finished dosage forms**, active pharmaceutical ingredients and intermediates and biotechnology products
- Dr.Reddy's was the first Indian **pharmaceutical company to out-license an original molecule** to an innovator pharmaceutical company in 1997
- They do research in the areas of **metabolic, cardiovascular, anti-bacterials, and pain & inflammation**
- They operate their business through three core business segments :
 - 1) Global generics (includes brand formulations and unbranded generics)
 - 2) Pharmaceutical services and active pharma ingredients
 - 3) Proprietary product division



Dr.Reddy's

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 6,900.60	Rs. 7,031.00	Rs. 7,496.90	Rs. 9,814.50	12.46%
% Growth		1.89%	6.63%	30.91%	
Gross Profit	4,488.50	4,654.30	5,351.40	7,144.77	16.76%
% Margin	64.44%	65.48%	70.99%	71.87%	
EBITDA	1,366.70	1,496.00	1,595.00	2,557.47	23.23%
% Margin	19.62%	21.05%	21.16%	25.73%	
EBIT	869.00	1,082.90	1,196.90	2,039.37	32.89%
% Margin	12.48%	15.24%	15.88%	20.52%	
PBT	806.50	1,076.60	1,182.80	1,939.70	33.98%
% Margin	11.58%	15.15%	15.69%	19.51%	
PAT	(917.20)	351.50	998.90	1,300.90	92.38%
% Margin	-13.17%	4.95%	13.25%	13.09%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 7,326.30	Rs. 7,360.60	Rs. 8,963.10	Rs. 11,324.20
Total Debt	1,997.60	1,484.00	2,370.70	3,233.90
Shareholder's Equity	3,526.10	3,776.80	4,031.80	4,989.00
Cash & Bank	562.30	660.00	575.10	1,606.10
Capital Expenditure	450.70	406.80	1,119.10	866.00
Net Working Capital	1,013.30	556.70	1,336.60	815.40

Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt

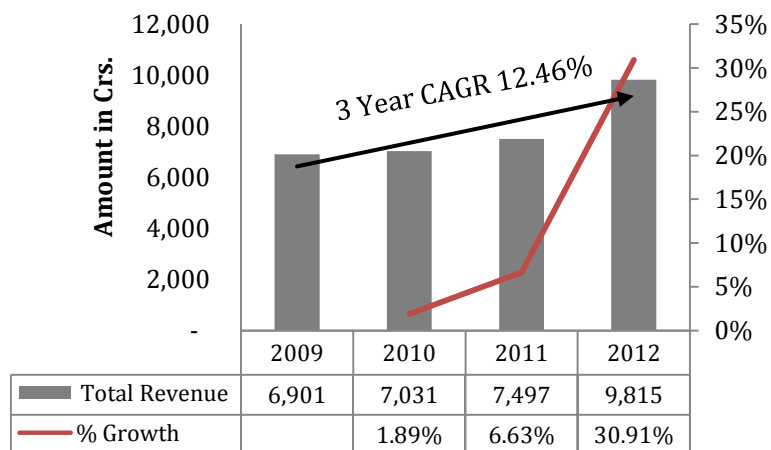


Dr.Reddy's

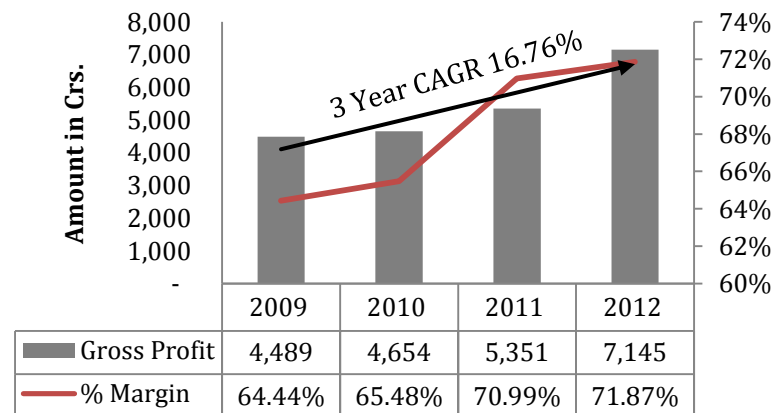
Financial Summary (Amount in Crores)



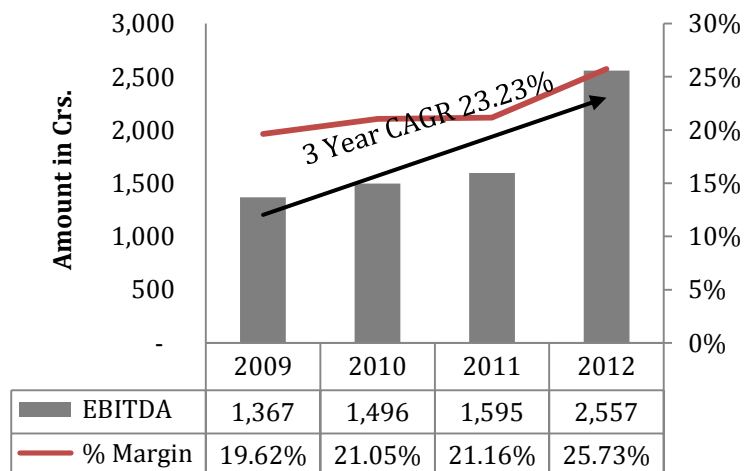
Sales & Sales Growth



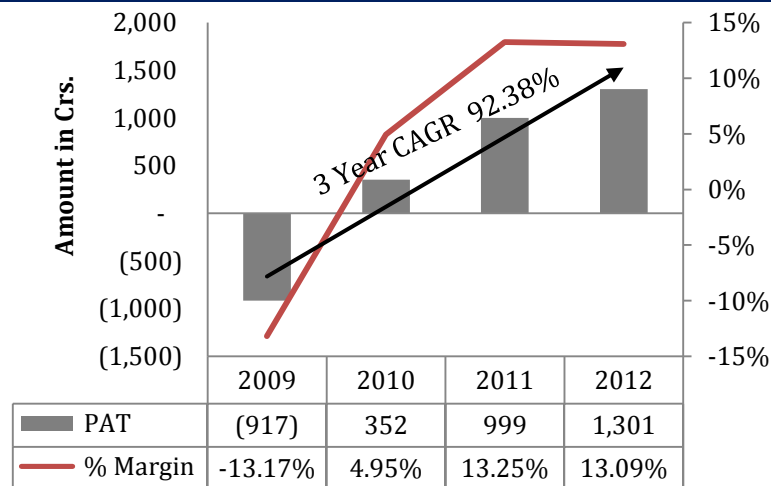
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Lupin

Company Profile



Company Information

Head quarter: Mumbai, India

Year of
Incorporation 1983

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 26,630.76

2012 P/E : 30.69x

52 week High / Low : 631/409

Key Management

Dr. Desh Bandhu Gupta	Chairman
Dr. Kamal K. Sharma	Managing Director
Mrs. M. D. Gupta	Executive Director
Mrs Vinita Gupta	CEO
Mr. Naresh Gupta	Executive Director
Mr. K.V. Kamath	Independent Non-Executive Director
Mr. R.A. Shah	Independent Non-Executive Director

Business Overview

- Lupin Pharmaceuticals, Inc. is a U.S. wholly owned subsidiary of **Lupin Limited**
- It is among the **top 5 pharmaceuticals companies in India** and it has a program for developing New Chemical Entities
- The company has manufacturing operations in **5 cities in India** and also has a site in Thailand
- In terms of R&D the company has set up a state of the art **Research Park which is located at Pune**, India and covers a 19 acre site with an area of **150,000sq.ft.**, which is a home to **320 scientists**
- It has a core site for innovation including Process Development, **Technology Development** & Basic Preclinical, Phase1 and Phase2 research



Lupin

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 3,866.95	Rs. 4,880.21	Rs. 5,834.75	Rs. 7,088.03	22.38%
<i>% Growth</i>		26.20%	19.56%	21.48%	
Gross Profit	2,135.64	2,910.79	3,596.82	4,484.13	28.05%
<i>% Margin</i>	55.23%	59.64%	61.64%	63.26%	
EBITDA	739.61	993.31	1,193.62	1,449.83	25.15%
<i>% Margin</i>	19.13%	20.35%	20.46%	20.45%	
EBIT	651.62	869.40	1,022.44	1,222.31	23.33%
<i>% Margin</i>	16.85%	17.81%	17.52%	17.24%	
PBT	606.04	835.69	994.37	1,196.07	25.43%
<i>% Margin</i>	15.67%	17.12%	17.04%	16.87%	
PAT	501.54	681.63	862.55	867.65	20.05%
<i>% Margin</i>	12.97%	13.97%	14.78%	12.24%	

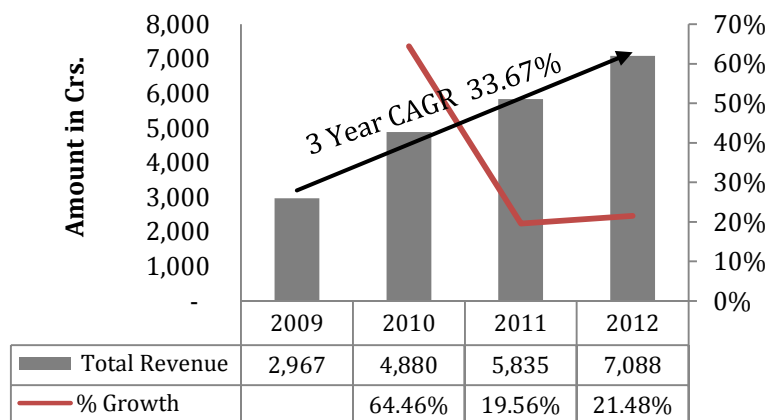
Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 4,134.00	Rs. 5,085.45	Rs. 6,124.36	Rs. 5,916.20
Total Debt	1,237.47	1,174.34	1,213.89	1,712.18
Shareholder's Equity	1,424.80	2,567.80	3,281.00	4,012.89
Cash & Bank	77.77	201.53	420.12	402.47
Capital Expenditure	339.91	670.85	428.65	509.86
Net Working Capital	811.13	1,135.88	1,019.82	1,614.68

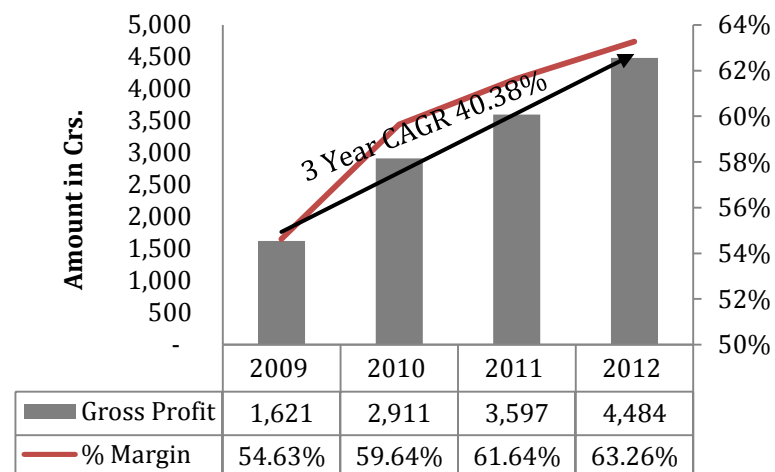
Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt



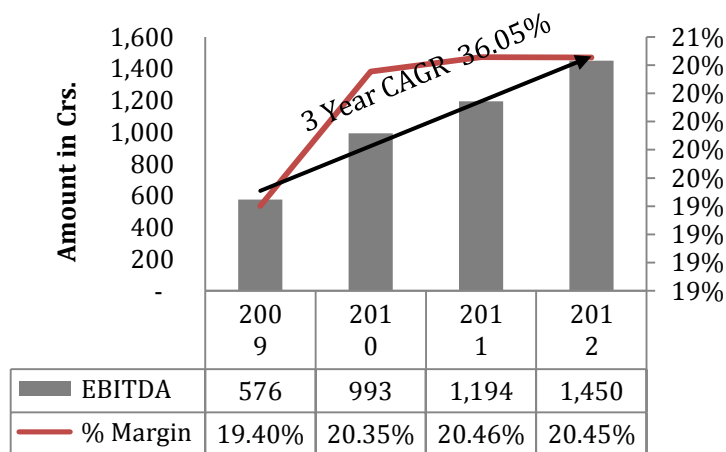
Sales & Sales Growth



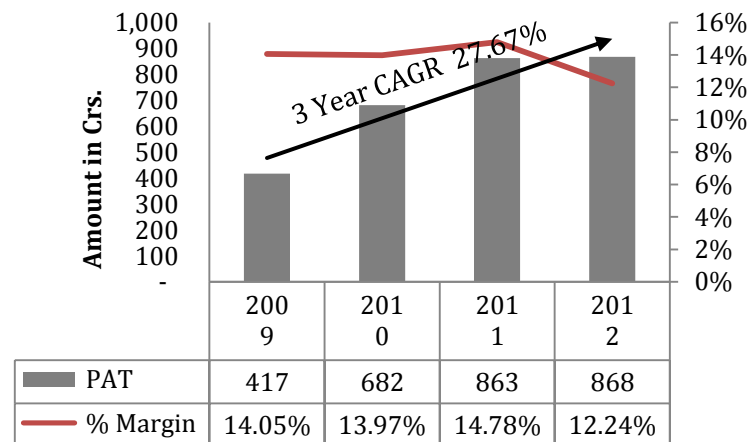
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Cadila

Company Profile



Company Information

Head quarter: Ahmedabad, Gujarat
 Year of Incorporation 1995

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 17,858.17
 2012 P/E : 27.36x
 52 week High / Low : 964/629

Key Management

Mr. Pankaj R. Patel	Chairman & MD
Mr. Mukesh M. Patel	Non-Executive & Independent
Mr. Humayun Dhanrajgir	Non-Executive & Independent
Mr. Apurva S. Dhawan	Non-Executive & Independent
Dr. Sharvil M. Patel	Deputy MD

Business Overview

- **Cadila Healthcare** is privately held pharmaceutical company in India, which has strong presence in more than **50 countries around the world**
- It is the first Indian company to get **IND approval by US FDA for clinical trials** to be conducted in India
- It has one of the best R&D set ups in India, manned by more **than 350 scientists and engineers**
- The company is the only Indian manufacturer of **Streptokinase and Hyaluronic Acid-based products**
- **It runs 3 businesses** i.e. AGRO Division, Clinical Research Operation and Karnavati Engineering Limited



Cadila

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 2,947.13	Rs. 3,690.70	Rs. 4,632.60	Rs. 5,286.20	21.50%
<i>% Growth</i>		25.23%	25.52%	14.11%	
Gross Profit	1,990.53	2,512.30	3,157.20	3,606.90	21.91%
<i>% Margin</i>	67.54%	68.07%	68.15%	68.23%	
EBITDA	625.43	812.50	1,028.20	1,106.80	20.96%
<i>% Margin</i>	21.22%	22.01%	22.19%	20.94%	
EBIT	513.63	678.60	901.30	948.90	22.70%
<i>% Margin</i>	17.43%	18.39%	19.46%	17.95%	
PBT	393.90	608.50	842.50	794.20	26.33%
<i>% Margin</i>	13.37%	16.49%	18.19%	15.02%	
PAT	303.10	505.10	711.00	652.60	29.13%
<i>% Margin</i>	10.28%	13.69%	15.35%	12.35%	

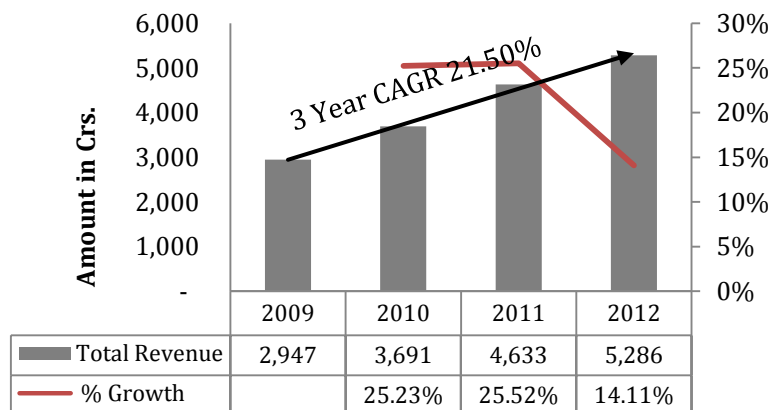
Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 3,348.50	Rs. 3,743.40	Rs. 4,610.60	Rs. 6,379.20
Total Debt	1,290.20	1,129.70	1,158.50	2,379.70
Shareholder's Equity	1,235.20	1,628.50	2,171.50	2,573.60
Cash & Bank	251.70	250.70	295.20	466.60
Capital Expenditure	429.60	332.10	502.10	1,224.40
Net Working Capital	385.10	410.00	453.20	646.70

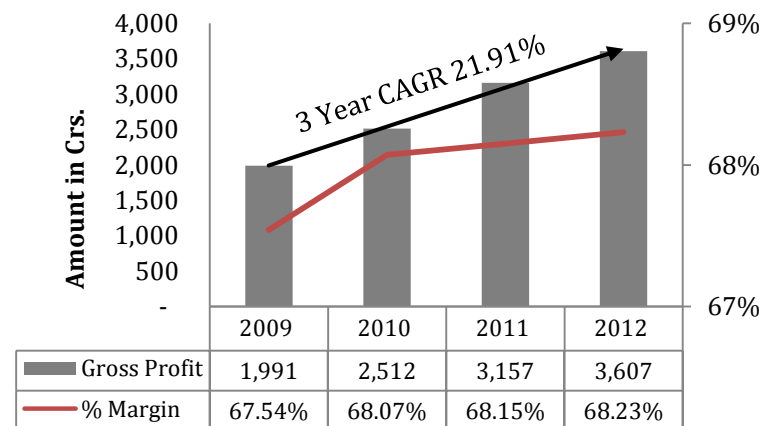
Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt



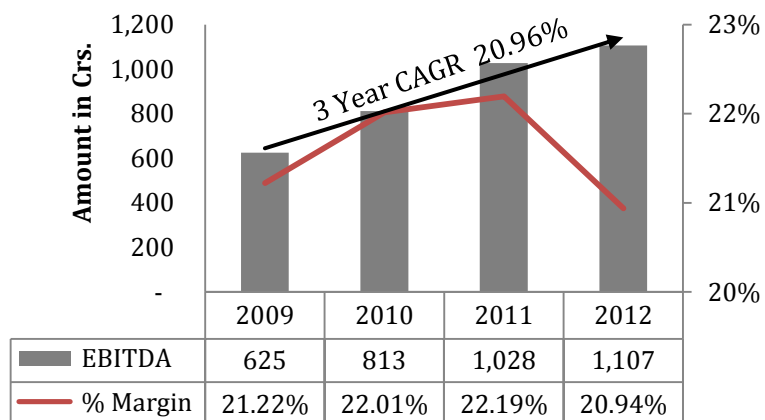
Sales & Sales Growth



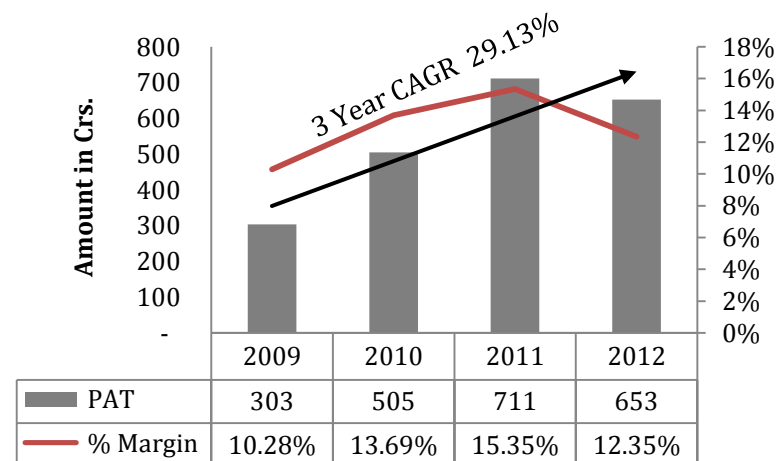
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Glenmark

Company Profile



Company Information

Head quarter: Mumbai, India

Year of
Incorporation 1977

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 11,412.40

2012 P/E : 24.58x

52 week High / Low : 449/265

Key Management

Mr. Glenn Saldanha	Chairman & MD
Ms. Cheryl Pinto	Director
Mr. Rajesh V. Desai	Executive Director
Ms. B.E.Saldanha	Non-Executive Director
Mr. Julio Riberio	Non-Executive Director
Mr. D.R. Mehta	Non-Executive Director
Mr. Sridhar Gorthi	Non-Executive Director
Mr. Natvarlal B. Desai	Non-Executive Director

Business Overview

- Glenmark is a leading player in the **discovery of new molecules both NCEs** (new chemical entity) and NBEs (new biological entity)
- It employs nearly **9,500 people in over 80 countries**
- It has **13 manufacturing facilities in 4 countries** and has 5 R&D centers
- It has been chosen as the 'Best Pharma Company Across Emerging Markets' in 2011 & recognized for the '**Best Overall Pipeline' 2011 by SCRIIP**, the largest selling and most respected pharmaceutical magazine in the world
- It has **400 scientists and extensive R&D facilities** spread across the globe and **3 R&D centers dedicated for drug discovery**
- Its subsidiary, **Glenmark Generics Limited** aims to become a leading **integrated global generics organization and it comprises of US Generics, Europe generics**, the API business and the Oncology business



Glenmark

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 2,290.04	Rs. 2,549.60	Rs. 3,089.58	Rs. 4,029.90	20.73%
<i>% Growth</i>		11.33%	21.18%	30.44%	
Gross Profit	1,414.95	1,530.27	2,097.75	2,684.51	23.80%
<i>% Margin</i>	61.79%	60.02%	67.90%	66.61%	
EBITDA	629.01	668.54	732.79	723.64	4.78%
<i>% Margin</i>	27.47%	26.22%	23.72%	17.96%	
EBIT	526.33	547.93	638.12	625.77	5.94%
<i>% Margin</i>	22.98%	21.49%	20.65%	15.53%	
PBT	268.91	383.91	481.56	488.12	21.99%
<i>% Margin</i>	11.74%	15.06%	15.59%	12.11%	
PAT	191.66	324.47	457.83	464.30	34.30%
<i>% Margin</i>	8.37%	12.73%	14.82%	11.52%	

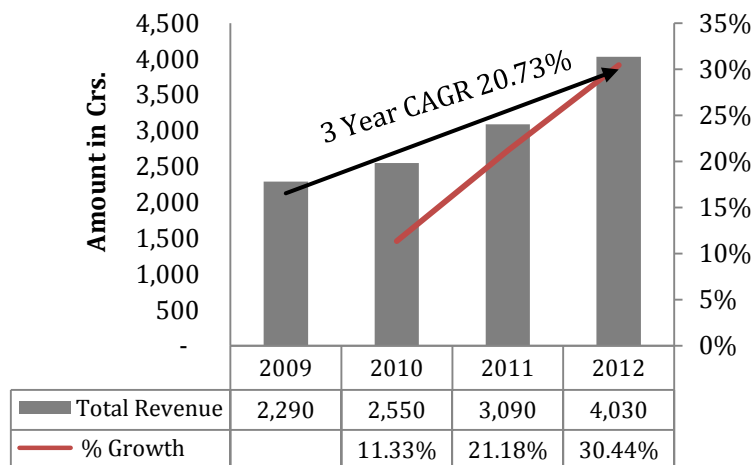
Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 4,208.90	Rs. 4,883.75	Rs. 5,097.77	Rs. 5,883.42
Total Debt	2,097.49	1,882.38	2,135.15	2,269.48
Shareholder's Equity	1,598.15	2,355.23	2,063.93	2,426.62
Cash & Bank	71.48	107.02	194.87	320.07
Capital Expenditure	974.45	395.80	401.16	285.40
Net Working Capital	1,466.71	1,680.57	1,430.46	1,326.38

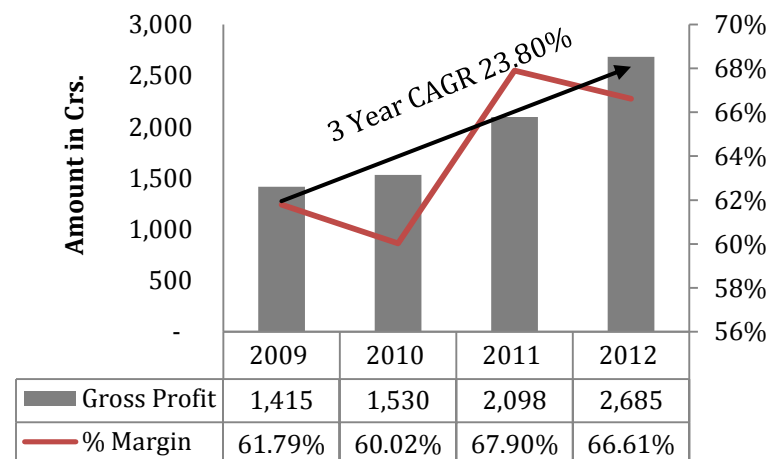
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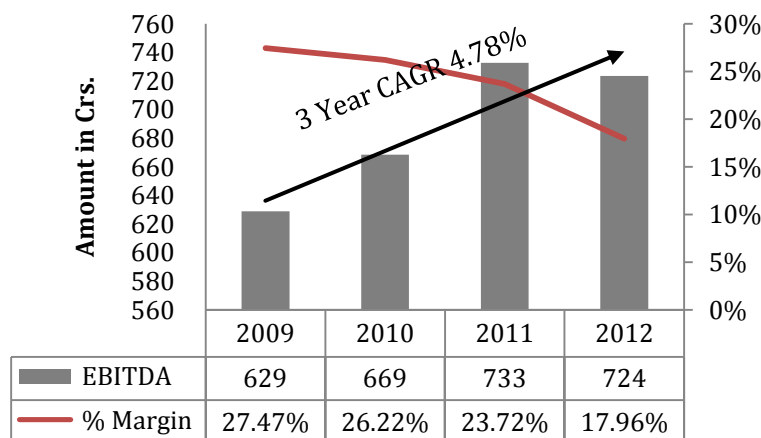
Sales & Sales Growth



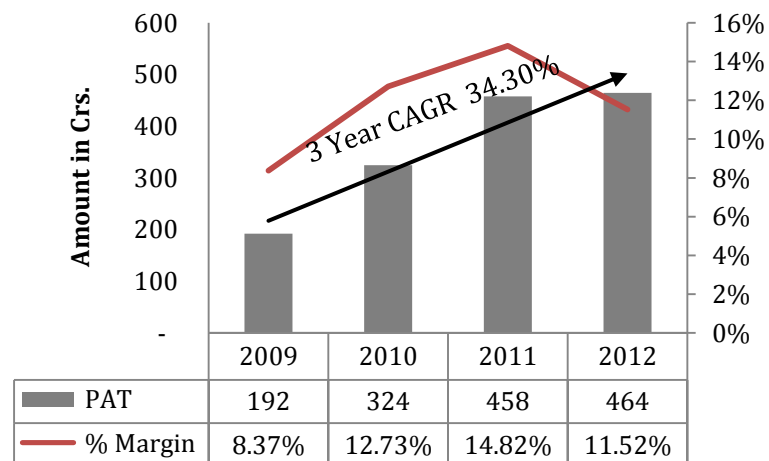
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Piramal Healthcare

Company Profile

Company Information

Head quarter: Mumbai, Maharashtra
Year of Incorporation 1999

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 7,995.57
2012 P/E : 71.71x
52 week High / Low : 562/340

Key Management

Ajay G. Piramal	Chairman
Dr. Swati Piramal	Vice Chairperson
Nandini Piramal	Executive Director
Vijay Shah	Executive Director & Chief Operating Officer
S. Ramadorai	Director
Deepak Satwalekar	Director
N .Vaghul	Director
Keki Dadiseth	Director

Business Overview

- **Piramal Enterprises** is the flagship company of the Piramal Group and is a world leader in its various business verticals
- It has a global footprint in over 100 countries with **manufacturing bases in the US, Great Britain, Sri Lanka, China and Canada**
- The company has more than **115 issued patents and 395 pending patent** applications in several countries
- It aspires to be the first **Indian company to discover, develop and launch its own NCE (new chemical entity)** drug in the global market
- It is one of the **top 10 custom manufacturing companies** in India, Europe and North America
- Piramal healthcare sold its generics business to **Abbott Laboratories for \$3.7 billion in 2011**



Piramal Healthcare

Financials (Amount in Crores)

Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 3,288.48	Rs. 3,685.22	Rs. 1,826.58	Rs. 2,489.36	-8.86%
% Growth		12.06%	-50.43%	36.29%	
Gross Profit	2,051.94	2,288.01	1,132.55	1,562.12	-8.69%
% Margin	62.40%	62.09%	62.00%	62.75%	
EBITDA	588.73	740.97	97.86	329.56	-17.59%
% Margin	17.90%	20.11%	5.36%	13.24%	
EBIT	469.16	598.32	2.00	200.27	-24.71%
% Margin	14.27%	16.24%	0.11%	8.05%	
PBT	340.75	499.77	16,414.53	120.89	-29.21%
% Margin	10.36%	13.56%	898.65%	4.86%	
PAT	316.25	481.90	12,883.36	111.50	-29.35%
% Margin	9.62%	13.08%	705.33%	4.48%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 3,557.63	Rs. 3,752.71	Rs. 13,851.00	Rs. 14,696.68
Total Debt	1,339.08	1,294.96	762.62	2,021.02
Shareholder's Equity	1,317.07	1,684.89	11,836.42	11,242.03
Cash & Bank	94.55	41.18	1,770.26	57.82
Capital Expenditure	472.40	286.86	225.73	234.93
Net Working Capital	480.13	808.71	420.51	21.96

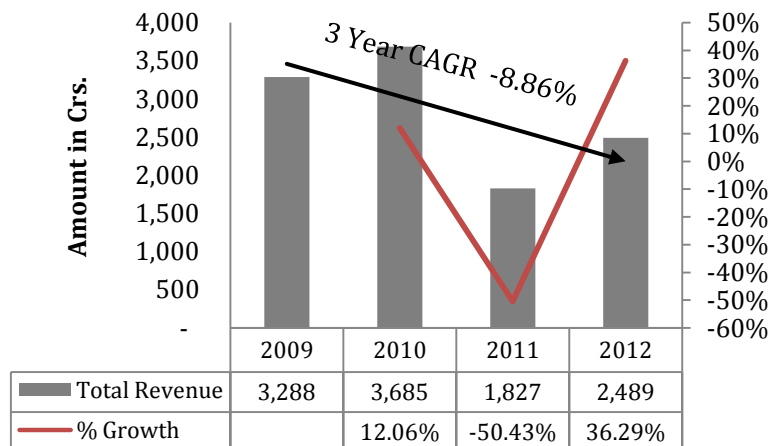
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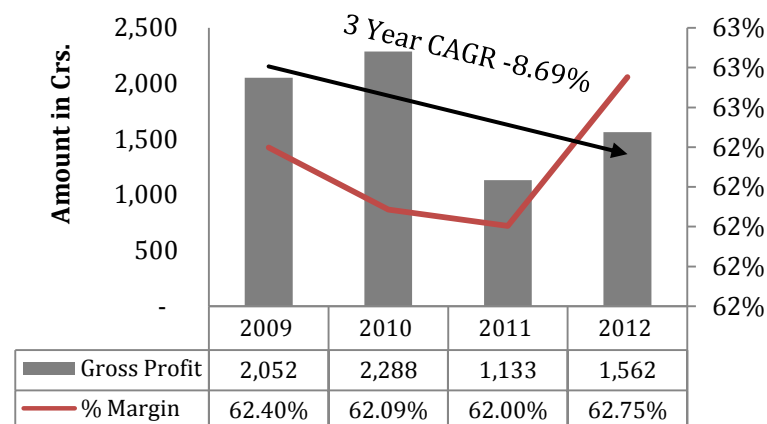
Piramal Healthcare

Financial Summary (Amount in Crores)

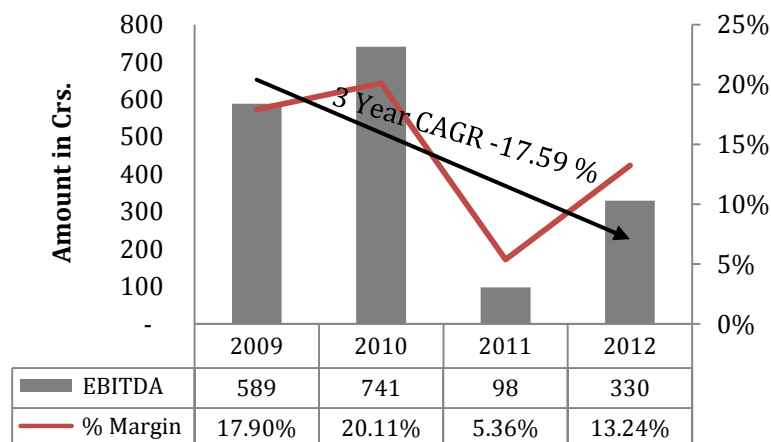
Sales & Sales Growth



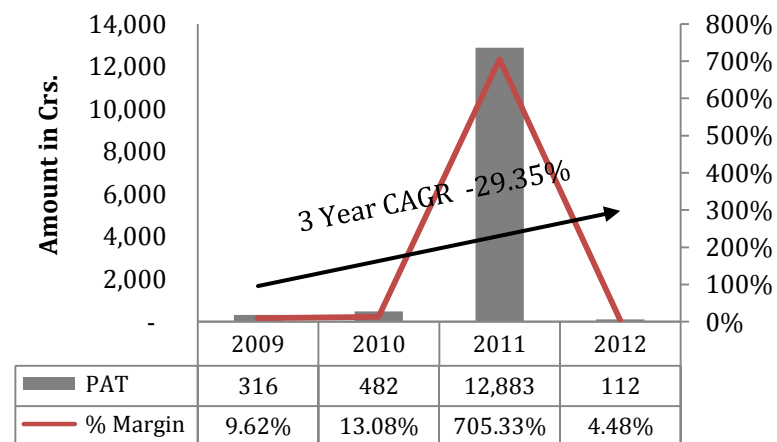
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Biocon

Company Profile



Company Information

Headquarter: Bangalore, India

Year of 1978

Incorporation

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 5,491.00

2012 P/E : 16.23x

52 week High / Low : 363/208

Key Management

Ms. Kiran Mazumdar-Shaw	Chairman & MD
Mr. John Shaw	Vice Chairman
Mr. Russell Walls	Director
Mr. Suresh N.Talwar	Non-Executive & Independent Director
Dr. Bala S. Manian	Non-Executive Independent Director
Prof.Charles L.Cooney	Non-Executive Independent Director

Business Overview

- Biocon is a fully integrated healthcare company that delivers innovative **biopharmaceutical solutions**
- It is a global biopharmaceutical company with products and research services ranging **from pre-clinical to clinical development through to commercialization**
- In R&D they focus on **the entire drug development pathway** – from process development to non-clinical and clinical research
- Within biopharmaceuticals, the company manufactures **generic active pharmaceutical ingredients (APIs)** which are sold in the developed markets of the **US and Europe**
- It is among the few companies in the world with a diverse **scientific skill base and advanced manufacturing capabilities**



Biocon

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 1,673.07	Rs. 2,404.62	Rs. 1,852.40	Rs. 2,143.10	8.60%
<i>% Growth</i>		43.73%	-22.96%	15.69%	
Gross Profit	776.04	1,021.60	1,126.60	1,291.60	18.51%
<i>% Margin</i>	46.38%	42.48%	60.82%	60.27%	
EBITDA	387.76	508.29	568.00	573.90	13.96%
<i>% Margin</i>	23.18%	21.14%	30.66%	26.78%	
EBIT	277.51	368.15	416.40	399.50	12.91%
<i>% Margin</i>	16.59%	15.31%	22.48%	18.64%	
PBT	259.99	351.46	398.50	392.50	14.72%
<i>% Margin</i>	15.54%	14.62%	21.51%	18.31%	
PAT	93.12	293.24	367.50	338.40	53.74%
<i>% Margin</i>	5.57%	12.19%	19.84%	15.79%	

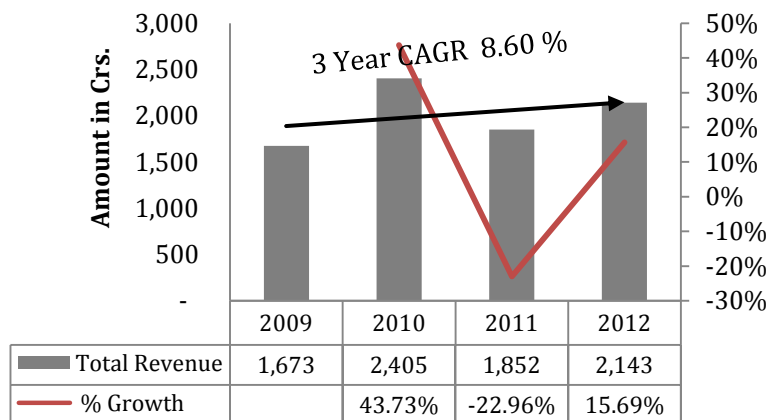
Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 2,543.54	Rs. 2,935.99	Rs. 3,585.60	Rs. 3,945.00
Total Debt	548.67	547.38	371.80	274.60
Shareholder's Equity	1,510.74	1,757.85	2,032.79	2,272.40
Cash & Bank	11.80	139.92	441.50	523.30
Capital Expenditure	281.53	167.03	189.00	274.50
Net Working Capital	333.76	230.29	(252.40)	(341.90)

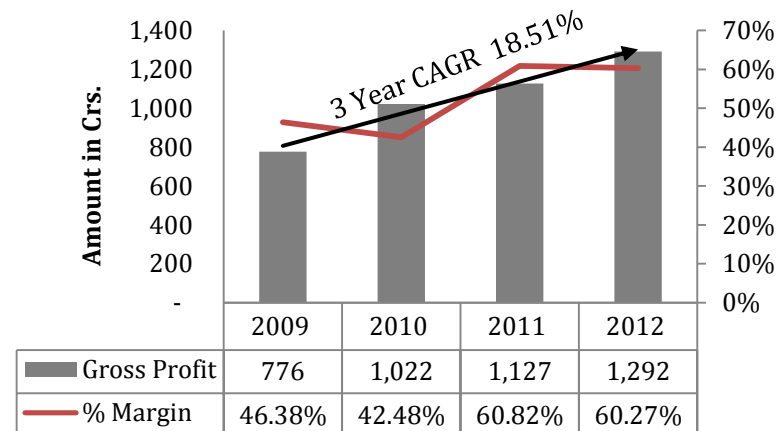
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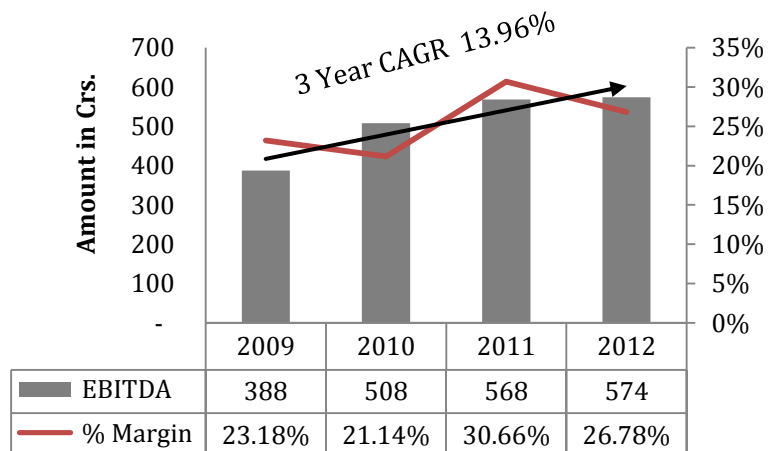
Sales & Sales Growth



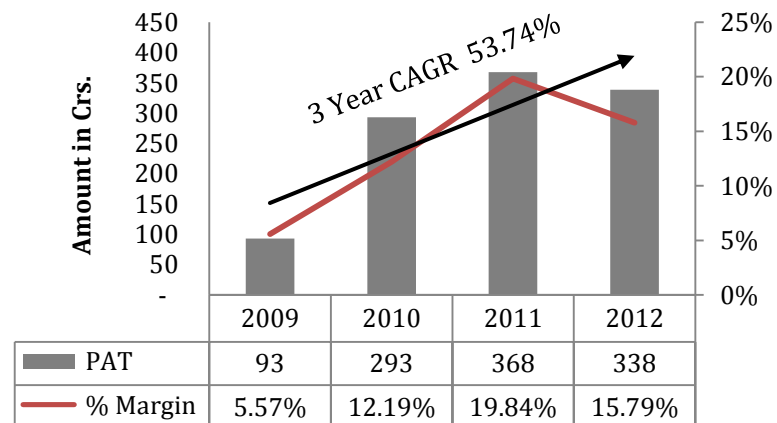
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





Aurobindo Pharma

Company Profile



Company Information

Head quarter: Hyderabad, India

Year of 1986

Incorporation

Market Data (30-Sep-2012)

Market Cap (Rs in Crs.): 4,125.17

2012 P/E : NA

52 week High / Low : 164/80

Key Management

Mr.N.Govindarajan	MD
Mr.K.Nityananda Reddy	Vice Chairman
Mr.M.Madan Mohan Reddy	Wholetime Director
Dr.M.Sivakumaran	Wholetime Director
Mr.P.Sarath Chandra Reddy	Non-Executive Director
Mr.K.Ragunathan	Non-Executive Chairman
Mr.P.V.Ramaprasad Reddy	Wholetime Director

Business Overview

- Aurobindo Pharma manufactures **generic pharmaceuticals** and active pharmaceutical ingredients
- The company markets **these products in over 125 countries**. Its marketing partners include **AstraZeneca and Pfizer**
- The company's main areas of activity include six major therapeutic areas:
 - Antibiotics
 - Anti- retrovirals
 - Cardiovascular products
 - Central nervous system products
 - Gastroenterological
 - Anti-allergies
- The company has one of the largest **R&D** facilities in India and has three research centers spread over **16,000 square meters**. The company **employs over 650 scientists (including 35 PhDs)**



Aurobindo Pharma

Financials (Amount in Crores)



Profit and Loss Account

	2009	2010	2011	2012	CAGR
Total Revenue	Rs. 3,094.93	Rs. 3,721.64	Rs. 4,450.71	Rs. 4,646.44	14.50%
<i>% Growth</i>		20.25%	19.59%	4.40%	
Gross Profit	1,114.21	1,606.44	2,277.69	2,126.68	24.04%
<i>% Margin</i>	36.00%	43.16%	51.18%	45.77%	
EBITDA	287.01	969.64	1,032.49	580.34	26.45%
<i>% Margin</i>	9.27%	26.05%	23.20%	12.49%	
EBIT	159.41	820.30	860.99	379.81	33.56%
<i>% Margin</i>	5.15%	22.04%	19.35%	8.17%	
PBT	75.55	752.50	798.51	108.23	12.73%
<i>% Margin</i>	2.44%	20.22%	17.94%	2.33%	
PAT	100.26	563.40	563.45	(123.50)	-207.20%
<i>% Margin</i>	3.24%	15.14%	12.66%	-2.66%	

Balance Sheet

	2009	2010	2011	2012
Total Assets	Rs. 4,226.47	Rs. 4,791.31	Rs. 5,841.10	Rs. 5,991.20
Total Debt	2,336.12	2,158.89	2,423.37	2,441.91
Shareholder's Equity	1,241.26	1,829.08	2,569.60	2,493.17
Cash & Bank	127.65	72.83	14.00	122.20
Capital Expenditure	483.00	419.89	716.59	571.32
Net Working Capital	1,475.22	1,665.96	2,070.11	2,319.90

Note : Net Working Capital = Current Assets – Cash - Short-term Investments – Current Liabilities – Short-term Borrowings – Current Portion of Long-term Debt

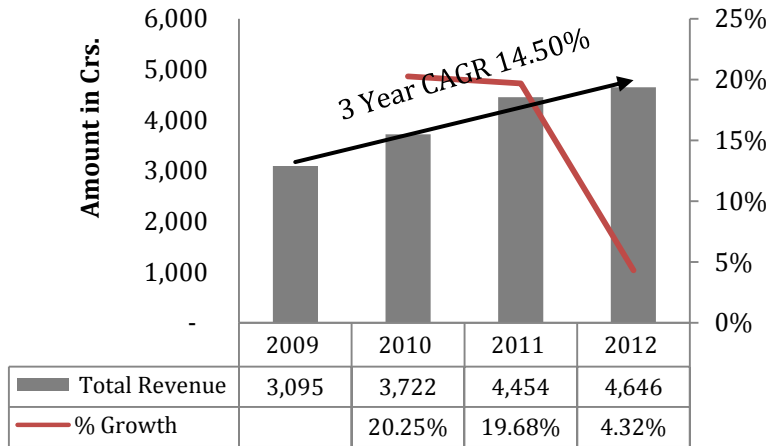


Aurobindo Pharma

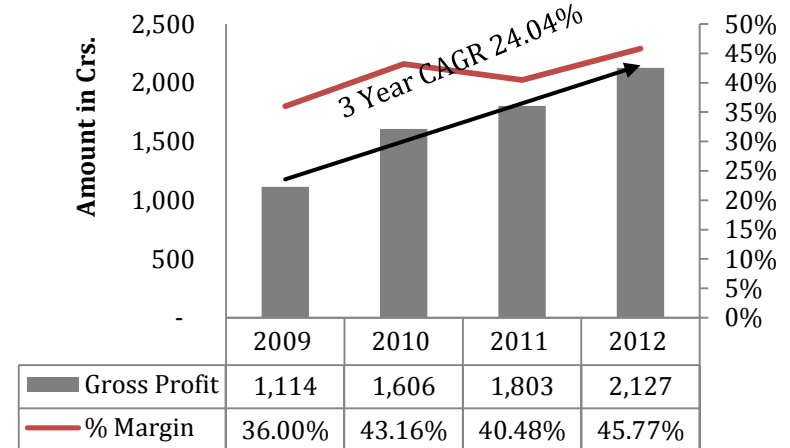
Financial Summary (Amount in Crores)



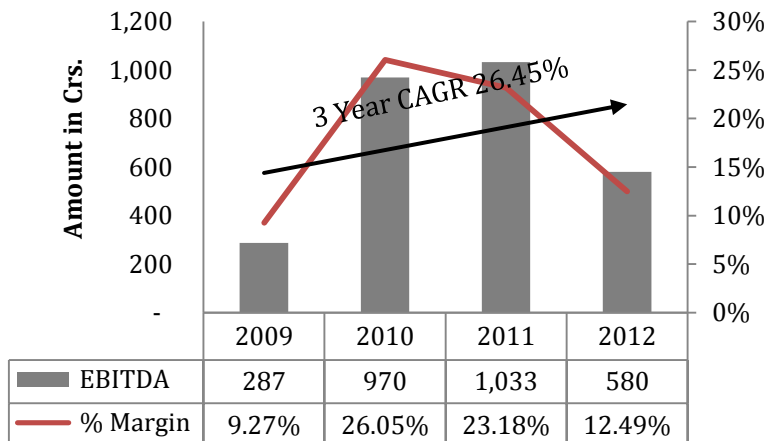
Sales & Sales Growth



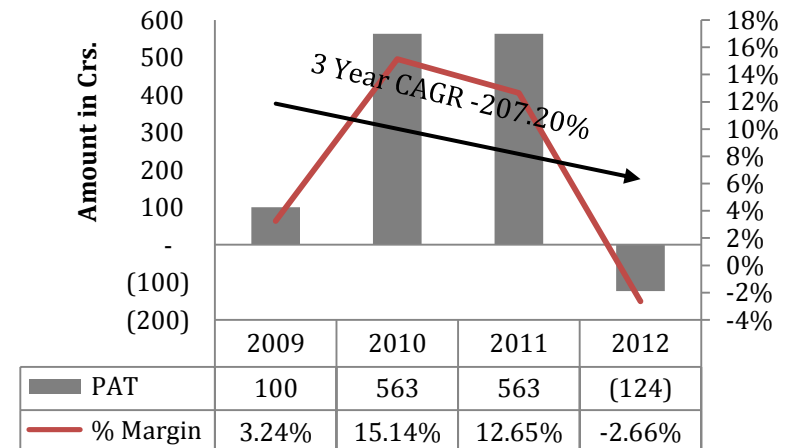
Gross Profit & Gross Profit Margin



EBITDA & EBITDA Margin



PAT & PAT Margin





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Indian Health Insurance Industry

Indian Health Insurance Industry

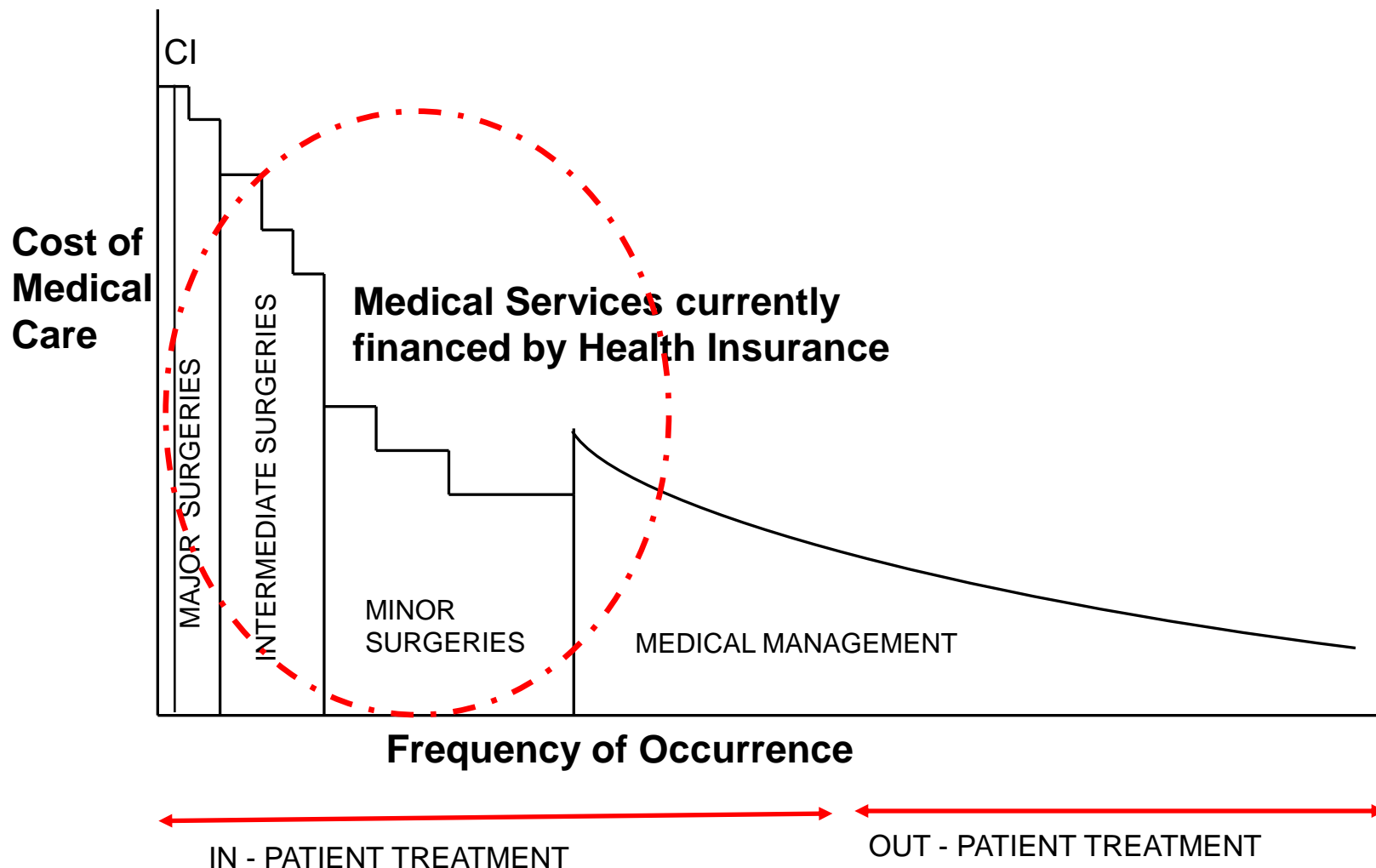


Industry Overview

- ✚ The **Indian Health Insurance industry** is currently pegged at **US\$3billion** and is expected to reach around **US\$13billion by 2020, growing at a CAGR of around 20%**
- ✚ The driving factors for the **health insurance sector** are rising healthcare expenditure, increasing disposable income, desire for better quality health services and medical care and the rise in the number of people with **affluent lifestyles**
- ✚ Health insurance accounts for **20% of the total general insurance industry** in India and has been growing at a **CAGR of 18-20%** for the last few years
- ✚ **Information Technology** has also been one of the important drivers of growth in the health insurance industry. Several companies are now developing **e-platforms such as PolicyBazaar.com and easyinsuranceindia.com** which list all the aspects of the health insurance plans and allow consumers to compare, understand and apply for the **health coverage online**
- ✚ **Health insurance portability** is also gaining popularity in India as it allows health insurance policyholders to switch companies while retaining their no-claims benefits
- ✚ **Less than 15% of the Indian population** is covered under any form of health insurance today, including **government-supported schemes**



Risk Cover Structure under Health Insurance





Challenges in the Health Insurance Industry

Healthcare infrastructure

- There is a misalignment of physical and human infrastructure at the point of demand for healthcare
- The systems for clinical protocols, provider accreditation and medical coding standards for utilisation data are almost non-existent
- Limited engagement of providers with insurers / TPAs to pre-agree on the terms of business

Private medical insurance

- Lack of clarity on the health insurance regulatory landscape
- Little focus till date on data management to steer the business
- No systematic practice of re-pricing the business to account for claims cost trend
- A level playing field does not exist for all types of insurance companies to write medical insurance policies

Role of the government

- Elderly population cannot afford health insurance premiums; aggravated by historic under-pricing
- Insurance is viewed politically as a panacea for 'health for all', but the poorest sections of society cannot afford products to meet even basic health needs
- Fiscal incentives do not support pre-funding of healthcare costs



Major Players in Health Insurance

S.No.	Major Players	Company
1		Star Health & Allied Insurance Company Limited
2		Max Bupa Health Insurance
3		Apollo Munich
4		Reliance Health Insurance
5		ICICI Lombard
6		Bajaj Allianz General Insurance
7		Bharti Axa
8		Tata AIG



DINODIA CAPITAL ADVISORS

Dinodia Capital Advisors

Dinodia Capital Advisors

□ Corporate Profile

Dinodia Capital Advisors is a Financial Consulting firm based in New Delhi, India. It assists clients across all industries grow, both organically and inorganically. The firm helps clients Raise Capital. Execute Merger & Acquisition opportunities. Restructure, Transform and Turnaround businesses. Resolve challenging problems. Take advantage of financial and strategic opportunities. Balance investor expectations. **DELIVER VALUE**





DINODIA CAPITAL ADVISORS

Dinodia Capital Advisors

Service Offerings

Dinodia Capital Advisors Advise Clients on :



Mergers and Acquisitions

We help in conducting a robust scan of the market and selecting the most suitable buyer or seller



Capital Raising

We advise clients on their capital needs and find them the right partner who brings more than just capital



Restructuring

We advise on business restructurings to help achieve financial, strategic and operational efficiency



India Entry Strategy

We help set up and incubate businesses in India, acting as a trusted advisors to facilitate the India entry strategy



Organizational Transformation

We work with companies to put systems, processes and people in place to help take advantage of both organic and inorganic synergies



Turnarounds

We work closely with companies to help devise and implement a turnaround strategy by plugging the deficiencies of management, technology, capital or partnerships



DINODIA CAPITAL ADVISORS

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