

Investment in Biotech companies

1. Who is the partner in both these ventures?

The partner in these ventures is a Chinese entity with whom Cipla has a long standing existing business relationship. As per the arrangement, the technology for these products will be brought in by the partner.

2. Which products will be manufactured by these companies?

There is a basket of about 8-10 products for the treatment of rheumatoid arthritis, colorectal cancer, allergic asthma, head & neck cancer and other ailments. All these products are not covered by patents in India, China and many countries worldwide.

3. What is Cipla's investment (in percentage terms) and why is Cipla opting for a minority stake?

Cipla is investing 40% and 25% in the Indian and Chinese ventures respectively based on mutual understanding. However, Cipla will have the right to market all the biotech products in India and in international markets.

4. What are the benefits of this investment to Cipla?

About 10-15 percent of the global pharmaceutical market consists of drugs of biotech origin and many of them are already off-patent and others are expected to go off-patent in the coming years. This investment will, therefore, enable Cipla to expand its business in this high technology and high growth segment. The total international sales of innovators for these products is estimated to be about Usd 30 billion

5. What is the total investment by Cipla and how is being financed?

The total investment by Cipla in both these biotech companies is estimated to be about Usd 65 million in a phased manner over the next 3 years and would be financed by internal accruals and borrowings, if required.

6. What is the launch time of these products in India and abroad?

These products will be initially targeted for the domestic market and then other overseas markets. Depending on the regulatory approvals, these products are expected to be available for commercial launch in the next 2-3 years.

7. What is the impact on earning per share (EPS)?

There is no adverse impact on EPS for the current year.